



**Consolidated Financial Statements and Independent
Auditor's Report**

World Bicycle Relief, NFP and its Subsidiaries

December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

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Board of Directors World Bicycle Relief, NFP and its Subsidiaries

We have audited the accompanying consolidated financial statements of World Bicycle Relief, NFP and its Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of Buffalo Bicycles - Zambia, a wholly owned subsidiary, which statements reflect total assets constituting 17% and 11% of the consolidated total assets as of December 31, 2016 and 2015, respectively, and total revenue and support of 14% and 21%, respectively, of the consolidated total revenue and support for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Buffalo Bicycles Zambia, is based solely on the report of the other auditors. 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of World Bicycle Relief, NFP and its Subsidiaries as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplemental information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis, rather than to present the financial position, results of operations and changes in net assets of the countries of operation, and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Chicago, Illinois
October 30, 2017

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31,

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$1,853,336	\$2,508,863
Contributions receivable	1,480,743	524,189
Trade receivables, net	1,047,932	708,984
Inventory	1,623,658	1,279,616
Prepayments	714,755	379,704
Other assets	<u>222,697</u>	<u>39,742</u>
Total current assets	6,943,121	5,441,098
NON-CURRENT ASSETS		
Investments	29,276	111,707
Deferred tax asset	225,133	242,162
Fixed assets, net	<u>347,715</u>	<u>230,360</u>
TOTAL ASSETS	<u>\$7,545,245</u>	<u>\$6,025,327</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 468,801	\$ 266,882
Accrued expenses	584,319	499,645
Deferred revenue	<u>138,650</u>	<u>153,071</u>
Total current liabilities	1,191,770	919,598
NET ASSETS		
Unrestricted	6,260,475	5,030,729
Temporarily restricted	<u>93,000</u>	<u>75,000</u>
Total net assets	<u>6,353,475</u>	<u>5,105,729</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$7,545,245</u>	<u>\$6,025,327</u>

The accompanying notes are an integral part of these statements.

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support			
Contributions and grants	\$11,452,106	\$ 93,000	\$11,545,106
Bicycle social enterprise program	4,236,445	-	4,236,445
Other income	240,001	-	240,001
Net assets released from restrictions	<u>75,000</u>	<u>(75,000)</u>	<u>-</u>
Total revenue and support	16,003,552	18,000	16,021,552
Expenses			
Program services			
Social enterprise	7,902,052	-	7,902,052
Bicycle Education Empowerment Program (BEEP)	<u>2,692,231</u>	<u>-</u>	<u>2,692,231</u>
Total program services	10,594,283	-	10,594,283
Supporting services			
Management and administrative	970,744	-	970,744
Fundraising	<u>3,055,799</u>	<u>-</u>	<u>3,055,799</u>
Total supporting services	<u>4,026,543</u>	<u>-</u>	<u>4,026,543</u>
Total expenses before tax expense	14,620,826	-	14,620,826
Tax expense	<u>98,413</u>	<u>-</u>	<u>98,413</u>
Increase in net assets from operating activities	1,284,313	18,000	1,302,313
Other non-operating changes in net assets			
Investment return	12,290	-	12,290
Foreign exchange loss	<u>(66,857)</u>	<u>-</u>	<u>(66,857)</u>
Increase in net assets	1,229,746	18,000	1,247,746
Net assets - beginning of year	<u>5,030,729</u>	<u>75,000</u>	<u>5,105,729</u>
Net assets - end of year	<u>\$ 6,260,475</u>	<u>\$ 93,000</u>	<u>\$ 6,353,475</u>

The accompanying notes are an integral part of this statement.

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support			
Contributions and grants	\$10,307,421	\$ 75,000	\$10,382,421
Bicycle social enterprise program	4,543,134	-	4,543,134
Other income	366,699	-	366,699
Net assets released from restrictions	<u>75,000</u>	<u>(75,000)</u>	<u>-</u>
Total revenue and support	15,292,254	-	15,292,254
Expenses			
Program services			
Social enterprise	6,730,906	-	6,730,906
Bicycle Education Empowerment Program (BEEP)	<u>4,502,809</u>	<u>-</u>	<u>4,502,809</u>
Total program services	11,233,715	-	11,233,715
Supporting services			
Management and administrative	883,289	-	883,289
Fundraising	<u>2,552,896</u>	<u>-</u>	<u>2,552,896</u>
Total supporting services	<u>3,436,185</u>	<u>-</u>	<u>3,436,185</u>
Total expenses before tax benefit	14,669,900	-	14,669,900
Tax benefit	<u>(55,285)</u>	<u>-</u>	<u>(55,285)</u>
Increase in net assets from operating activities	677,639	-	677,639
Other non-operating changes in net assets			
Investment return	(722,552)	-	(722,552)
Foreign exchange loss	<u>(627,492)</u>	<u>-</u>	<u>(627,492)</u>
Decrease in net assets	(672,405)	-	(672,405)
Net assets - beginning of year	<u>5,703,134</u>	<u>75,000</u>	<u>5,778,134</u>
Net assets - end of year	<u>\$ 5,030,729</u>	<u>\$ 75,000</u>	<u>\$ 5,105,729</u>

The accompanying notes are an integral part of this statement.

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2016

	Program services			Supporting services			Total
	Social enterprise	BEEP	Total programs	Management and administrative	Fundraising	Total supporting services	
	Bicycles and bicycle parts	\$4,458,146	\$ 36,855	\$ 4,495,001	\$ -	\$ 25,582	
Personnel	1,408,844	1,305,982	2,714,826	561,817	1,101,811	1,663,628	4,378,454
In-kind expenses	128,425	32,175	160,600	79,286	759,908	839,194	999,794
Professional services	456,470	52,197	508,667	195,469	318,708	514,177	1,022,844
Travel	397,174	112,837	510,011	47,396	234,726	282,122	792,133
Occupancy	233,780	38,427	272,207	17,053	40,542	57,595	329,802
Shipping and freight	97,864	14,585	112,449	903	27,041	27,944	140,393
Registrations and license fees	33,375	-	33,375	1,281	-	1,281	34,656
Product development costs	99,831	-	99,831	99	-	99	99,930
Repairs and maintenance	57,621	13,649	71,270	3,291	12,200	15,491	86,761
Supplies	191,444	11,793	203,237	13,710	213,380	227,090	430,327
Depreciation	98,200	18,275	116,475	-	5,000	5,000	121,475
Bank service charges	23,077	846	23,923	27,337	88,322	115,659	139,582
Printing	15,686	1,729	17,415	173	72,674	72,847	90,262
Insurance	27,463	1,164	28,627	24,904	1,280	26,184	54,811
Other expenses	140,567	(18,786)	121,781	(1,975)	50,689	48,714	170,495
Grants	-	939,017	939,017	-	40,000	40,000	979,017
Bad debts	27,356	-	27,356	-	-	-	27,356
Taxes and duties	-	131,486	131,486	-	14	14	131,500
Advertising	6,729	-	6,729	-	63,922	63,922	70,651
	<u>\$7,902,052</u>	<u>\$2,692,231</u>	<u>\$10,594,283</u>	<u>\$970,744</u>	<u>\$3,055,799</u>	<u>\$4,026,543</u>	<u>\$14,620,826</u>

The accompanying notes are an integral part of this statement.

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2015

	Program services			Supporting services			Total
	Social enterprise	BEEP	Total programs	Management and administrative	Fundraising	Total supporting services	
	Bicycles and bicycle parts	\$3,466,686	\$2,809,281	\$ 6,275,967	\$ 386	\$ 10,494	
Personnel	1,468,549	757,465	2,226,014	484,643	1,001,976	1,486,619	3,712,633
In-kind expenses	123,751	31,847	155,598	27,037	485,215	512,252	667,850
Professional services	348,720	121,461	470,181	245,331	246,005	491,336	961,517
Travel	259,962	152,507	412,469	17,857	280,603	298,460	710,929
Occupancy	283,874	25,915	309,789	22,628	39,989	62,617	372,406
Shipping and freight	55,405	282,079	337,484	17,443	31,331	48,774	386,258
Registrations and license fees	4,701	581	5,282	899	-	899	6,181
Product development costs	144,897	41	144,938	-	-	-	144,938
Repairs and maintenance	63,721	5,655	69,376	2,094	1,703	3,797	73,173
Supplies	151,265	90,278	241,543	13,606	235,959	249,565	491,108
Depreciation	86,809	21,402	108,211	-	-	-	108,211
Bank service charges	25,375	2,995	28,370	29,352	65,267	94,619	122,989
Printing	6,852	11,967	18,819	523	63,836	64,359	83,178
Insurance	30,193	9,717	39,910	24,360	457	24,817	64,727
Other expenses	182,876	19	182,895	-	67,982	67,982	250,877
Grants	-	66,287	66,287	-	-	-	66,287
Bad debts	18,211	-	18,211	109	(152)	(43)	18,168
Taxes and duties	-	113,312	113,312	(2,979)	45	(2,934)	110,378
Advertising	9,059	-	9,059	-	22,186	22,186	31,245
	<u>\$6,730,906</u>	<u>\$4,502,809</u>	<u>\$11,233,715</u>	<u>\$883,289</u>	<u>\$2,552,896</u>	<u>\$3,436,185</u>	<u>\$14,669,900</u>

The accompanying notes are an integral part of this statement.

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31,

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$1,247,746	\$ (672,405)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Proceeds from sale of donated investments	82,431	-
Write down of previously donated investments	-	715,763
Contributions of investments	-	(87,500)
Depreciation	121,488	108,708
Changes in assets and liabilities		
Contribution receivables	(1,021,891)	(225,566)
Trade receivables	(216,817)	(84,911)
Inventory	(242,958)	1,032,053
Prepayments	(347,681)	(56,103)
Other assets	(93,137)	7,736
Deferred tax	37,538	(55,752)
Accounts payable	208,787	(815,094)
Accrued expenses	42,654	375,775
Deferred revenue	<u>(126,758)</u>	<u>66,926</u>
Net cash (used in) provided by operating activities	(308,598)	309,630
Cash flows from investing activities		
Loan repayment to directors	-	(341,127)
Purchase of property and equipment	<u>(234,788)</u>	<u>(52,029)</u>
Net cash used in investing activities	(234,788)	(393,156)
Effect of exchange rate change on cash	<u>(112,141)</u>	<u>132,036</u>
Net (decrease) increase in cash and cash equivalents	(655,527)	48,510
Cash and cash equivalents at beginning of year	<u>2,508,863</u>	<u>2,460,353</u>
Cash and cash equivalents at end of year	<u>\$1,853,336</u>	<u>\$2,508,863</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 6,528	\$ 2,457

The accompanying notes are an integral part of these statements.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31,

NOTE A - ORGANIZATION

World Bicycle Relief, NFP (WBR NFP) and its Subsidiaries (collectively, the Organization) is transforming individuals and their communities through the power of bicycles. WBR NFP is a section 501(c)(3) tax-exempt public charity, incorporated on June 20, 2006, and existing under the Illinois General Not-For-Profit Corporation Act, to provide access to independence and livelihood through the power of bicycles. The U.S. operating group of the Organization consists of the consolidated activities of WBR NFP; World Bicycle Relief UK, World Bicycle Relief Deutschland, and World Bicycle Relief Australia for reporting purposes. All subsidiaries are discussed below.

World Bicycle Relief Zambia (WBR Zambia) was incorporated on July 12, 2007, in the Republic of Zambia. It serves to carry out the on-site Zambian program operations of the Organization.

Buffalo Bicycles Zambia (BB Zambia) is a for-profit subsidiary of Buffalo Bicycle Limited. BB Zambia was incorporated on May 9, 2012, as a private company limited by shares registered in Zambia. BB Zambia is engaged in the assembly and sale of bicycles and bicycle parts through the Organization's social enterprise program. BB Zambia is also engaged to carry out the storage, assembly and distribution of the philanthropic bikes donated by WBR NFP and responsible for field mechanic training.

World Bicycle Relief Kenya (WBR Kenya) is domiciled in Kenya as a branch of the Organization. WBR Kenya was registered as a branch of WBR NFP in Kenya on December 14, 2009. It serves to carry out the on-site Kenyan program operations of the Organization.

Buffalo Bicycle Kenya Limited (BB Kenya) is a for-profit subsidiary of Buffalo Bicycle Limited. BB Kenya was incorporated on August 27, 2012, as a private company limited by shares registered in Kenya. BB Kenya is engaged in the assembly and sale of bicycles and bicycle parts through the Organization's social enterprise program. BB Kenya is also engaged to carry out the storage, assembly and distribution of the philanthropic bikes donated by WBR NFP and is responsible for field mechanic training.

World Bicycle Relief (Private) Limited (WBR Zimbabwe) is a for-profit, limited liability company incorporated and domiciled in Zimbabwe. Operating principally in Zimbabwe, it is engaged in the assembly and sale of bicycles and bicycle parts through the Organization's social enterprise program. WBR Zimbabwe is also engaged to carry out the storage, assembly and distribution of the philanthropic bikes donated by WBR NFP and is responsible for field mechanic training.

Buffalo Bicycle Limited (BBL) is a for-profit, private company limited by shares located in Mauritius and was incorporated by Deutsche International Trust Corporation Limited on November 21, 2011. BBL is a wholly owned subsidiary of the Organization. BBL carries out investment holding, trading and treasury activities. BBL is a trading conduit for the product development, purchase, and sale of bicycles, primarily to facilitate activities for subsidiary companies to be operated in Sub-Saharan Africa.

World Bicycle Relief UK (WBR UK) is a non-profit private company limited by guarantee with no share capital and one subscriber, the Organization. It was formed under The Companies Act of 2006 and 1986 in the United Kingdom. WBR UK's objective is to relieve the needs of people living in impoverished or disaster-stricken areas of the world by the provision of bicycles to enable them to access education, employment, health care and other essentials of life. WBR UK was formed on March 3, 2011. Activities of WBR UK are consolidated under the U.S. operating group for reporting purposes, however is not part of the U.S. operating group for tax reporting purposes.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

World Bicycle Relief Deutschland (WBR DE) is a limited liability company incorporated on April 17, 2013, in Germany. WBR NFP is a shareholder of WBR DE. WBR DE's objective is to provide economic and non-commercial support to WBR Zambia and Qhubeka The Motive Power Movement NPC. WBR DE's objective is to relieve the needs of people living in impoverished or disaster-stricken areas of the world by providing bicycles to enable them to access education, employment, health care and other essentials of life. Activities of WBR DE are consolidated under the U.S. operating group for reporting purposes; however is not part of the U.S. operating group for tax reporting purposes.

World Bicycle Relief Australia Limited (WBR AU) is a non-profit private company limited by guarantee with no share capital and one subscriber, WBR NFP. It was formed on February 2, 2016, under The Companies Act of 2001 in Australia. WBR AU's objective is to relieve the needs to people living in impoverished or disaster stricken areas of the world by the provision of bicycles to enable them to access education, employment, healthcare and other essentials of life. Activities of WBR AU are consolidated under the U.S. operating group for reporting purposes; however is not part of the U.S. operating group for tax reporting purposes.

Qhubeka The Motive Power Movement NPC (Qhubeka) is a non-profit company controlled by the Organization incorporated in South Africa. Qhubeka's objective is to provide poverty relief for poor and needy persons through the provision of bicycles, and it operates principally in South Africa. As of July 1, 2013, Qhubeka became the affiliate of the Organization in South Africa by the addition of directors representing WBR NFP to the board of directors of Qhubeka.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

All significant inter-organization accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization is required 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. Additionally, information is required to segregate program service expenses from supporting services. Supporting services include management and administrative and fundraising expenses.

Revenue Recognition

Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted revenues. Contributions of assets other than cash are recorded at their estimated fair value. The expiration of temporary restrictions on net assets (i.e., the donor-imposed stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Sales of bicycles are recorded when all of the following have occurred: an agreement of sale exists, service has been performed and was approved by the customer, pricing is fixed or determinable, and collection is

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

reasonably assured. Donated investments are recorded at fair value as of the date of the contributions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law.

Net Assets

Net assets have been recorded and reported as changes in unrestricted, temporarily restricted or permanently restricted net assets.

Unrestricted - Unrestricted net assets represent resources that are available for use in carrying out the mission of the Organization and include those expendable resources that have been designated for special use by the board of directors.

Temporarily restricted - Temporarily restricted net assets represent those amounts that are donor restricted with respect to purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities and changes in net assets as net assets released from restrictions.

Permanently restricted - Permanently restricted net assets represent contributions with donor restrictions that mandate the original principal be invested in perpetuity. The Organization currently does not have any permanently restricted net assets.

Prepayments

Prepayments consist of prepaid insurance, prepaid rent, and prepaid technology and license fees. Prepaid insurance is reclassified to expense, as insurance coverage is incurred over the life of the insurance policy. Prepaid rent is reclassified to expense over the life of the lease agreement. Prepaid technology and license fees are reclassified as registration and license fees over the life of the licensing agreement.

Other Assets

Other assets consist primarily of value-added tax (VAT) control accounts on the Africa subsidiaries and deposits with vendors.

Deferred Revenue

Deferred revenue represents cash collected for revenue transactions that have not yet been earned as of December 31. This is primarily composed of revenue for sales of bicycles for which cash has been received from the customer but the risk of ownership has not yet been transferred.

Use of Estimates

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 the reported

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

amounts of 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.

Trade Receivables and Bad Debts

The majority of the Organization's trade receivables are due from the purchase of bicycles through the Organization's Social Enterprise program. Credit is extended based on an evaluation of a customer's financial condition and collateral is not required. Trade receivables are due within 30 days and stated amounts due from customers net of an allowance for bad debts. Trade receivables are charged to bad debt expense when they are determined to be uncollectible based on a periodic review of accounts by management. The Organization determines its uncollectible accounts by considering a number of factors, including the length of time receivables are past due, the Organization's previous collection history, the entity's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. As of December 31, 2016 and 2015, the Organization's allowance for uncollectible accounts was \$32,448 and \$29,549, respectively.

Contributions and Contributions Receivable

As of December 31, 2016 and 2015, foundations, individuals and corporations have unconditionally promised to give \$1,480,743 and \$71,173, respectively, to be used for particular programs and general support. All amounts are due in less than one year. As of December 31, 2016, the Organization had no conditional promises to give. As of December 31, 2015, the Organization met the conditions of a conditional promise to give from the UBS Optimus Foundation of \$453,016. This amount was recorded as a receivable, as the cash related to this gift was received subsequent to year-end.

Investments

Pursuant to the accounting guidance for fair value measurements and its subsequent updates, fair value is defined as the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Organization considers the principal or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability.

The accounting guidance for fair value measurement also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, as well as investments measured at net asset value (NAV), or its equivalent, that are redeemable at or near the reporting date. The nature of these securities include investments for which quoted prices are available but are traded less frequently and investments that are fair valued using securities, the parameters of which can be directly observed.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

Level 3 - Assets that lack sufficient pricing observability as of the report date and investments measured at NAV, or its equivalent, that are not redeemable at or near the reporting date. These assets are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inventory

Inventory consists mainly of bicycles and bicycle parts. Any inventory is stated at the lower of cost or market value.

Advertising

Advertising costs are charged to operations when incurred.

Capitalization and Depreciation

Vehicles, furniture and equipment are recorded at cost, net of accumulated depreciation. Vehicles, furniture and equipment are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Assets are depreciated over their estimated service lives. The estimated service lives of the assets for depreciation purposes may be different than their actual economic useful lives.

	<u>Estimated life</u>	<u>Method</u>
Vehicles	4 - 5 years	Straight-line
Furniture and equipment	3 - 8 years	Straight-line

Breakdown by asset class as of December 31:

	<u>2016</u>	<u>2015</u>
Vehicles	\$ 607,469	\$ 411,378
Furniture and equipment	<u>153,996</u>	<u>58,531</u>
Total	761,465	469,909
Accumulated depreciation	<u>(413,750)</u>	<u>(239,549)</u>
Net book value	\$ <u>347,715</u>	\$ <u>230,360</u>

Income Taxes

As noted in note A, certain subsidiaries of the Organization are for-profit, taxable entities. Income taxes are accounted for using the asset and liability method that requires the recognition of deferred income tax assets and liabilities based on the difference between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. The Organization nets all deferred income tax assets and liabilities and classifies them as non-current in the accompanying consolidated statements of financial position

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

Valuation allowances are provided if, based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Organization evaluates uncertain tax positions to determine if it is more likely than not that they would be sustained upon examination. The Organization records a liability when such uncertainties fail to meet the more-likely-than-not threshold.

Foreign Currency Translation

The U.S. dollar (dollars) is the functional currency for the Organization's operations worldwide. Transactions in currencies other than dollars are translated into dollars at the rates of exchange in effect at the date of the transaction or at an average currency valuation for the period. Property and equipment purchased with non-U.S. currency are translated into dollars at the exchange rate in effect at the time of the purchase. Current assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the consolidated statements of financial position.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, which deferred the effective date for one year. The guidance is currently effective for the Organization for fiscal year 2019 with early adoption permitted in fiscal year 2017. The guidance permits the use of either a retrospective or cumulative effect transition method. The adoption of ASU 2014-09 is currently being evaluated by the Organization.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory*. The guidance provides that an entity should measure inventory within the scope of the update at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The guidance is effective for annual financial statements for fiscal years beginning after December 15, 2016. The guidance should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The adoption of ASU 2015-11 is not expected to have a material impact on the Organization's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance is intended to improve financial reporting of leasing transactions and supersedes *Leases (Topic 840)*. The guidance affects any entity that enters into a lease (as that term is defined in the ASU) with certain specified scope exemptions. The guidance will require organizations that lease assets referred to as "lessees" to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The guidance is effective for the Organization for fiscal year 2020 with early adoption permitted. The adoption of ASU No. 2016-02 is not expected to have a material impact on the Organization's consolidated financial statements.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit (NFP) entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment return, and cash flows. The guidance replaces the three classes of net assets currently presented on the statements of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. The ASU includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires an NFP to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for annual financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted and entities are required to adopt the guidance retrospectively, but if comparative financial statements are presented, they have the option to omit certain information for any periods presented that are prior to the period of adoption. The Organization is currently evaluating the new guidance and has not determined the impact this standard may have on the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-02, *Not-for-Profit Entities - Consolidation (Subtopic 958-810)*. The guidance clarifies when a not-for-profit entity that is a general partner or a limited partner should consolidate a for-profit limited partnership or similar legal entity once the amendments in ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*, become effective. The guidance is currently effective for the Organization for fiscal year 2017. The adoption of ASU No. 2017-02 is currently being evaluated by the Organization.

NOTE C - CASH AND CASH EQUIVALENTS

The Organization maintains its cash-in-bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization maintained cash in foreign bank accounts totaling \$1,381,282 and \$1,550,478 at December 31, 2016 and 2015, respectively. The Organization had domestic balances exceeding the Federal Deposit Insurance Corporation's insured limitations at December 31, 2016 and 2015. The Organization does not believe these accounts to be a significant credit risk.

NOTE D - LEASE COMMITMENTS

The Organization conducts a portion of its operations utilizing leased facilities consisting of office and warehouse space that have various expiration dates through 2017. In April 2017, the lease for BB Zambia was extended into 2018. These are classified as operating leases. Certain leases contain rent escalation clauses, which have been reflected in the future minimum lease payments detail below.

The Organization had future minimum lease payments for office and warehouse leases that have initial non-cancelable lease terms greater than one year of \$21,010 for the year ending December 31, 2017. Rental expense was \$185,930 and \$230,489 for the years ended December 31, 2016 and 2015, respectively.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

NOTE E - INVENTORY

Inventory balances are comprised of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Raw materials and spare parts	\$ 829,327	\$ 690,592
Work in process	91,809	47,844
Finished goods	<u>702,522</u>	<u>541,180</u>
Total inventory	<u>\$1,623,658</u>	<u>\$1,279,616</u>

NOTE F - IN-KIND DONATIONS AND DONATED SERVICES

During the years ended December 31, 2016 and 2015, the Organization received contributions of goods, including rent, utilities, and advertising. The estimated fair value of in-kind goods was \$579,795 and \$479,063 for the years ended December 31, 2016 and 2015, respectively. During the years ended December 31, 2016 and 2015, the Organization also received donated services, including legal advice, consulting services, implementation services and officer's salary. The estimated fair value of donated services was \$795,896 and \$188,787 for the years ended December 31, 2016 and 2015, respectively. These contributions have been recorded as contributions in the accompanying consolidated statements of activities and changes in net assets. The related expenses are shown as in-kind expenses in the accompanying consolidated statements of functional expenses.

NOTE G - RESTRICTED NET ASSETS

Temporarily restricted net assets of \$93,000 and \$75,000 are available for the Bicycles for Educational Empowerment Project as of December 31, 2016 and 2015, respectively, and represent restricted contributions received at the end of the year.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

NOTE H - RELATED-PARTY TRANSACTIONS

WBR defines related parties as individuals currently working for the Organization, members of the WBR NFP board of directors, and interested persons. The Organization received contributions from related parties for the years ended December 31, 2016 and 2015, as follows:

	<u>2016</u>	<u>2015</u>
Contributions from related parties	\$ 941,183	\$673,073
In-kind donations and donated services from related parties	<u>333,472</u>	<u>259,646</u>
Total	<u>\$1,274,655</u>	<u>\$932,719</u>

The Organization also provides cash reimbursement to related parties for expenses paid on behalf of the Organization. The amounts of the transactions for the years ended December 31, were as follows:

	<u>2016</u>	<u>2015</u>
Cash reimbursement to related parties for expenses paid on behalf of the Organization	\$513,295	\$343,683

NOTE I - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Prior to 2016, WBR NFP received an annual stock donation from a single donor. This donation consisted of privately held membership units, classified as available-for-sale. In the second quarter of 2016, the donor entered into a purchase agreement to merge with an investment advisor. The agreement specified cash payments for the donor based on an upfront payment, escrow, and three earn out amounts paid on the third, fourth, and fifth anniversary of the transaction. The earn out amounts are based on the donor funds achieving revenue targets on the anniversary dates of the merger. Since the donor's industry of emerging markets tends to be volatile and have many conditional factors, WBR NFP was not able to calculate a reasonable estimate for the future payments on the third, fourth, and fifth anniversary. Because of this inability to calculate an estimate, WBR NFP management decided to adjust the investment balance and write down the ownership of the investment in 2015 to the estimated upfront payment and escrow amount. The valuation of the investment is performed by calculating the present value of future cash flows to be paid out in line with the sale contract. Future cash flows are valued at the net present value discounted by the assumed carrying cost of capital by the acquired firm and further discounted by the probability the acquired firm will meet revenue expectations.

Due to the finalization of the purchase agreement, WBR NFP's shares were purchased by the investment advisor and a distribution payout occurred to WBR NFP in 2016. The value of funds remaining at December 31, 2016 are funds being carried in an escrow account with the investment advisor.

Due to the nature of the investment as noted above, there were no privately held membership units and the carrying value of cash in escrow of \$29,276 is excluded from the fair value leveling hierarchy as of December 31, 2016. The privately held memberships units valued at \$111,707 are considered a Level 3 investment as of December 31, 2015.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

Investment return is summarized as follows for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Realized loss on contributed investments	\$ -	\$ (7,770)
Unrealized gain (loss)	12,290	(715,763)
Dividends and interest income	<u>-</u>	<u>981</u>
Total	<u>\$12,290</u>	<u>\$(722,552)</u>

The changes in fair value of investments for the years ended December 31, were as follows:

	Fair value, December 31, 2015	Contributions	Distributions	Unrealized gain	Fair value, December 31, 2016	Carrying value
Privately held investment	<u>\$111,707</u>	\$ -	\$(94,721)	\$12,290	\$29,276	\$29,276
Total	<u>\$111,707</u>	\$ -	\$(94,721)	\$12,290	\$29,276	\$29,276
	Fair value, December 31, 2014	Contributions	Distributions	Unrealized loss	Fair value, December 31, 2015	Carrying value
Privately held investment	<u>\$739,970</u>	\$87,500	\$ -	\$(715,763)	\$111,707	\$111,707
Total	<u>\$739,970</u>	\$87,500	\$ -	\$(715,763)	\$111,707	\$111,707

The carrying value of the Organization's cash and cash equivalents, receivables, accounts payable, accrued expenses, and customer deposits approximate their fair value due to their short-term nature.

NOTE J - INCOME TAXES

WBR NFP is a not-for-profit entity, as described in Section 501(c)(3) of the Internal Revenue Code (the IRC), and was organized and incorporated in Illinois as a not-for-profit organization in 2006. WBR NFP has received a favorable determination letter from the Internal Revenue Service for its section 501(c)(3) status under the IRC of 1986, and is exempt from income taxes, except to the extent of any unrelated business income. For the periods ended December 31, 2016 and 2015, the Organization does not have unrelated business income.

As noted in note A, WBR Zimbabwe, BB Kenya, BB Zambia and BBL are for-profit entities. WBR Zimbabwe and BB Kenya have a deferred tax asset for the year ended December 31, 2016 and 2015, that covered any tax liability. BB Zambia and BBL did not have either a deferred tax asset or liability as of December 31, 2016 and 2015. None of the for-profit entities were required to have a provision for income taxes accrued.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

Pre-tax income (loss) generated from the for-profit entities for the years ended December 31, 2016 and 2015, are as follows:

	<u>2016</u>	<u>2015</u>
WBR Zimbabwe	\$(226,968)	\$(105,635)
BB Kenya	7,593	(28,092)
BB Zambia	409,325	(32,262)
BBL	<u>362,760</u>	<u>(244,143)</u>
Total	<u>\$ 552,710</u>	<u>\$(410,132)</u>

The effective tax rate for each entity as of December 31, 2016 and 2015, is as follows:

	<u>2016</u>	<u>2015</u>
WBR Zimbabwe	26%	26%
BB Kenya	30%	30%
BB Zambia	35%	35%
BBL	3%	3%

Income tax provision (benefit) for the years ended December 31, 2016 and 2015, is as follows:

	<u>2016</u>	<u>2015</u>
Current	\$115,442	\$(104,650)
Deferred	<u>(17,029)</u>	<u>49,365</u>
Total	<u>\$ 98,413</u>	<u>\$ (55,285)</u>

The components of the deferred tax asset at December 31, 2016 and 2015, were as follows:

	<u>2016</u>	<u>2015</u>
Beginning of year	\$242,162	\$192,797
Accelerated capital allowances	(12,689)	-
Exchange differences	14,683	25,112
Warranty provisions	1,744	-
Deferred management fees	10,984	-
Tax, net operating (loss) gain carryforward	<u>(31,751)</u>	<u>24,253</u>
Total	<u>\$225,133</u>	<u>\$242,162</u>

As of December 31, 2016 and 2015, management has determined that there are no material uncertain positions that require recognition in the consolidated financial statements.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

As of December 31, 2016 and 2015, management has concluded that it is more likely than not that the tax benefits of its deferred tax assets would be realized and accordingly has not recorded a valuation allowance.

NOTE K - EMPLOYEE BENEFIT PLAN

WBR NFP participates in a Profit Sharing 401(k) Plan (the U.S. Plan) covering substantially all of WBR NFP's employees who are salaried or temporary during the U.S. Plan year. Interns and part-time employees are not eligible for the U.S. Plan. The U.S. Plan is a voluntary defined contribution retirement plan. Employer contributions are computed as 3% of covered employees' compensation, and 50% of the next 2% contributed by the employee.

WBR DE participates in a defined benefit retirement plan (the DE Plan) covering all of WBR DE's employees who were employed during the plan year. Employer contributions for the DE Plan are computed based on the minimum requirements per the country.

The Organization's contributions for all plans, funded on a current basis, were \$73,358 and \$57,101 for the years ended December 31, 2016 and 2015, respectively.

NOTE L - 2016 IRS FORM 990

The Organization's consolidated financial statements and independent auditor's report consist of all related entities that make up the operations of the Organization and provide a comprehensive financial report of activities. The audited consolidated financial statements include both entities incorporated in the United States and controlled foreign corporations incorporated in their respective countries.

WBR NFP's IRS Form 990 does not include a significant portion of its global activities. The 990 is a United States tax filing that consists of entities incorporated in the United States and any entities that are branches of that corporation. The 990 filed by WBR NFP consists of operations of World Bicycle Relief in the United States and Kenya. It does not contain controlled foreign corporations that make up much of the global picture of WBR NFP's operations. The absence of these entities causes the below approximate reductions by category:

- \$2.5 million of contributions
- \$64.2 million of social enterprise sales
- \$148 thousand of other revenue
- \$7.8 million of social enterprise program expense
- \$2.1 million of Bicycle Education Empowerment Program (BEEP) expense
- \$250 thousand of management and administrative expense
- \$548 thousand of fundraising expense

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31,

NOTE M – LINE OF CREDIT

There were no amounts outstanding on the line of credit facility as of December 31, 2016 and 2015. The interest rate at December 31, 2016, was 2.27%. The letter of credit was established to fund large Social Enterprise bicycle orders and allow the Organization to have access to cash levels throughout the year. The amount available under the line of credit was \$1,300,000 and \$1,000,000 at December 31, 2016 and 2015, respectively.

NOTE N - SUBSEQUENT EVENTS

In preparation of these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 30, 2017, the date the consolidated financial statements were available to be issued. Effective January 1, 2017, Qhubeka will no longer be included as a consolidated subsidiary of the Organization. On March 2, 2017, the Organization added entities Buffalo Bicycle MLW Limited and World Bicycle Relief- Malawi. These entities represent the start up of both the BEEP and Social Enterprise program in Malawi. In October 2017, WBR Canada updated their by-laws, which will consolidate the entity into the Organization as of December 31, 2017. The Organization is not aware of any additional subsequent events that would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2016

ASSETS	U.S. operating group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
CURRENT ASSETS								
Cash and cash equivalents	\$ 925,568	\$ 245,526	\$ 72,710	\$ 130,194	\$ 454,290	\$ 25,048	-	\$1,853,336
Contributions receivable	1,480,743	-	-	-	-	-	-	1,480,743
Trade receivables, net	107,429	717,858	68,250	150,747	-	3,648	-	1,047,932
Inventory	29,570	296,909	188,576	196,773	-	911,830	-	1,623,658
Prepayments	72,975	82,908	32,362	40,702	485,808	-	-	714,755
Other assets	62,649	38,022	14,217	82,731	4,569	20,509	-	222,697
Due from affiliates	-	-	-	-	-	-	-	-
Mauritius	-	12,666	-	200,045	-	-	(212,711)	-
U.S. operating group	-	-	-	-	-	7,648	(7,648)	-
Zambia	-	-	-	-	526,492	-	(526,492)	-
Kenya	-	-	-	-	434,753	-	(434,753)	-
South Africa	-	-	-	-	17,154	-	(17,154)	-
Zimbabwe	-	-	-	-	799,885	-	(799,885)	-
Total current assets	2,678,934	1,393,889	376,115	801,192	2,722,951	968,683	(1,998,643)	6,943,121
NON-CURRENT ASSETS								
Investments	29,276	-	-	-	-	-	-	29,276
Due from affiliates	-	-	-	-	-	-	-	-
Zambia	1,652,329	-	-	-	-	-	(1,652,329)	-
Kenya	757,606	-	-	-	-	-	(757,606)	-
Zimbabwe	542,944	-	-	-	-	-	(542,944)	-
Mauritius	2,377,329	-	-	-	-	-	(2,377,329)	-
Deferred tax asset	-	-	67,536	157,597	-	-	-	225,133
Fixed assets, net	145,119	20,257	108,398	47,292	-	26,649	-	347,715
TOTAL ASSETS	\$8,183,537	\$1,414,146	\$552,049	\$1,006,081	\$2,722,951	\$995,332	\$(7,328,851)	\$7,545,245

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED
December 31, 2016

LIABILITIES AND NET ASSETS	<u>U.S. operating group</u>	<u>Zambia</u>	<u>Kenya</u>	<u>Zimbabwe</u>	<u>Mauritius</u>	<u>South Africa</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT LIABILITIES								
Accounts payable	\$ 283,843	\$ 38,061	\$ 1,060	\$ 99,074	\$ 49,581	\$ 412	\$ (3,230)	\$ 468,801
Accrued expenses	67,784	389,394	28,982	46,416	28,859	33,684	(10,800)	584,319
Deferred revenue	-	94,738	43,912	-	-	-	-	138,650
Due to affiliates								
Mauritius	<u>-</u>	<u>539,158</u>	<u>434,752</u>	<u>989,130</u>	<u>-</u>	<u>17,154</u>	<u>(1,980,194)</u>	<u>-</u>
Total current liabilities	351,627	1,061,351	508,706	1,134,620	78,440	51,250	(1,994,224)	1,191,770
NON-CURRENT LIABILITIES								
Due to affiliates								
U.S. operating group	<u>-</u>	<u>1,656,748</u>	<u>757,606</u>	<u>542,944</u>	<u>2,377,329</u>	<u>-</u>	<u>(5,334,627)</u>	<u>-</u>
Total liabilities	351,627	2,718,099	1,266,312	1,677,564	2,455,769	51,250	(7,328,851)	1,191,770
NET ASSETS								
Unrestricted	7,738,910	(1,303,953)	(714,263)	(671,483)	267,182	944,082	-	6,260,475
Temporarily restricted	<u>93,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,000</u>
Total net assets	<u>7,831,910</u>	<u>(1,303,953)</u>	<u>(714,263)</u>	<u>(671,483)</u>	<u>267,182</u>	<u>944,082</u>	<u>-</u>	<u>6,353,475</u>
TOTAL LIABILITIES AND NET ASSETS								
	<u>\$8,183,537</u>	<u>\$ 1,414,146</u>	<u>\$ 552,049</u>	<u>\$1,006,081</u>	<u>\$2,722,951</u>	<u>\$995,332</u>	<u>\$(7,328,851)</u>	<u>\$7,545,245</u>

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2015

ASSETS	U.S. operating group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
CURRENT ASSETS								
Cash and cash equivalents	\$2,137,362	\$ 166,046	\$ 18,958	\$ 115,609	\$ 23,507	\$ 47,381	\$ -	\$2,508,863
Contributions receivable	524,189	-	-	-	-	-	-	524,189
Trade receivables, net	46,554	196,570	56,578	169,877	-	239,405	-	708,984
Inventory	334,403	307,555	190,499	174,494	-	272,665	-	1,279,616
Prepayments	270,139	4,421	47,308	73,711	84,125	-	(100,000)	379,704
Other assets	6,553	122	19,778	2,080	916	10,293	-	39,742
Due from affiliates								
Zambia	-	-	-	-	340,670	-	(340,670)	-
Kenya	-	-	-	-	425,489	-	(425,489)	-
Zimbabwe	-	-	-	-	<u>537,831</u>	-	<u>(537,831)</u>	-
Total current assets	3,319,200	674,714	333,121	535,771	1,412,538	569,744	(1,403,990)	5,441,098
NON-CURRENT ASSETS								
Investments	111,707	-	-	-	-	-	-	111,707
Due from affiliates								
Zambia	1,582,414	-	-	-	-	-	(1,582,414)	-
Kenya	705,117	-	-	-	-	-	(705,117)	-
Zimbabwe	517,090	-	-	-	-	-	(517,090)	-
Mauritius	1,336,708	-	-	-	-	-	(1,336,708)	-
Deferred tax asset	-	-	83,932	158,230	-	-	-	242,162
Fixed assets, net	<u>53,058</u>	<u>16,174</u>	<u>39,293</u>	<u>85,427</u>	-	<u>36,408</u>	-	<u>230,360</u>
TOTAL ASSETS	<u>\$7,625,294</u>	<u>\$ 690,888</u>	<u>\$ 456,346</u>	<u>\$ 779,428</u>	<u>\$1,412,538</u>	<u>\$606,152</u>	<u>\$(5,545,319)</u>	<u>\$6,025,327</u>

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED
December 31, 2015

LIABILITIES AND NET ASSETS	<u>U.S. operating group</u>	<u>Zambia</u>	<u>Kenya</u>	<u>Zimbabwe</u>	<u>Mauritius</u>	<u>South Africa</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT LIABILITIES								
Accounts payable	\$ 79,273	\$ 32,509	\$ 5,965	\$ 126,353	\$ 18,019	\$ 4,763	\$ -	\$ 266,882
Accrued expenses	208,194	226,152	13,445	42,137	(605)	10,322	-	499,645
Deferred revenue	-	90,324	11,563	-	149,812	1,372	(100,000)	153,071
Due to affiliates								
Mauritius	<u>-</u>	<u>340,669</u>	<u>425,489</u>	<u>537,831</u>	<u>-</u>	<u>-</u>	<u>(1,303,989)</u>	<u>-</u>
Total current liabilities	287,467	689,654	456,462	706,321	167,226	16,457	(1,403,989)	919,598
NON-CURRENT LIABILITIES								
Due to affiliates								
U.S. operating group	<u>-</u>	<u>1,582,415</u>	<u>705,117</u>	<u>517,090</u>	<u>1,336,708</u>	<u>-</u>	<u>(4,141,330)</u>	<u>-</u>
Total liabilities	287,467	2,272,069	1,161,579	1,223,411	1,503,934	16,457	(5,545,319)	919,598
NET ASSETS								
Unrestricted	7,262,827	(1,581,181)	(705,233)	(443,983)	(91,396)	589,695	-	5,030,729
Temporarily restricted	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Total net assets	<u>7,337,827</u>	<u>(1,581,181)</u>	<u>(705,233)</u>	<u>(443,983)</u>	<u>(91,396)</u>	<u>589,695</u>	<u>-</u>	<u>5,105,729</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$7,625,294</u>	<u>\$ 690,888</u>	<u>\$ 456,346</u>	<u>\$ 779,428</u>	<u>\$1,412,538</u>	<u>\$606,152</u>	<u>\$(5,545,319)</u>	<u>\$6,025,327</u>

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2016

	U.S. operating group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
Revenue and support								
Contributions and grants	\$10,356,497	\$ 16,358	\$ 59,322	\$ 187,218	\$ 15,000	\$1,878,657	\$ (967,946)	\$11,545,106
Bicycle social enterprise program	-	2,378,490	992,316	1,360,943	1,601,934	240,805	(2,338,043)	4,236,445
Other income	<u>91,838</u>	<u>33,196</u>	<u>180,875</u>	<u>4,401</u>	<u>765,784</u>	<u>110,549</u>	<u>(946,642)</u>	<u>240,001</u>
Total revenue and support	10,448,335	2,428,044	1,232,513	1,552,562	2,382,718	2,230,011	(4,252,631)	16,021,552
Expenses								
Program services								
Social enterprise	398,751	2,014,035	1,199,912	1,779,530	2,019,958	1,516,395	(1,026,529)	7,902,052
BEEP	<u>5,992,382</u>	-	-	-	-	-	<u>(3,300,151)</u>	<u>2,692,231</u>
Total program services	6,391,133	2,014,035	1,199,912	1,779,530	2,019,958	1,516,395	(4,326,680)	10,594,283
Supporting services								
Management and administrative	742,400	-	-	-	-	227,798	-	970,198
Fundraising	<u>2,853,819</u>	-	-	-	-	<u>202,526</u>	-	<u>3,056,345</u>
Total supporting services	<u>3,596,219</u>	-	-	-	-	<u>430,324</u>	-	<u>4,026,543</u>
Total expenses before tax expense	9,987,352	2,014,035	1,199,912	1,779,530	2,019,958	1,946,719	(4,326,680)	14,620,826
Tax expense	-	<u>83,624</u>	<u>14,789</u>	-	-	-	-	<u>98,413</u>
Increase (decrease) in net assets from operating activities	460,983	330,385	17,812	(226,968)	362,760	283,292	74,049	1,302,313
Other non-operating changes in net assets								
Intercompany interest income	74,049	-	-	-	-	-	(74,049)	-
Investment return	12,290	-	-	-	-	-	-	12,290
Foreign exchange (loss) gain	<u>(53,239)</u>	<u>(53,137)</u>	<u>(26,842)</u>	<u>(532)</u>	<u>(4,182)</u>	<u>71,095</u>	-	<u>(66,857)</u>
Increase (decrease) in net assets	494,083	277,228	(9,030)	(227,500)	358,578	354,387	-	1,247,746
Net assets, beginning of year	<u>7,337,827</u>	<u>(1,581,181)</u>	<u>(705,233)</u>	<u>(443,983)</u>	<u>(91,396)</u>	<u>589,695</u>	-	<u>5,105,729</u>
Net assets, end of year	<u>\$ 7,831,910</u>	<u>\$(1,303,953)</u>	<u>\$(714,263)</u>	<u>\$(671,483)</u>	<u>\$267,182</u>	<u>\$ 944,082</u>	<u>\$ -</u>	<u>\$ 6,353,475</u>

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2015

	U.S. operating group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
Revenue and support								
Contributions and grants	\$9,160,494	\$ 396,556	\$ 202,104	\$ 511,757	\$ 836,045	\$1,663,921	\$(2,388,456)	\$10,382,421
Bicycle social enterprise program	-	2,756,787	275,936	1,363,827	185,367	322,573	(361,356)	4,543,134
Other income	<u>33,336</u>	<u>326</u>	<u>-</u>	<u>529</u>	<u>694,958</u>	<u>316,154</u>	<u>(678,604)</u>	<u>366,699</u>
Total revenue and support	9,193,830	3,153,669	478,040	1,876,113	1,716,370	2,302,648	(3,428,416)	15,292,254
Expenses								
Program services								
Social enterprise	373,751	2,873,718	469,975	1,981,748	1,960,513	349,827	(1,278,626)	6,730,906
BEEP	<u>5,901,448</u>	<u>151,837</u>	<u>618</u>	<u>-</u>	<u>-</u>	<u>858,779</u>	<u>(2,409,873)</u>	<u>4,502,809</u>
Total program services	6,275,199	3,025,555	470,593	1,981,748	1,960,513	1,208,606	(3,688,499)	11,233,715
Supporting services								
Management and administrative	554,893	-	-	-	-	328,396	-	883,289
Fundraising	<u>2,329,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,619</u>	<u>-</u>	<u>2,552,896</u>
Total supporting services	<u>2,884,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>552,015</u>	<u>-</u>	<u>3,436,185</u>
Total expenses before tax benefit	9,159,369	3,025,555	470,593	1,981,748	1,960,513	1,760,621	(3,688,499)	14,669,900
Tax benefit	<u>-</u>	<u>-</u>	<u>(25,760)</u>	<u>(29,525)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,285)</u>
Increase (decrease) in net assets from operating activities	34,461	128,114	33,207	(76,110)	(244,143)	542,027	260,083	677,639
Other non-operating changes in net assets								
Intercompany interest income (expense)	86,733	-	(2)	-	-	-	(86,731)	-
Investment return	(722,552)	-	-	-	-	-	-	(722,552)
Foreign exchange loss	<u>(60,833)</u>	<u>(193,481)</u>	<u>(25,503)</u>	<u>-</u>	<u>(2,638)</u>	<u>(171,685)</u>	<u>(173,352)</u>	<u>(627,492)</u>
(Decrease) increase in net assets	(662,191)	(65,367)	7,702	(76,110)	(246,781)	370,342	-	(672,405)
Net assets, beginning of year	<u>8,000,018</u>	<u>(1,515,814)</u>	<u>(712,935)</u>	<u>(367,873)</u>	<u>155,385</u>	<u>219,353</u>	<u>-</u>	<u>5,778,134</u>
Net assets, end of year	<u>\$7,337,827</u>	<u>\$(1,581,181)</u>	<u>\$(705,233)</u>	<u>\$ (443,983)</u>	<u>\$ (91,396)</u>	<u>\$ 589,695</u>	<u>\$ -</u>	<u>\$ 5,105,729</u>