

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

World Bicycle Relief, NFP and its Subsidiaries

December 31, 2017 and 2016

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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**Board of Directors
World Bicycle Relief, NFP, and its Subsidiaries**

Report on the financial statements

We have audited the accompanying consolidated financial statements of World Bicycle Relief, NFP and its Subsidiaries (the Entity), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, 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 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 23% and 17% of the consolidated total assets as of December 31, 2017 and 2016, respectively, and total revenue and support of 15% and 14%, respectively, of 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.

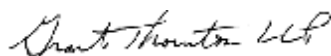
Opinion

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, 2017 and 2016, 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.

Other matters

Supplementary 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 individual entities, 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. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Chicago, Illinois
July 31, 2018

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

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$3,086,546	\$1,853,336
Contributions receivable	157,421	1,480,743
Trade receivables, net	581,340	1,047,932
Inventory	923,711	1,623,658
Prepayments	259,098	714,755
Other assets	<u>78,984</u>	<u>222,697</u>
Total current assets	5,087,100	6,943,121
NON-CURRENT ASSETS		
Investments	29,276	29,276
Deferred tax asset	220,291	225,133
Fixed assets, net	<u>548,837</u>	<u>347,715</u>
TOTAL ASSETS	<u>\$5,885,504</u>	<u>\$7,545,245</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 646,532	\$ 468,801
Accrued expenses	640,792	584,319
Deferred revenue	<u>152,865</u>	<u>138,650</u>
Total current liabilities	1,440,189	1,191,770
NET ASSETS		
Unrestricted	4,346,090	6,260,475
Temporarily restricted	<u>99,225</u>	<u>93,000</u>
Total net assets	<u>4,445,315</u>	<u>6,353,475</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$5,885,504</u>	<u>\$7,545,245</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, 2017

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support			
Contributions and grants	\$10,923,603	\$ 99,225	\$11,022,828
Bicycle social enterprise program	4,712,059	-	4,712,059
Other income	18,592	-	18,592
Net assets released from restrictions	<u>93,000</u>	<u>(93,000)</u>	<u>-</u>
Total revenue and support	15,747,254	6,225	15,753,479
Expenses			
Program services			
Social enterprise	10,037,804	-	10,037,804
Bicycle Education Empowerment Program (BEEP)	<u>2,754,397</u>	<u>-</u>	<u>2,754,397</u>
Total program services	12,792,201	-	12,792,201
Supporting services			
Management and administrative	866,605	-	866,605
Fundraising	<u>3,113,286</u>	<u>-</u>	<u>3,113,286</u>
Total supporting services	<u>3,979,891</u>	<u>-</u>	<u>3,979,891</u>
Total expenses before tax expense	16,772,092	-	16,772,092
Tax expense	<u>118,451</u>	<u>-</u>	<u>118,451</u>
Total expenses	<u>16,890,543</u>	<u>-</u>	<u>16,890,543</u>
(Decrease) increase in net assets from operating activities	(1,143,289)	6,225	(1,137,064)
Non-operating changes in net assets			
Net assets transferred upon deconsolidation of Qhubeka The Motive Power Movement NPC	(944,764)	-	(944,764)
Net assets received upon acquisition of World Bicycle Relief Canada	83,514	-	83,514
Foreign exchange gain	<u>90,154</u>	<u>-</u>	<u>90,154</u>
(Decrease) increase in net assets	(1,914,385)	6,225	(1,908,160)
Net assets - beginning of year	<u>6,260,475</u>	<u>93,000</u>	<u>6,353,475</u>
Net assets - end of year	<u>\$ 4,346,090</u>	<u>\$ 99,225</u>	<u>\$ 4,445,315</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, 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>
Total expenses	<u>14,719,239</u>	<u>-</u>	<u>14,719,239</u>
Increase in net assets from operating activities	1,284,313	18,000	1,302,313
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 FUNCTIONAL EXPENSES
Year ended December 31, 2017

	Program services			Supporting services			Total
	Social Enterprise	BEEP	Total Programs	Management and administrative	Fundraising	Total supporting services	
Bicycles and bicycle parts	\$ 5,676,609	\$ 175,964	\$ 5,852,573	\$ -	\$ 25,301	\$ 25,301	\$ 5,877,874
Personnel	2,074,188	1,109,299	3,183,487	280,337	1,291,426	1,571,763	4,755,250
Professional services	653,448	357,434	1,010,882	353,657	429,785	783,442	1,794,324
Travel	356,521	164,094	520,615	62,283	277,372	339,655	860,270
Occupancy	200,128	68,076	268,204	19,035	86,878	105,913	374,117
Shipping and freight	4,294	665	4,959	2,992	34,033	37,025	41,984
Registrations and license fees	39,666	-	39,666	-	-	-	39,666
Product development costs	408,103	-	408,103	-	-	-	408,103
Repairs and maintenance	92,894	29,088	121,982	2,311	26,792	29,103	151,085
Supplies	96,449	21,370	117,819	44,571	174,864	219,435	337,254
Depreciation	88,757	39,233	127,990	-	15,000	15,000	142,990
Bank service charges	37,329	2,055	39,384	76,093	46,606	122,699	162,083
Printing	20,948	18,088	39,036	268	66,266	66,534	105,570
Insurance	38,551	1,907	40,458	24,849	1,240	26,089	66,547
Other expenses	169,542	53,059	222,601	-	-	-	222,601
Grants	73,521	701,330	774,851	-	10,142	10,142	784,993
Taxes and duties	-	12,710	12,710	-	22	22	12,732
Advertising	6,856	25	6,881	209	627,559	627,768	634,649
	<u>\$10,037,804</u>	<u>\$2,754,397</u>	<u>\$12,792,201</u>	<u>\$866,605</u>	<u>\$3,113,286</u>	<u>\$3,979,891</u>	<u>\$16,772,092</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	1,293,811	1,855,628	4,570,454
Professional services	579,350	82,917	662,267	264,669	323,908	514,177	1,250,844
Travel	397,174	112,837	510,011	47,396	234,726	282,122	792,133
Occupancy	239,325	39,882	279,207	27,139	114,927	142,066	421,273
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	-	552,245	63,922	558,974
	<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 STATEMENTS OF CASH FLOWS
Years ended December 31,

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$(1,908,160)	\$ 1,247,746
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net assets transferred upon deconsolidation of Qhubeka The Motive Power Movement NPC	969,812	-
Proceeds from sale of donated investments	-	82,431
Depreciation	142,990	121,488
Changes in assets and liabilities		
Contribution receivables	1,324,593	(1,021,891)
Trade receivables	510,493	(216,817)
Inventory	(216,479)	(242,958)
Prepayments	455,835	(347,681)
Other assets	30,644	(93,137)
Deferred tax	4,275	37,538
Accounts payable	40,931	208,787
Accrued expenses	325,034	42,654
Deferred revenue	<u>17,032</u>	<u>(126,758)</u>
Net cash provided by (used in) operating activities	1,697,000	(308,598)
Cash flows from investing activities		
Transfer in of cash and cash equivalents upon acquisition of WBR Canada	83,514	-
Transfer out of cash and cash equivalents upon deconsolidation of Qhubeka	(25,048)	-
Purchase of property and equipment	<u>(370,535)</u>	<u>(234,788)</u>
Net cash used in investing activities	(312,069)	(234,788)
Effect of exchange rate change on cash	<u>(151,721)</u>	<u>(112,141)</u>
Net increase (decrease) in cash and cash equivalents	1,233,210	(655,527)
Cash and cash equivalents at beginning of year	<u>1,853,336</u>	<u>2,508,863</u>
Cash and cash equivalents at end of year	<u>\$ 3,086,546</u>	<u>\$ 1,853,336</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 8,901	\$ 6,528

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, 2017 and 2016

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 provides access to independence and livelihood through the power of bicycles. The International Philanthropic Group of the Organization consists of the consolidated activities of World Bicycle Relief UK, World Bicycle Relief Deutschland, World Bicycle Relief Canada, and World Bicycle Relief Australia for reporting purposes. The Philanthropic Group consists of WBR NFP and the International Philanthropic entities. All subsidiaries are discussed below.

World Bicycle Relief Zambia (WBR Zambia) is incorporated 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 is incorporated 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 is registered as a branch of WBR NFP in Kenya. 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 is incorporated 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 Malawi (WBR Malawi) was incorporated on March 2, 2017, in the Republic of Malawi. It serves to carry out the on-site Malawi program operations of the Organization.

Buffalo Bicycles Malawi (BB Malawi) is a for-profit subsidiary of Buffalo Bicycle Limited. BB Malawi was incorporated on March 2, 2017, as a private company limited by shares registered in Malawi. BB Malawi is engaged in the assembly and sale of bicycles and bicycle parts through the Organization's social enterprise program. BB Malawi 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 (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 South Africa (BB SA) is a for-profit entity controlled by WBR NFP. BB SA is incorporated as a private company limited by shares, registered in South Africa. David H Neiswander and Anthony A Fitzhenry are directors of BB SA. Activities of BB SA are consolidated for reporting purposes; however, it is not part of the Philanthropic Group for tax reporting purposes.

Buffalo Bicycle Limited (BBL) is a for-profit, private company limited by shares located in Mauritius and is

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

incorporated by Deutsche International Trust Corporation Limited. 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, WBR NFP. 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. Activities of WBR UK are consolidated under the Philanthropic Group for reporting purposes, however, it is not part of the Philanthropic Group for tax reporting purposes.

World Bicycle Relief Deutschland (WBR DE) is a limited liability company incorporated in Germany. WBR NFP is a shareholder of WBR DE. 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 Philanthropic Group for reporting purposes; however, it is not part of the Philanthropic 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 under The Companies Act of 2001 in Australia. WBR AU'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, healthcare and other essentials of life. Activities of WBR AU are consolidated under the Philanthropic Group for reporting purposes; however, it is not part of the Philanthropic Group for tax reporting purposes.

World Bicycle Relief Canada (WBR CA) is a Canadian not-for-profit company. WBR CA's objective is to relieve poverty and advance education in developing nations by providing bicycles to persons in need as means for such persons to obtain a livelihood and access to education, work, and healthcare. On April 1, 2017, WBR NFP was established as the sole corporate member of WBR CA, which required consolidation under U.S. GAAP. Net assets received by WBR NFP upon consolidation of WBR CA consisted of cash and cash equivalents of \$83,514. Activities of WBR CA are consolidated under Philanthropic Group for reporting purposes; however, it is not part of the Philanthropic Group for tax reporting purposes.

Qhubeka The Motive Power Movement NPC (Qhubeka) is a non-profit company incorporated in South Africa that was previously controlled by the Organization. Effective January 1, 2017, Qhubeka and WBR NFP formally disengaged and are no longer affiliated entities. The net assets released by WBR NFP upon deconsolidation of Qhubeka were as follows:

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

Cash and cash equivalents	\$ 25,048
Trade receivables	3,648
Inventory	911,830
Other assets	20,509
Due from affiliates	8,330
Fixed assets, net	<u>26,649</u>
Total assets	996,014
Accounts payable	412
Accrued expenses	33,684
Due to affiliates	<u>17,154</u>
Total liabilities	51,250
Net assets released upon deconsolidation	<u>\$944,764</u>

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 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.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

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.

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 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

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

obligation, and the condition of the general economy and the industry as a whole. As of December 31, 2017 and 2016, the Organization's allowance for uncollectible accounts was \$7,350 and \$32,448, respectively.

Contributions and Contributions Receivable

As of December 31, 2017 and 2016, foundations, individuals and corporations have unconditionally promised to give \$157,421 and \$1,480,743, respectively, to be used for particular programs and general support. All amounts are due in less than one year. As of December 31, 2017, the Organization had no conditional promises to give.

Investments

The Organization's investments at December 31, 2017 and 2016, consist solely of cash in escrow, which is recorded at carrying value.

Inventory

Inventory consists mainly of bicycles and bicycle parts. 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>2017</u>	<u>2016</u>
Vehicles	\$ 829,532	\$ 607,469
Furniture and equipment	<u>173,336</u>	<u>153,996</u>
Total	1,002,868	761,465
Accumulated depreciation	<u>(454,031)</u>	<u>(413,750)</u>
Net book value	<u>\$ 548,837</u>	<u>\$ 347,715</u>

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

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. 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. The guidance permits the use of either a retrospective or cumulative effect transition method. The adoption of ASU No. 2014-09 is currently being evaluated by the Organization.

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.

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

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

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 the Organization for fiscal year 2018, with early adoption permitted. 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.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to current year presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

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 \$1,652,996 and \$1,381,282 at December 31, 2017 and 2016, respectively. The Organization had domestic balances exceeding the Federal Deposit Insurance Corporation's insured limitations at December 31, 2017 and 2016. 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 April 2020. These are classified as operating leases. Certain leases contain rent escalation clauses, which have been reflected in the future minimum lease payments detailed below.

Future minimum lease payments for office and warehouse leases are as follows as of December 31, 2017:

2018	\$ 65,055
2019	46,734
2020	<u>13,400</u>
Total	<u>\$125,189</u>

Rental expense was \$227,598 and \$185,930 for the years ended December 31, 2017 and 2016, respectively.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

NOTE E - INVENTORY

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

	<u>2017</u>	<u>2016</u>
Raw materials and spare parts	\$620,835	\$ 829,327
Work in process	35,786	91,809
Finished goods	<u>267,090</u>	<u>702,522</u>
Total inventory	<u>\$923,711</u>	<u>\$1,623,658</u>

NOTE F - IN-KIND DONATIONS AND DONATED SERVICES

During the years ended December 31, 2017 and 2016, the Organization received in-kind contributions, including rent, utilities, and advertising. The estimated fair value of in-kind contributions was \$575,460 and \$579,795 for the years ended December 31, 2017 and 2016, respectively. During the years ended December 31, 2017 and 2016, 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 \$1,047,858 and \$795,896 for the years ended December 31, 2017 and 2016, respectively. These in-kind contributions and donated services have been recorded as contributions in the accompanying consolidated statements of activities and changes in net assets.

NOTE G - RESTRICTED NET ASSETS

Temporarily restricted net assets of \$99,225 and \$93,000 are available for the Bicycles for Educational Empowerment Project as of December 31, 2017 and 2016, respectively, and represent unexpended donor-restricted contributions as of end of the year. During the years ended December 31, 2017 and 2016, the Organization released from restriction \$93,000 and \$75,000, respectively, for the Bicycles for Educational Empowerment Project.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

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, 2017 and 2016, as follows:

	<u>2017</u>	<u>2016</u>
Contributions from related parties	\$ 983,877	\$ 941,183
In-kind donations and donated services from related parties	<u>333,472</u>	<u>333,472</u>
Total	<u>\$1,317,349</u>	<u>\$1,274,655</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>2017</u>	<u>2016</u>
Cash reimbursement to related parties for expenses paid on behalf of the Organization	\$434,796	\$513,295
Payables due to related parties for cash reimbursements	\$71,360	\$57,167

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, 2017 and 2016.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

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

	<u>2017</u>	<u>2016</u>
Unrealized gain	\$ <u> -</u>	\$ <u>12,290</u>
Total	\$ <u> -</u>	\$ <u>12,290</u>

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

	<u>Fair value, December 31, 2016</u>	<u>Contributions</u>	<u>Distributions</u>	<u>Unrealized gain</u>	<u>Fair value, December 31, 2017</u>	<u>Carrying value</u>
Privately held investment	\$29,276	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$29,276	\$29,276
Total	\$29,276	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$29,276	\$29,276
	<u>Fair value, December 31, 2015</u>	<u>Contributions</u>	<u>Distributions</u>	<u>Unrealized gain</u>	<u>Fair value, December 31, 2016</u>	<u>Carrying value</u>
Privately held investment	\$111,707	\$ <u> -</u>	\$(94,721)	\$12,290	\$29,276	\$29,276
Total	\$111,707	\$ <u> -</u>	\$(94,721)	\$12,290	\$29,276	\$29,276

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, 2017 and 2016, the Organization does not have unrelated business income.

As noted in Note A, WBR Zimbabwe, BB Kenya, BB Zambia, BB Malawi and BBL are for-profit entities. WBR Zimbabwe, BB Malawi and BB Kenya have a deferred tax asset for the year ended December 31, 2017 and 2016, which covered any tax liability. BB Zambia and BBL did not have either a deferred tax asset or liability as of December 31, 2017 and 2016.

Pre-tax income (loss) generated from the for-profit entities for the years ended December 31, 2017 and 2016, are as follows:

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
WBR Zimbabwe	\$(218,170)	\$(226,968)
BB Kenya	181,557	7,593
BB Zambia	401,369	409,325
BB Malawi	(183,162)	-
BBL	<u>(20,812)</u>	<u>362,760</u>
Total	<u>\$ 160,782</u>	<u>\$ 552,710</u>

The effective tax rate for each entity as of December 31, 2017 and 2016, is as follows:

	<u>2017</u>	<u>2016</u>
WBR Zimbabwe	26%	26%
BB Kenya	30%	30%
BB Zambia	35%	35%
BB Malawi	30%	30%
BBL	3%	3%

Income tax expense (benefit) for the years ended December 31, 2017 and 2016, is as follows:

	<u>2017</u>	<u>2016</u>
Current	\$123,293	\$115,442
Deferred	<u>(4,842)</u>	<u>(17,029)</u>
Total	<u>\$118,451</u>	<u>\$ 98,413</u>

The components of the deferred tax asset at December 31, 2017 and 2016, were as follows:

	<u>2017</u>	<u>2016</u>
Beginning of year	\$225,133	\$242,162
Accelerated capital allowances	(13,580)	(12,689)
Exchange differences	(1,584)	14,683
Warranty provisions	(96)	1,744
Deferred management fees	276	10,984
Realized loss on foreign loan	3,985	-
Tax, net operating gain (loss) gain carryforward	<u>6,157</u>	<u>(31,751)</u>
Total	<u>\$220,291</u>	<u>\$225,133</u>

As of December 31, 2017 and 2016, management has determined that there are no material uncertain positions that require recognition in the consolidated financial statements. As of December 31, 2017 and 2016, 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.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

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.

WBR UK participates in The National Employment Savings Trust (NEST) a defined contribution workplace pension scheme in the United Kingdom. Employer contributions for the UK Plan are computed based on the minimum requirements per the country.

WBR AU participates in a Superannuation plan, an arrangement put in place by the Government of Australia to assist people in Australia to accumulate money for an income in retirement. Employer contributions for the AU Plan are computed based on the minimum requirements per the country.

The Organization's contributions for all plans, funded on a current basis, were \$88,756 and \$73,358 for the years ended December 31, 2017 and 2016, respectively.

NOTE L - 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:

- \$1.6 million of contributions
- \$4.7 million of social enterprise sales
- \$9.1 million of social enterprise program expense
- \$864 thousand of BEEP expense
- \$87 thousand of management and administrative expense
- \$520 thousand of fundraising expense

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2017 and 2016

NOTE M – LINE OF CREDIT

There were no amounts outstanding on the line of credit facility as of December 31, 2017 and 2016. The interest rate at December 31, 2017, was 3.07%. 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 \$1,500,000 and \$1,300,000 at December 31, 2017 and 2016, 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 July 31, 2018, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or additional disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	Malawi	South Africa	Eliminations	Consolidated
CURRENT ASSETS											
Cash and cash equivalents	\$1,420,232	\$850,746	\$2,270,978	\$ 315,300	\$150,728	\$ 212,751	\$ 101,426	\$ 33,203	\$ 2,160	\$ -	\$3,086,546
Contributions receivable	130,376	27,045	157,421	-	-	-	-	-	-	-	157,421
Trade receivables, net	40,325	-	40,325	176,607	48,785	205,727	25,200	84,696	-	-	581,340
Inventory	-	-	-	316,546	233,131	160,095	92,739	121,200	-	-	923,711
Prepayments	93,401	4,057	97,458	66,357	58,901	31,821	1,303	3,258	-	-	259,098
Other assets	695	17,731	18,426	43,532	3,624	3,330	10,072	-	-	-	78,984
Due from affiliates											
Mauritius	-	-	-	5,012	-	165,744	-	-	-	(170,756)	-
International Philanthropic	87,040	-	87,040	-	-	-	-	-	-	(87,040)	-
Zambia	-	-	-	356,715	-	-	-	-	-	(356,715)	-
WBR NFP	-	-	-	-	-	-	-	-	111,565	(111,565)	-
Malawi	3,156	-	3,156	-	-	-	401,421	-	-	(404,577)	-
South Africa	-	-	-	-	-	-	3,316	-	-	(3,316)	-
Total current assets	1,775,225	899,579	2,674,804	1,280,069	495,169	779,468	635,477	242,357	113,725	(1,133,969)	5,087,100
NON-CURRENT ASSETS											
Investments	29,276	-	29,276	-	-	-	-	-	-	-	29,276
Due from affiliates											
Zambia	1,540,368	45,314	1,585,682	-	-	-	-	-	-	(1,585,682)	-
Kenya	789,600	-	789,600	-	-	-	358,444	-	-	(1,148,044)	-
Zimbabwe	570,092	-	570,092	-	-	-	1,243,586	-	-	(1,813,678)	-
Mauritius	1,530,104	-	1,530,104	-	-	-	-	-	-	(1,530,104)	-
Deferred tax asset	-	-	-	-	40,697	125,454	-	54,140	-	-	220,291
Fixed assets, net	200,468	-	200,468	44,656	143,661	123,766	-	36,286	-	-	548,837
TOTAL ASSETS	\$6,435,133	\$944,893	\$7,380,026	\$1,324,725	\$679,527	\$1,028,688	\$2,237,507	\$332,783	\$113,725	\$(7,211,477)	\$5,885,504

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED
December 31, 2017

LIABILITIES AND NET ASSETS	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	Malawi	South Africa	Eliminations	Consolidated
CURRENT LIABILITIES											
Accounts payable	\$ 180,202	\$ 2,156	\$ 182,358	\$ 176,952	\$ 38,828	\$ 54,944	\$ 51,181	\$ 28,815	\$113,454	\$ -	\$ 646,532
Accrued expenses	52,011	24,344	76,355	113,863	98,575	131,582	195,136	25,281	-	-	640,792
Deferred revenue	-	-	-	129,524	18,726	-	-	4,615	-	-	152,865
Due to affiliates											
South Africa	111,565	-	111,565	-	-	-	-	-	-	(111,565)	-
Zimbabwe	-	-	-	-	-	-	165,744	-	-	(165,744)	-
Zambia	-	-	-	356,715	-	-	5,011	-	-	(361,726)	-
WBR NFP	-	87,240	87,240	-	-	-	-	3,156	-	(90,396)	-
Mauritius	-	-	-	-	-	-	-	401,221	3,316	(404,537)	-
Total current liabilities	343,778	113,740	457,518	777,054	156,129	186,526	417,072	463,088	116,770	(1,133,968)	1,440,189
NON-CURRENT LIABILITIES											
Due to affiliates											
Philanthropic Group	-	-	-	1,585,682	789,600	570,092	1,530,104	-	-	(4,475,478)	-
Mauritius	-	-	-	-	358,444	1,243,587	-	-	-	(1,602,031)	-
Total liabilities	343,778	113,740	457,518	2,362,736	1,304,173	2,000,205	1,947,176	463,088	116,770	(7,211,477)	1,440,189
NET ASSETS											
Unrestricted	5,992,130	831,153	6,823,283	(1,038,011)	(624,646)	(971,517)	290,331	(130,305)	(3,045)	-	4,346,090
Temporarily restricted	99,225	-	99,225	-	-	-	-	-	-	-	99,225
Total net assets	6,091,355	831,153	6,922,508	(1,038,011)	(624,646)	(971,517)	290,331	(130,305)	(3,045)	-	4,445,315
TOTAL LIABILITIES AND NET ASSETS	<u>\$6,435,133</u>	<u>\$944,893</u>	<u>\$7,380,026</u>	<u>\$ 1,324,725</u>	<u>\$ 679,527</u>	<u>\$1,028,688</u>	<u>\$2,237,507</u>	<u>\$ 332,783</u>	<u>\$113,725</u>	<u>\$(7,211,477)</u>	<u>\$5,885,504</u>

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

ASSETS	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
CURRENT ASSETS										
Cash and cash equivalents	\$ 472,054	\$453,514	\$ 925,568	\$ 245,526	\$ 72,710	\$ 130,194	\$ 454,290	\$ 25,048	-	\$1,853,336
Contributions receivable	1,480,743	-	1,480,743	-	-	-	-	-	-	1,480,743
Trade receivables, net	107,429	-	107,429	717,858	68,250	150,747	-	3,648	-	1,047,932
Inventory	29,570	-	29,570	296,909	188,576	196,773	-	911,830	-	1,623,658
Prepayments	72,975	-	72,975	82,908	32,362	40,702	485,808	-	-	714,755
Other assets	979	61,670	62,649	38,022	14,217	82,731	4,569	20,509	-	222,697
Due from affiliates										
Mauritius	-	-	-	12,666	-	200,045	-	-	(212,711)	-
International Philanthropic	15,000	-	15,000	-	-	-	-	-	(15,000)	-
WBR NFP	-	-	-	-	-	-	-	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	2,178,750	515,184	2,693,934	1,393,889	376,115	801,192	2,722,951	968,683	(2,013,643)	6,943,121
NON-CURRENT ASSETS										
Investments	29,276	-	29,276	-	-	-	-	-	-	29,276
Due from affiliates										
Zambia	1,612,542	39,787	1,652,329	-	-	-	-	-	(1,652,329)	-
Kenya	757,606	-	757,606	-	-	-	-	-	(757,606)	-
Zimbabwe	542,944	-	542,944	-	-	-	-	-	(542,944)	-
Mauritius	2,377,329	-	2,377,329	-	-	-	-	-	(2,377,329)	-
Deferred tax asset	-	-	-	-	67,536	157,597	-	-	-	225,133
Fixed assets, net	145,119	-	145,119	20,257	108,398	47,292	-	26,649	-	347,715
TOTAL ASSETS	\$7,643,566	\$554,971	\$8,198,537	\$1,414,146	\$552,049	\$1,006,081	\$2,722,951	\$995,332	\$(7,343,851)	\$7,545,245

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

LIABILITIES AND NET ASSETS	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
CURRENT LIABILITIES										
Accounts payable	\$ 272,798	\$ 11,045	\$ 283,843	\$ 38,061	\$ 1,060	\$ 99,074	\$ 49,581	\$ 412	\$ (3,230)	\$ 468,801
Accrued expenses	54,456	13,328	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	-	-	-	539,158	434,752	989,130	-	17,154	(1,980,194)	-
International Philanthropic	-	15,000	15,000	-	-	-	-	-	(15,000)	-
Total current liabilities	327,254	39,373	366,627	1,061,351	508,706	1,134,620	78,440	51,250	(2,009,224)	1,191,770
NON-CURRENT LIABILITIES										
Due to affiliates										
Philanthropic Group	-	-	-	1,656,748	757,606	542,944	2,377,329	-	(5,334,627)	-
Total liabilities	327,254	24,373	351,627	2,718,099	1,266,312	1,677,564	2,455,769	51,250	(7,343,851)	1,191,770
NET ASSETS										
Unrestricted	7,223,312	515,598	7,738,910	(1,303,953)	(714,263)	(671,483)	267,182	944,082	-	6,260,475
Temporarily restricted	93,000	-	93,000	-	-	-	-	-	-	93,000
Total net assets	7,316,312	515,598	7,831,910	(1,303,953)	(714,263)	(671,483)	267,182	944,082	-	6,353,475
TOTAL LIABILITIES AND NET ASSETS	<u>\$7,643,566</u>	<u>\$554,971</u>	<u>\$8,198,537</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>\$(7,343,851)</u>	<u>\$7,545,245</u>

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2017

	WBR NFP	International Philanthropic	U.S Operating Group	Zambia	Kenya	Zimbabwe	Mauritius	Malawi	South Africa	Eliminations	Consolidated
Revenue and support											
Contributions and grants	\$ 9,312,239	\$1,591,395	\$10,903,634	\$ 236,722	\$ 284,964	\$ 256,160	\$ 203,319	\$ -	\$ 105,867	\$ (967,838)	\$11,022,828
Bicycle social enterprise program	-	-	-	2,185,628	1,302,927	1,347,207	3,403,404	258,919	-	(3,786,026)	4,712,059
Other income	18,530	1	18,531	(3,354)	194	3,157	465,296	64	-	(465,296)	18,592
Total revenue and support	9,330,769	1,591,396	10,922,164	2,418,996	1,588,085	1,606,524	4,072,019	258,983	105,867	(5,219,160)	15,753,479
Expenses											
Program services											
Social enterprise	1,135,822	-	1,135,822	2,017,626	1,406,529	1,824,694	4,092,832	442,145	-	(881,844)	10,037,804
BEEP	6,142,124	843,197	6,985,321	-	-	-	-	-	106,392	(4,337,316)	2,754,397
Total program services	7,277,946	843,197	8,121,143	2,017,626	1,406,529	1,824,694	4,092,832	442,145	106,392	(5,219,160)	12,792,201
Supporting services											
Management and administrative	780,097	86,508	866,605	-	-	-	-	-	-	-	866,605
Fundraising	2,593,514	519,772	3,113,286	-	-	-	-	-	-	-	3,113,286
Total supporting services	3,373,611	606,280	3,979,891	-	-	-	-	-	-	-	3,979,891
Total expenses before tax expense (benefit)	10,651,557	1,449,477	12,101,034	2,017,626	1,406,529	1,824,694	4,092,832	442,145	106,392	(5,219,160)	16,772,092
Tax expense (benefit)	-	-	-	96,124	44,353	32,144	-	(54,170)	-	-	118,451
Total expenses	10,651,557	1,449,477	12,102,034	2,113,750	1,450,882	1,856,838	4,092,832	387,975	106,392	(5,219,160)	16,890,543
(Decrease) increase in net assets from operating activities	(1,320,788)	141,919	(1,178,869)	305,246	137,203	(250,314)	(20,813)	(128,992)	(525)	-	(1,137,064)
Non-operating changes in net assets											
Intercompany interest income (expense)	86,712	-	86,712	(16,465)	(52,981)	(49,720)	37,895	(5,441)	-	-	-
Foreign exchange gain (loss)	9,119	90,122	99,241	(22,839)	5,395	-	6,067	4,128	(1,838)	-	90,154
Net assets transferred upon deconsolidation of Qhubeka The Motive Power Movement NPC	-	-	-	-	-	-	-	-	(944,764)	-	(944,764)
Net assets received upon acquisition of World Bicycle Relief Canada	-	83,514	83,514	-	-	-	-	-	-	-	83,514
(Decrease) increase in net assets	(1,224,957)	315,555	(909,402)	265,942	89,617	(300,034)	23,149	(130,305)	(947,127)	-	(1,908,160)
Net assets, beginning of year	7,316,312	515,598	7,831,910	(1,303,953)	(714,263)	(671,483)	267,182	-	944,082	-	6,353,475
Net assets, end of year	\$ 6,091,355	\$ 831,153	\$ 6,922,508	\$(1,038,011)	\$ (624,646)	\$ (971,517)	\$ 290,331	\$(130,305)	\$ (3,045)	\$ -	\$ 4,445,315

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

	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
Revenue and support										
Contributions and grants	\$ 9,033,289	\$ 1,323,208	\$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>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	9,125,127	1,323,208	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	-	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>3,889,539</u>	<u>2,102,843</u>	<u>5,992,382</u>	-	-	-	-	-	<u>(3,300,151)</u>	<u>2,692,231</u>
Total program services	4,288,290	2,102,843	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	722,215	20,731	742,946	-	-	-	-	227,798	-	970,744
Fundraising	<u>2,506,932</u>	<u>346,341</u>	<u>2,853,273</u>	-	-	-	-	<u>202,526</u>	-	<u>3,055,799</u>
Total supporting services	<u>3,229,147</u>	<u>367,072</u>	<u>3,596,219</u>	-	-	-	-	<u>430,324</u>	-	<u>4,026,543</u>
Total expenses before tax expense	7,517,437	2,469,915	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>
Total expenses	<u>7,517,437</u>	<u>2,469,915</u>	<u>9,987,352</u>	<u>2,097,659</u>	<u>1,214,701</u>	<u>1,779,530</u>	<u>2,019,958</u>	<u>1,946,719</u>	<u>(4,326,680)</u>	<u>14,719,239</u>
Increase (decrease) in net assets from operating activities	1,607,690	(1,146,707)	460,983	330,385	17,812	(226,968)	362,760	283,292	74,049	1,302,313
Non-operating changes in net assets										
Intercompany interest income	74,049	-	74,049	-	-	-	-	-	(74,049)	-
Investment return	12,290	-	12,290	-	-	-	-	-	-	12,290
Foreign exchange gain (loss)	<u>72,590</u>	<u>(125,829)</u>	<u>(53,239)</u>	<u>(53,157)</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	1,766,619	(1,272,536)	494,083	277,228	(9,030)	(227,500)	358,578	354,387	-	1,247,746
Net assets, beginning of year	<u>5,549,693</u>	<u>1,788,134</u>	<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>\$7,316,312</u>	<u>\$ 515,598</u>	<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>