



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

**World Bicycle Relief, NFP and its Subsidiaries**

**December 31, 2015 and 2014**

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## INDEPENDENT AUDITOR'S REPORT

Grant Thornton LLP  
Grant Thornton Tower  
171 N. Clark Street, Suite 200  
Chicago, IL 60601-3370

T +1 312 856 0200  
F +1 312 565 4719  
grantthornton.com

**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, 2015 and 2014, 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 11% and 9% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and total revenue and support of 21% and 13%, respectively, of the consolidated total revenue and support for the years then ended. Those statements are 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, 2015 and 2014, 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 cash flows 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 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

November 14, 2016

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

<b>ASSETS</b>	<b>2015</b>	<b>2014</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$2,508,863	\$2,460,353
Contribution receivables	524,189	345,177
Trade receivables	708,984	681,091
Inventory	<u>1,279,616</u>	<u>2,504,745</u>
Total current assets	5,021,652	5,991,366
<b>OTHER ASSETS</b>		
Prepayments	379,704	164,095
Other assets	39,742	22,545
<b>NON-CURRENT ASSETS</b>		
Investments	111,707	739,970
Deferred tax	242,162	192,797
Fixed assets, at cost, net	<u>230,360</u>	<u>309,101</u>
<b>TOTAL ASSETS</b>	<u><b>\$6,025,327</b></u>	<u><b>\$7,419,874</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 266,882	\$ 974,252
Accrued expenses	499,645	176,964
Deferred revenue	153,071	141
Notes payable	-	385,107
Other liabilities	<u>-</u>	<u>105,276</u>
Total current liabilities	919,598	1,641,740
<b>NET ASSETS</b>		
Unrestricted	5,030,729	5,703,134
Temporarily restricted	<u>75,000</u>	<u>75,000</u>
Total net assets	<u><b>5,105,729</b></u>	<u><b>5,778,134</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$6,025,327</b></u>	<u><b>\$7,419,874</b></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, 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 ACTIVITIES AND CHANGES IN NET ASSETS**  
**Year ended December 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<b>Revenue and support</b>			
Contributions and grants	\$ 8,930,236	\$ 75,000	\$ 9,005,236
Bicycle social enterprise program	4,037,882	-	4,037,882
Other income	438,472	-	438,472
Net assets released from restrictions	<u>75,000</u>	<u>(75,000)</u>	<u>-</u>
<b>Total revenue and support</b>	<b>13,481,590</b>	<b>-</b>	<b>13,481,590</b>
<b>Expenses</b>			
Program services			
Social enterprise	6,094,275	-	6,094,275
Bicycle Education Empowerment Program (BEEP)	<u>2,968,702</u>	<u>-</u>	<u>2,968,702</u>
<b>Total program services</b>	<b>9,062,977</b>	<b>-</b>	<b>9,062,977</b>
Supporting services			
Management and administrative	772,725	-	772,725
Fundraising	<u>2,574,281</u>	<u>-</u>	<u>2,574,281</u>
<b>Total supporting services</b>	<b><u>3,347,006</u></b>	<b><u>-</u></b>	<b><u>3,347,006</u></b>
<b>Total expenses before tax benefit</b>	<b>12,409,983</b>	<b>-</b>	<b>12,409,983</b>
<b>Tax benefit</b>	<b><u>139,924</u></b>	<b><u>-</u></b>	<b><u>139,924</u></b>
<b>Increase in net assets from operating activities</b>	<b>1,211,531</b>	<b>-</b>	<b>1,211,531</b>
<b>Other non-operating changes in net assets</b>			
Investment return	4,551	-	4,551
Foreign exchange gain	<u>177,027</u>	<u>-</u>	<u>177,027</u>
<b>Increase in net assets</b>	<b>1,393,109</b>	<b>-</b>	<b>1,393,109</b>
<b>Net assets - beginning of year</b>	<b><u>4,310,025</u></b>	<b><u>75,000</u></b>	<b><u>4,385,025</u></b>
<b>Net assets - end of year</b>	<b><u>\$ 5,703,134</u></b>	<b><u>\$ 75,000</u></b>	<b><u>\$ 5,778,134</u></b>

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**

	Programs			Supporting services			Total
	BEEP	Social enterprise	Total programs	Management and administrative	Fundraising	Total supporting services	
Bicycles and bicycle parts	\$2,809,281	\$3,466,686	\$ 6,275,967	\$ 386	\$ 10,494	\$ 10,880	\$ 6,286,847
Personnel	757,465	1,468,549	2,226,014	484,643	1,001,976	1,486,619	3,712,633
In-kind expenses	31,847	123,751	155,598	27,037	485,215	512,252	667,850
Professional services	121,461	348,720	470,181	245,331	246,005	491,336	961,517
Travel	152,507	259,962	412,469	17,857	280,603	298,460	710,929
Occupancy	25,915	283,874	309,789	22,628	39,989	62,617	372,406
Shipping and freight	282,079	55,405	337,484	17,443	31,331	48,774	386,258
Registrations and license fees	581	4,701	5,282	899	-	899	6,181
Product development costs	41	144,897	144,938	-	-	-	144,938
Repairs and maintenance	5,655	63,721	69,376	2,094	1,703	3,797	73,173
Supplies	90,278	151,265	241,543	13,606	235,959	249,565	491,108
Depreciation	21,402	86,809	108,211	-	-	-	108,211
Bank service charges	2,995	25,375	28,370	29,352	65,267	94,619	122,989
Printing	11,967	6,852	18,819	523	63,836	64,359	83,178
Insurance	9,717	30,193	39,910	24,360	457	24,817	64,727
Other expenses	19	182,876	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>\$4,502,809</u>	<u>\$6,730,906</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 STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended December 31, 2014**

	Programs			Supporting services		Total supporting services	Total
	BEEP	Social enterprise	Total programs	Management and administrative	Fundraising		
Bicycles and bicycle parts	\$1,621,042	\$2,956,148	\$4,577,190	\$ -	\$ 4,715	\$ 4,715	\$ 4,581,905
Personnel	242,728	1,389,126	1,631,854	338,478	994,603	1,333,081	2,964,935
In-kind expenses	31,476	128,832	160,308	36,016	496,168	532,184	692,492
Professional services	42,524	256,480	299,004	249,343	192,164	441,507	740,511
Travel	395,262	215,734	610,996	32,996	305,823	338,819	949,815
Occupancy	5,464	225,587	231,051	20,952	44,531	65,483	296,534
Shipping and freight	191,906	204,110	396,016	8,780	28,942	37,722	433,738
Registrations and license fees	33	3,694	3,727	292	-	292	4,019
Product development costs	31	184,450	184,481	-	-	-	184,481
Repairs and maintenance	6,172	60,764	66,936	-	4,460	4,460	71,396
Supplies	127,346	112,277	239,623	12,230	299,331	311,561	551,184
Depreciation	59,636	50,237	109,873	5,768	-	5,768	115,641
Bank service charges	1,665	20,390	22,055	18,428	52,764	71,192	93,247
Printing	21,855	13,382	35,237	184	68,517	68,701	103,938
Insurance	1,106	23,758	24,864	17,262	300	17,562	42,426
Other expenses	(6,294)	132,235	125,941	28,721	-	28,721	154,662
Grants	226,265	-	226,265	-	45,000	45,000	271,265
Bad debts	-	105,505	105,505	140	-	140	105,645
Taxes and duties	485	-	485	978	24	1,002	1,487
Advertising	-	11,566	11,566	2,157	36,939	39,096	50,662
	<u>\$2,968,702</u>	<u>\$6,094,275</u>	<u>\$9,062,977</u>	<u>\$772,725</u>	<u>\$2,574,281</u>	<u>\$3,347,006</u>	<u>\$12,409,983</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>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ (672,405)	\$ 1,393,109
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Investment return	715,763	-
Contributions of investments	(87,500)	(165,490)
Depreciation	108,708	117,031
Changes in assets and liabilities		
Receivables	(310,477)	(118,909)
Inventory	1,032,053	(1,309,952)
Prepayments	(56,103)	(124,502)
Deferred revenue	66,926	(333,622)
Customer deposits	-	(158,156)
Other assets	7,736	84,256
Accounts payable	(815,094)	389,219
Accrued expenses	381,705	292,076
Interest payable	100	(270,301)
Deferred tax	(55,752)	(143,394)
Other payable costs	<u>(6,030)</u>	<u>(132,865)</u>
Net cash provided by (used in) operating activities	309,630	(481,500)
Cash flows from investing activities		
Loan repayment to directors	(341,127)	-
Purchase of property and equipment	<u>(52,029)</u>	<u>(196,705)</u>
Net cash used in investing activities	(393,156)	(196,705)
Effect of exchange rate change on cash	<u>132,036</u>	<u>(74,103)</u>
Net increase (decrease) in cash and cash equivalents	48,510	(752,308)
Cash and cash equivalents at beginning of year	<u>2,460,353</u>	<u>3,212,661</u>
Cash and cash equivalents at end of year	<u>\$2,508,863</u>	<u>\$ 2,460,353</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 2,457	\$ -

The accompanying notes are an integral part of these statements.

**World Bicycle Relief, NFP and its Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**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 and World Bicycle Relief Deutschland for reporting purposes. Subsidiaries not included in the U.S. operating group 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. BB Zambia is also 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. BB Kenya is also responsible for field mechanic training.

World Bicycle Relief (Private) Limited (WBR Zimbabwe) is a 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. WBR Zimbabwe is also responsible for field mechanic training.

Buffalo Bicycle Limited (BBL) is a 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 and purchase and sale of bicycles, primarily to facilitate activities for subsidiary companies to be operated in Sub-Saharan Africa. BBL is expected to earn a margin on the bicycle trading activities, which will be its main source of income.

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. WBR UK 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**  
**December 31, 2015 and 2014**

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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. WBR DE 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.

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**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.

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.

**World Bicycle Relief, NFP and its Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2015 and 2014**

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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.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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***

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. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

***Contributions and Contribution Receivables***

As of December 31, 2015 and 2014, foundations, individuals and corporations have unconditionally promised to give \$71,173 and \$345,177, respectively, to be used for particular programs and general support. All amounts are due in less than one year. As of December 31, 2015, the Organization met the conditions of a conditional promise 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. As of December 31, 2015, the UBS Optimus Foundation has conditionally promised to give \$275,858 to be used for particular programs in Africa. All amounts are due in less than one year, provided all conditions are met by the Organization. This amount is not an asset on the Organization's books as of December 31, 2015.

**World Bicycle Relief, NFP and its Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2015 and 2014**

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***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.

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.

**World Bicycle Relief, NFP and its Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2015 and 2014**

	<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>2015</u>	<u>2014</u>
Vehicles	\$ 411,378	\$ 454,622
Furniture and equipment	<u>58,531</u>	<u>107,276</u>
Total	469,909	561,898
Accumulated depreciation	<u>(239,549)</u>	<u>(252,797)</u>
Net book value	<u>\$ 230,360</u>	<u>\$ 309,101</u>

***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.

***Reclassifications***

Certain reclassifications have been made to prior-year balances to conform to the current-year presentation.

***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. The guidance is currently effective for the Organization for fiscal year 2019 (early adoption is not permitted). The guidance permits the use of either a retrospective or cumulative effect transition method. The adoption of ASU 2014-09 is not expected to have a material impact on the Organization's consolidated financial statements.

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

**World Bicycle Relief, NFP and its Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2015 and 2014**

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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 fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. 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 *Topic 840, Leases*. 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 fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The adoption of ASU 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 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 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.

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**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 \$1,550,478 and \$659,009 at December 31, 2015 and 2014, respectively. The Organization had domestic balances exceeding the Federal Deposit Insurance Corporation's insured limitations at December 31, 2015 and 2014. The Organization does not believe these accounts to be a significant credit risk.



**World Bicycle Relief, NFP and its Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2015 and 2014**

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**NOTE D - LEASE COMMITMENT**

*Office/Warehouse Leases*

In April 2014, WBR Zambia renewed a three-year warehouse and office lease effective from April 12, 2014 through April 11, 2017, with monthly payments of \$3,661 for the first year, to increase by 3% each year for the second and third year of the lease.

Future minimum lease payments for office, warehouse and staff leases as of December 31, 2015, are as follows:

Years ending December 31,

2016	\$46,264
2017	<u>11,651</u>
Total	<u>\$57,915</u>

Rental expense was \$230,489 and \$130,589 for the years ended December 31, 2015 and 2014, respectively.

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**NOTE E - IN-KIND DONATIONS AND DONATED SERVICES**

During the years ended December 31, 2015 and 2014, the Organization received contributions of goods, including rent, utilities and advertising. The estimated fair value of in-kind goods was \$479,063 and \$485,719 for the years ended December 31, 2015 and 2014, respectively. During the years ended December 31, 2015 and 2014, the Organization also received donated services, including legal advice and officer's salary. The estimated fair value of donated services was \$188,787 and \$206,773 for the years ended December 31, 2015 and 2014, 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.

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**NOTE F - RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$75,000 are available for the Bicycles for Educational Empowerment Project as of December 31, 2015 and 2014, and represent restricted contributions received at the end of the year.

**World Bicycle Relief, NFP and its Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2015 and 2014**

**NOTE G - RELATED-PARTY TRANSACTIONS**

The Organization received contributions from related parties for the years ended December 31, 2015 and 2014, as follows:

	<u>2015</u>	<u>2014</u>
Contributions from related parties	\$673,073	\$615,229
In-kind donations and donated services from related parties	<u>259,646</u>	<u>242,736</u>
Total	<u>\$932,719</u>	<u>\$857,965</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>2015</u>	<u>2014</u>
Cash reimbursement to related parties for expenses paid on behalf of the Organization	\$343,683	\$237,279
Amounts due to related parties classified as notes payable on the consolidated statement of financial position	-	385,107

**NOTE H - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consist of donated private equity and are stated at fair value determined by obtaining an independent valuation. The valuation is created 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.

The following table summarizes the assets measured at fair value on a recurring basis as of December 31:

	<u>2015</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Privately held membership units	\$___-	\$___-	<u>\$111,707</u>	<u>\$111,707</u>
Total assets	<u>\$___-</u>	<u>\$___-</u>	<u>\$111,707</u>	<u>\$111,707</u>
	<u>2014</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Privately held membership units	\$___-	\$___-	<u>\$739,970</u>	<u>\$739,970</u>
Total assets	<u>\$___-</u>	<u>\$___-</u>	<u>\$739,970</u>	<u>\$739,970</u>

**World Bicycle Relief, NFP and its Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2015 and 2014**

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.

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

	<u>2015</u>	<u>2014</u>
Realized loss on contributed investments	\$ (7,770)	\$(7,115)
Unrealized loss	(715,763)	-
Dividends and interest income	<u>981</u>	<u>3,558</u>
Total	<u><u>\$(722,552)</u></u>	<u><u>\$(3,557)</u></u>

Investments consisted of privately held membership units, which were classified as available-for-sale. Annually, WBR NFP receives a stock donation from a single donor. 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 write down the ownership of the investment to the estimated upfront payment and escrow amount. The changes in fair value for Level 3 investments for the years ended December 31, were as follows:

	<u>Fair value, December 31, 2014</u>	<u>Contributions</u>	<u>Unrealized loss</u>	<u>Fair value, December 31, 2015</u>	<u>Carrying value</u>
Privately held investment	<u>\$739,970</u>	<u>\$87,500</u>	<u>\$(715,763)</u>	<u>\$111,707</u>	<u>\$111,707</u>
Total	<u>\$739,970</u>	<u>\$87,500</u>	<u>\$(715,763)</u>	<u>\$111,707</u>	<u>\$111,707</u>
	<u>Fair value, December 31, 2013</u>	<u>Contributions</u>	<u>Unrealized loss</u>	<u>Fair value, December 31, 2014</u>	<u>Carrying value</u>
Privately held investment	<u>\$574,480</u>	<u>\$165,490</u>	<u>\$ -</u>	<u>\$739,970</u>	<u>\$739,970</u>
Total	<u>\$574,480</u>	<u>\$165,490</u>	<u>\$ -</u>	<u>\$739,970</u>	<u>\$739,970</u>

**NOTE I - 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

**World Bicycle Relief, NFP and its Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2015 and 2014**

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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, 2015 and 2014, the Organization does not have unrelated business income.

WBR Zambia is a charitable institution, as described in Section 41 of the Zambian Income Tax Act, under Chapter 323 of The Laws of Zambia. WBR Kenya is a branch of the Organization. WBR Zimbabwe is a taxable limited liability company, limited by guarantee, incorporated in Zimbabwe. WBR UK is a charitable institution limited by guarantee under United Kingdom laws. WBR DE is a limited liability company charity. Qhubeka is a non-profit corporation. 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, 2015, that covered any tax liability. BB Zambia and BBL did not have either a deferred tax asset or liability as of December 31, 2015. None of the for-profit entities were required to have a provision for income taxes accrued.

The FASB issued guidance that requires tax effects from uncertain tax positions to be recognized in the consolidated financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the consolidated financial statements. The tax years ended 2012, 2013, 2014 and 2015 are still open to audit for both federal and state purposes.

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**NOTE J - EMPLOYEE BENEFIT PLAN**

The Organization participates in a Profit Sharing 401(k) Plan (the Plan) covering substantially all of the Organization's employees who are salaried or temporary during the Plan year. Interns and part-time employees are not eligible for the Plan. The 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. The Organization's contributions, funded on a current basis, were \$57,101 and \$49,237 for the years ended December 31, 2015 and 2014, respectively.

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**NOTE K - IRS FORM 990**

WBR NFP'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 doesn't 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:

- \$4.5 million of contributions
- \$4.5 million of social enterprise sales
- \$340 thousand of other revenue
- \$6.6 million of social enterprise program expense

**World Bicycle Relief, NFP and its Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2015 and 2014**

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- \$1.6 million of Bicycle Education Empowerment Program (BEEP) expense
  - \$345 thousand of management and administrative expense
  - \$523 thousand of fundraising expense
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**NOTE L - SUBSEQUENT EVENTS**

In preparation of these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 14, 2016, 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. 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, 2015**

ASSETS	U.S. operating group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$2,137,362	\$ 166,046	\$ 18,958	\$ 115,609	\$ 23,507	\$ 47,381	\$ -	\$2,508,863
Contribution receivables	524,189	-	-	-	-	-	-	524,189
Trade receivables	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
Due from affiliates								
Zambia	-	-	-	-	340,670	-	(340,670)	-
Kenya	-	-	-	-	425,489	-	(425,489)	-
Zimbabwe	-	-	-	-	537,831	-	(537,831)	-
Total current assets	3,042,508	670,171	266,035	459,980	1,327,497	559,451	(1,303,990)	5,021,652
<b>OTHER ASSETS</b>								
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
<b>NON-CURRENT ASSETS</b>								
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	-	-	83,932	158,230	-	-	-	242,162
Fixed assets, at cost, net	53,058	16,174	39,293	85,427	-	36,408	-	230,360
<b>TOTAL ASSETS</b>	<b><u>\$7,625,294</u></b>	<b><u>\$ 690,888</u></b>	<b><u>\$ 456,346</u></b>	<b><u>\$ 779,428</u></b>	<b><u>\$1,412,538</u></b>	<b><u>\$606,152</u></b>	<b><u>\$(5,545,319)</u></b>	<b><u>\$6,025,327</u></b>

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

<b>LIABILITIES AND NET ASSETS</b>	<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>
<b>CURRENT LIABILITIES</b>								
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
<b>NON-CURRENT LIABILITIES</b>								
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
<b>NET ASSETS</b>								
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>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<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**  
**December 31, 2014**

ASSETS	U.S. operating group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$1,987,689	\$ 167,435	\$ 61,239	\$ 84,936	\$ 105,382	\$ 53,672	\$ -	\$2,460,353
Contribution receivables	345,177	-	-	-	-	-	-	345,177
Trade receivables	-	172,745	57,985	281,325	64,291	104,745	-	681,091
Inventory	1,645,050	262,398	132,492	178,512	-	286,293	-	2,504,745
Due from affiliates								
Zambia	-	-	-	-	286,607	-	(286,607)	-
Kenya	-	-	-	-	325,932	-	(325,932)	-
Zimbabwe	-	-	-	-	626,826	-	(626,826)	-
South Africa	875	-	-	-	109,601	-	(110,476)	-
Mauritius	<u>1,108,310</u>	-	-	-	-	-	<u>(1,108,310)</u>	-
Total current assets	5,087,101	602,578	251,716	544,773	1,518,639	444,710	(2,458,151)	5,991,366
<b>OTHER ASSETS</b>								
Prepayments	81,109	59,352	-	-	23,634	-	-	164,095
Other assets	695	312	-	21,538	-	-	-	22,545
<b>NON-CURRENT ASSETS</b>								
Investments	739,970	-	-	-	-	-	-	739,970
Due from affiliates								
Zambia	1,572,667	-	-	-	-	-	(1,572,667)	-
Kenya	672,573	-	-	-	-	-	(672,573)	-
Zimbabwe	492,685	-	-	-	-	-	(492,685)	-
Deferred tax	-	-	64,724	128,073	-	-	-	192,797
Fixed assets, at cost, net	<u>70,167</u>	<u>6,248</u>	<u>21,491</u>	<u>140,897</u>	-	<u>70,298</u>	-	<u>309,101</u>
<b>TOTAL ASSETS</b>	<u>\$8,716,967</u>	<u>\$ 668,490</u>	<u>\$ 337,931</u>	<u>\$ 835,281</u>	<u>\$1,542,273</u>	<u>\$515,008</u>	<u>\$(5,196,076)</u>	<u>\$7,419,874</u>

**World Bicycle Relief, NFP and its Subsidiaries**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED**  
**December 31, 2014**

<b>LIABILITIES AND NET ASSETS</b>	<b>U.S. operating group</b>	<b>Zambia</b>	<b>Kenya</b>	<b>Zimbabwe</b>	<b>Mauritius</b>	<b>South Africa</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>CURRENT LIABILITIES</b>								
Accounts payable	\$ 616,714	\$ 151,660	\$ 52,360	\$ 83,643	\$ 58,537	\$ 11,338	\$ -	\$ 974,252
Accrued expenses	-	173,370	-	-	3,594	-	-	176,964
Deferred revenue	-	-	-	-	-	141	-	141
Due to affiliates								
U.S. operating group	-	-	-	218	1,108,310	875	(1,109,403)	-
Mauritius	-	286,607	325,932	626,826	-	109,601	(1,348,966)	-
Notes payable	-	-	-	-	211,407	173,700	-	385,107
Other liabilities	<u>100,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,039</u>	<u>-</u>	<u>-</u>	<u>105,276</u>
<b>Total current liabilities</b>	<b>716,951</b>	<b>611,637</b>	<b>378,292</b>	<b>710,687</b>	<b>1,386,887</b>	<b>295,655</b>	<b>(2,458,369)</b>	<b>1,641,740</b>
<b>NON-CURRENT LIABILITIES</b>								
Due to affiliates								
U.S. operating group	<u>-</u>	<u>1,572,667</u>	<u>672,573</u>	<u>492,467</u>	<u>-</u>	<u>-</u>	<u>(2,737,707)</u>	<u>-</u>
<b>Total liabilities</b>	<b>716,951</b>	<b>2,184,304</b>	<b>1,050,865</b>	<b>1,203,154</b>	<b>1,386,887</b>	<b>295,655</b>	<b>(5,196,076)</b>	<b>1,641,740</b>
<b>NET ASSETS</b>								
Unrestricted	7,925,016	(1,515,814)	(712,934)	(367,873)	155,386	219,353	-	5,703,134
Temporarily restricted	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
<b>Total net assets</b>	<b><u>8,000,016</u></b>	<b><u>(1,515,814)</u></b>	<b><u>(712,934)</u></b>	<b><u>(367,873)</u></b>	<b><u>155,386</u></b>	<b><u>219,353</u></b>	<b><u>-</u></b>	<b><u>5,778,134</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>								
	<b><u>\$8,716,967</u></b>	<b><u>\$ 668,490</u></b>	<b><u>\$ 337,931</u></b>	<b><u>\$ 835,281</u></b>	<b><u>\$1,542,273</u></b>	<b><u>\$515,008</u></b>	<b><u>\$(5,196,076)</u></b>	<b><u>\$7,419,874</u></b>

**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 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>

**World Bicycle Relief, NFP and its Subsidiaries**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**Year ended December 31, 2014**

	U.S. operating group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
Revenue and support								
Contributions and grants	\$7,772,910	\$ 154,566	\$ 40,382	\$ 96,100	\$ 377,305	\$1,232,326	\$ (668,353)	\$ 9,005,236
Bicycle social enterprise program	-	1,686,188	143,425	1,437,892	1,019,334	711,306	(960,263)	4,037,882
Other income	<u>236,636</u>	<u>70,081</u>	<u>-</u>	<u>131,755</u>	<u>554,400</u>	<u>-</u>	<u>(554,400)</u>	<u>438,472</u>
Total revenue and support	8,009,546	1,910,835	183,807	1,665,747	1,951,039	1,943,632	(2,183,016)	13,481,590
Expenses								
Program services								
Social enterprise	294,547	2,145,200	398,518	1,971,261	1,681,092	231,571	(627,914)	6,094,275
BEEP	<u>3,313,274</u>	<u>199,228</u>	<u>-</u>	<u>-</u>	<u>96,100</u>	<u>988,716</u>	<u>(1,628,616)</u>	<u>2,968,702</u>
Total program services	3,607,821	2,344,428	398,518	1,971,261	1,777,192	1,220,287	(2,256,530)	9,062,977
Supporting services								
Management and administrative	508,988	-	918	-	-	262,819	-	772,725
Fundraising	<u>2,350,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,484</u>	<u>-</u>	<u>2,574,281</u>
Total supporting services	<u>2,859,785</u>	<u>-</u>	<u>918</u>	<u>-</u>	<u>-</u>	<u>486,303</u>	<u>-</u>	<u>3,347,006</u>
Total expenses before tax benefit	6,467,606	2,344,428	399,436	1,971,261	1,777,192	1,706,590	(2,256,530)	12,409,983
Tax benefit	<u>-</u>	<u>-</u>	<u>66,293</u>	<u>78,670</u>	<u>(5,039)</u>	<u>-</u>	<u>-</u>	<u>139,924</u>
Increase (decrease) in net assets from operating activities	1,541,940	(433,593)	(149,336)	(226,844)	168,808	237,042	73,514	1,211,531
Other non-operating changes in net assets								
Intercompany income	73,514	-	-	-	-	-	(73,514)	-
Investment return	3,558	-	-	-	66	927	-	4,551
Foreign exchange (loss) gain	<u>(2,015)</u>	<u>181,913</u>	<u>31,988</u>	<u>(5,142)</u>	<u>(3,337)</u>	<u>(26,380)</u>	<u>-</u>	<u>177,027</u>
Increase (decrease) in net assets	1,616,997	(251,680)	(117,348)	(231,986)	165,537	211,589	-	1,393,109
Net assets, beginning of year	<u>6,383,021</u>	<u>(1,264,134)</u>	<u>(595,587)</u>	<u>(135,887)</u>	<u>(10,152)</u>	<u>7,764</u>	<u>-</u>	<u>4,385,025</u>
Net assets, end 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>