



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

World Bicycle Relief, NFP and its Subsidiaries

December 31, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of World Bicycle Relief, NFP and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, 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 World Bicycle Relief - Zambia, a wholly owned subsidiary, which statements reflect total assets constituting 9% and 10% of the consolidated total assets as of December 31, 2014 and 2013, respectively, and total revenue and support of 13% and 15%, 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 World Bicycle Relief - 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, 2014 and 2013, 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.



Chicago, Illinois
November 16, 2015

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

ASSETS	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$2,460,353	\$3,212,661
Contribution receivables	345,177	305,607
Trade receivables	681,091	636,492
Inventory	<u>2,504,745</u>	<u>1,244,391</u>
Total current assets	5,991,366	5,399,151
OTHER ASSETS		
Prepayments	164,095	63,245
Other assets	22,545	132,478
NON-CURRENT ASSETS		
Investments	739,970	574,480
Deferred tax	192,797	50,034
Fixed assets, at cost, net	<u>309,101</u>	<u>238,512</u>
TOTAL ASSETS	<u>\$7,419,874</u>	<u>\$6,457,900</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 974,252	\$ 500,835
Accrued expenses	176,964	206,807
Deferred revenue	141	510,007
Customer deposits	-	165,689
Notes payable	385,107	548,233
Other liabilities	<u>105,276</u>	<u>34,596</u>
Total current liabilities	1,641,740	1,966,167
NON-CURRENT LIABILITIES		
Notes payable, net of current portion	-	<u>106,708</u>
Total liabilities	1,641,740	2,072,875
NET ASSETS		
Unrestricted	5,703,134	4,310,025
Temporarily restricted	<u>75,000</u>	<u>75,000</u>
Total net assets	<u>5,778,134</u>	<u>4,385,025</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$7,419,874</u>	<u>\$6,457,900</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, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support			
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>
Total revenue and support	13,481,590	-	13,481,590
Expenses			
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>
Total program services	9,062,977	-	9,062,977
Supporting services			
Management and administrative	772,725	-	772,725
Fundraising	<u>2,574,281</u>	<u>-</u>	<u>2,574,281</u>
Total supporting services	<u>3,347,006</u>	<u>-</u>	<u>3,347,006</u>
Total expenses before tax benefit	12,409,983	-	12,409,983
Tax benefit	<u>139,924</u>	<u>-</u>	<u>139,924</u>
Increase in net assets from operating activities	1,211,531	-	1,211,531
Other non-operating changes in net assets			
Investment income, net of investment expenses	4,551	-	4,551
Foreign exchange gain	<u>177,027</u>	<u>-</u>	<u>177,027</u>
Increase in net assets	1,393,109	-	1,393,109
Net assets - beginning of year	<u>4,310,025</u>	<u>75,000</u>	<u>4,385,025</u>
Net assets - end of year	<u>\$ 5,703,134</u>	<u>\$ 75,000</u>	<u>\$ 5,778,134</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, 2013

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support			
Contributions and grants	\$ 6,074,977	\$ 75,000	\$ 6,149,977
Royalties	75,615	-	75,615
Bicycle social enterprise program	4,301,021	-	4,301,021
Other income	244,794	-	244,794
Net assets released from restrictions	<u>75,000</u>	<u>(75,000)</u>	<u>-</u>
Total revenue and support	10,771,407	-	10,771,407
Expenses			
Program services			
Social enterprise	5,651,129	-	5,651,129
BEEP	<u>1,168,921</u>	<u>-</u>	<u>1,168,921</u>
Total program services	6,820,050	-	6,820,050
Supporting services			
Management and administrative	523,812	-	523,812
Fundraising	<u>2,187,974</u>	<u>-</u>	<u>2,187,974</u>
Total supporting services	<u>2,711,786</u>	<u>-</u>	<u>2,711,786</u>
Total expenses before tax benefit	9,531,836	-	9,531,836
Tax benefit	<u>2,200</u>	<u>-</u>	<u>2,200</u>
Increase in net assets from operating activities	1,241,771	-	1,241,771
Other non-operating changes in net assets			
Investment income, net of investment expenses	58,839	-	58,839
Transfer of assets - control of affiliate	7,346	-	7,346
Foreign exchange loss	<u>(62,746)</u>	<u>-</u>	<u>(62,746)</u>
Increase in net assets	1,245,210	-	1,245,210
Net assets - beginning of year	<u>3,064,815</u>	<u>75,000</u>	<u>3,139,815</u>
Net assets - end of year	<u>\$ 4,310,025</u>	<u>\$ 75,000</u>	<u>\$ 4,385,025</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
	BEEP	Social enterprise	Total programs	Management and administrative	Fundraising	Total supporting services	
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 STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2013

	Programs			Supporting services			Total
	BEEP	Social enterprise	Total programs	Management and administrative	Fundraising	Total supporting services	
Bicycles and bicycle parts	\$ 661,934	\$3,079,549	\$3,741,483	\$ -	\$ 14,004	\$ 14,004	\$3,755,487
Personnel	111,683	1,411,326	1,523,009	229,009	714,666	943,675	2,466,684
In-kind expenses	48,137	142,280	190,417	36,261	512,083	548,344	738,761
Professional services	18,455	160,518	178,973	117,680	187,972	305,652	484,625
Travel	10,991	124,407	135,398	26,642	314,219	340,861	476,259
Occupancy	13,873	219,015	232,888	26,806	42,244	69,050	301,938
Shipping and freight	197,040	39,958	236,998	888	21,179	22,067	259,065
Registrations and license fees	-	5,083	5,083	10,299	216,812	227,111	232,194
Product development costs	-	137,937	137,937	-	-	-	137,937
Repairs and maintenance	30,044	74,051	104,095	-	1,162	1,162	105,257
Supplies	17,968	35,545	53,513	5,344	35,724	41,068	94,581
Depreciation	-	76,062	76,062	17,875	-	17,875	93,937
Bank service charges	78	22,235	22,313	12,637	58,890	71,527	93,840
Printing	276	17,331	17,607	222	65,838	66,060	83,667
Insurance	5,250	35,771	41,021	19,805	390	20,195	61,216
Other expenses	-	34,844	34,844	20,329	-	20,329	55,173
Grants	47,138	-	47,138	-	-	-	47,138
Bad debts	-	32,626	32,626	-	344	344	32,970
Taxes and duties	6,054	-	6,054	15	5	20	6,074
Advertising	-	2,591	2,591	-	2,442	2,442	5,033
	<u>\$1,168,921</u>	<u>\$5,651,129</u>	<u>\$6,820,050</u>	<u>\$523,812</u>	<u>\$2,187,974</u>	<u>\$2,711,786</u>	<u>\$9,531,836</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>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 1,393,109	\$1,245,210
Transfer in of cash - control of affiliate	-	138,099
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Unrealized gain on investment	-	(62,010)
Proceeds from sale of investments	-	1,057
Contributions of investments	(165,490)	(173,057)
Depreciation	117,031	93,937
Loss from the sale of equipment	-	924
Changes in assets and liabilities		
Receivables	(118,909)	(80,940)
Inventory	(1,309,952)	(586,098)
Prepayments	(124,502)	36,213
Deferred revenue	(333,622)	330,986
Customer deposits	(158,156)	158,156
Other assets	84,256	(32,931)
Accounts payable	389,219	389,020
Accrued expenses	292,076	6,211
Interest payable	(270,301)	4,800
Deferred tax	(143,394)	(50,034)
Other payable costs	(132,865)	(4,246)
Net cash (used in) provided by operating activities	(481,500)	1,415,297
Cash flows from investing activities		
Purchase of property and equipment	(196,705)	(47,963)
Net cash used in investing activities	(196,705)	(47,963)
Cash flows from financing activities		
Proceeds from notes payable	-	(2,544)
Net cash used in financing activities	-	(2,544)
Effect of exchange rate change on cash	(74,103)	10,856
Net (decrease) increase in cash and cash equivalents	(752,308)	1,375,646
Cash and cash equivalents at beginning of year	<u>3,212,661</u>	<u>1,837,015</u>
Cash and cash equivalents at end of year	<u>\$ 2,460,353</u>	<u>\$3,212,661</u>

The accompanying notes are an integral part of these statements.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE A - ORGANIZATION

World Bicycle Relief, NFP and its subsidiaries (collectively, the Organization) is transforming individuals and their communities through the power of bicycles. The Organization 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. Activities of World Bicycle Relief, NFP are consolidated under the U.S. operating group for reporting services

World Bicycle Relief - 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. In addition, it is engaged in the assembly and sale of bicycles and bicycle parts through the Organization's social enterprise program in Zambia.

World Bicycle Relief - Kenya (WBR Kenya) is domiciled in Kenya as a branch of the Organization. WBR Kenya was registered as a branch in Kenya on December 14, 2009. Operating principally in Kenya, it is engaged in the assembly and sale of bicycles and bicycle parts through the Organization's social enterprise program.

World Bicycle Relief (Private) Limited 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.

Buffalo Bicycle Limited (BBL) is a Mauritius private company limited by shares and was incorporated by Deutsche International Trust Corporation Limited on November 21, 2011. BBL is a wholly owned subsidiary of the Organization. BBL carries out investment holding, trading and treasury activities. BBL is a trading conduit for the product development, purchase and selling of bicycles, primarily to facilitate activities for subsidiary companies to be operated in Sub-Saharan Africa in 2013. BBL is expected to earn a margin on the bicycle trading activities, which will be its main source of income.

Buffalo Bicycle Kenya (BBK) is a Kenyan limited liability company incorporated under The Companies Act (Cap. 486) on August 27, 2012, in Nairobi. The Organization and BBL are shareholders in BBK.

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 Deutschland (WBR DE) is a German limited liability company incorporated on April 17, 2013. World Bicycle Relief, NFP is a shareholder of WBR DE. It is incorporated in Germany. WBR DE's objective is to provide economic and non-commercial support to World Bicycle Relief - Zambia and Qhubeka The Motive Power Movement NPC (Qhubeka) from South Africa. 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 is a non-profit company controlled by the Organization. It is incorporated in South Africa. Qhubeka's objective is to provide poverty relief for poor and needy persons through the provision of bicycles,

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2014 and 2013

and it operates principally in South Africa. As of July 1, 2013, Qhubeka became the program of the Organization in South Africa by the addition of directors representing World Bicycle Relief, NFP to the board of directors of Qhubeka.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Additionally, information is required to segregate program service expenses from supporting services. Supporting services include management and administrative, and fundraising expenses.

Revenue Recognition

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

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

Net Assets

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

Unrestricted - Unrestricted net assets consist of 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.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2014 and 2013

Permanently restricted - Permanently restricted net assets result from 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 rent is reclassified to expense over the life of a lease agreement. Prepaid insurance is reclassified to expense as insurance coverage is incurred over the life of the insurance policy. 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, 2014 and 2013, foundations, individuals and corporations have unconditionally promised to give \$345,177 and \$305,607, respectively, to be used for particular programs and general support. All amounts are due in less than one year.

Beginning in fiscal year 2014, the Organization entered into a grant agreement with World Vision to support the BEEP program. The intent of the grant agreement is to improve girls' access through transforming education. In accordance with the agreement, the Organization receives \$1,100,003 contingent upon World Bicycle Relief, NFP providing matching funding of \$2,208,282. During 2014, the Organization met the contingency of funding in full and recognized the full amount of the contingent donation. The amount is included in the contributions and grants line on the accompanying financial statements.

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.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2014 and 2013

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 asset value that are not redeemable at or near the reporting date. These assets are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inventory

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

Advertising

Advertising costs are charged to operations when incurred.

Capitalization and Depreciation

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

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

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2014 and 2013

Breakdown by asset class as of December 31:

	<u>2014</u>	<u>2013</u>
Vehicles	\$ 454,622	\$ 294,489
Furniture and equipment	<u>107,276</u>	<u>161,781</u>
Total	561,898	456,270
Accumulated depreciation	<u>(252,797)</u>	<u>(217,758)</u>
Net book value	<u>\$ 309,101</u>	<u>\$ 238,512</u>

In 2014, \$5,600 of fully depreciated fixed assets were written off as they were no longer in service.

Foreign Currency Translation

The U.S. dollar (dollars) is the functional currency for the Organization's operations worldwide. The functional currency of WBR Kenya is the Kenyan Schilling. Transactions in currencies other than dollars are translated into dollars at the rates of exchange in effect during the date of the transaction or 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 statement 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 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 material impact on the Organization's consolidated financial statements.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2014 and 2013

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 believes it is not exposed to any significant credit risk on cash. The Organization maintained cash in foreign bank accounts totaling \$659,009 and \$549,642 at December 31, 2014 and 2013, respectively. The Organization had domestic balances exceeding the Federal Deposit Insurance Corporation's insured limitations at December 31, 2014 and 2013. The Organization does not believe these accounts to be a significant credit risk.

The Organization's broker may hold cash in a money market account in the name of the Organization. This balance can be transferred to the Organization's cash account at any time and is considered a cash equivalent.

NOTE D - LEASE COMMITMENT

Office/Warehouse Leases

In April 2014, World Bicycle Relief - 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% for the second and third year of the lease.

Future minimum lease payments for office, warehouse and staff leases as of December 31, 2014, are as follows:

Years ending December 31

2015	\$ 44,916
2016	46,264
2017	11,651
Thereafter	<u> </u>
	<u>\$102,831</u>

Rental expense was \$130,589 and \$112,554 for the years ended December 31, 2014 and 2013, respectively.

NOTE E - IN-KIND DONATIONS AND DONATED SERVICES

During the years ended December 31, 2014 and 2013, the Organization received contributions of goods, including rent, utilities and advertising. The estimated fair value of in-kind goods was \$485,719 and \$497,845 for the years ended December 31, 2014 and 2013, respectively. During the years ended December 31, 2014 and 2013, the Organization also received donated services, including legal advice and officer's salary. The estimated fair value of donated services was \$206,773 and \$240,916 for the years ended December 31, 2014 and 2013, 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.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2014 and 2013

NOTE F - RESTRICTED NET ASSETS

Temporarily restricted net assets of \$75,000 are available for the BEEP as of December 31, 2014 and 2013, and represent restricted contributions received at the end of the year.

NOTE G - RELATED-PARTY TRANSACTIONS

The Organization received contributions from related parties for the years ended December 31, 2014 and 2013, as follows:

	<u>2014</u>	<u>2013</u>
Contributions from related parties	\$615,229	\$ 940,748
In-kind contributions and donated services from related parties	<u>242,736</u>	<u>239,523</u>
Total	<u>\$857,965</u>	<u>\$1,180,271</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, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Cash reimbursement to related parties for expenses paid on behalf of the Organization	\$237,279	\$396,514
Amounts due to related parties classified as accounts payable on the consolidated statement of financial position	-	14,034
Amounts due to related parties classified as notes payable on the consolidated statement of financial position	385,107	654,941

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 was based on equity transactions that took place on July 1, 2014. All equity transactions were based on the same equity price.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2014 and 2013

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

	2014			Total fair value
	Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Privately held membership units	\$ -	\$ -	\$739,970	\$739,970
Total assets	\$ -	\$ -	\$739,970	\$739,970

	2013			Total fair value
	Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Privately held membership units	\$ -	\$ -	\$574,480	\$574,480
Total assets	\$ -	\$ -	\$574,480	\$574,480

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 income is summarized as follows for the years ended December 31:

	2014	2013
Realized loss on contributed investments	\$ -	\$ (1,057)
Unrealized gain	-	62,010
Dividends and interest income	3,558	17,040
Interest income (expense)	993	(19,154)
Total	\$4,551	\$58,839

The changes in fair value for Level 3 investments for the years ended December 31, 2014 and 2013, are as follows:

	Fair value, December 31, 2013	Contributions	Unrealized loss	Fair value, December 31, 2014	Carrying value
Privately held investment	\$574,480	\$165,490	\$ -	\$739,970	\$739,970
Total	\$574,480	\$165,490	\$ -	\$739,970	\$739,970

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2014 and 2013

	Fair value, December 31, 2012	Contributions	Unrealized gain	Fair value, December 31, 2013	Carrying value
Privately held investment	<u>\$340,470</u>	<u>\$172,000</u>	<u>\$62,010</u>	<u>\$574,480</u>	<u>\$574,480</u>
Total	<u>\$340,470</u>	<u>\$172,000</u>	<u>\$62,010</u>	<u>\$574,480</u>	<u>\$574,480</u>

Investments consisted of privately held membership units, which were classified as available-for-sale.

NOTE I - INCOME TAXES

The Organization 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. The Organization 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 period ended December 31, 2014, the Organization does not have unrelated business income.

World Bicycle Relief - Zambia is a charitable institution, as described in Section 41 of the Zambian Income Tax Act, under Chapter 323 of The Laws of Zambia. World Bicycle Relief - Kenya is a branch of the Organization. World Bicycle Relief - 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, Buffalo Bicycle Limited, and Buffalo Bicycle Kenya are for-profit entities. WBR Zimbabwe and Buffalo Bicycle Kenya have a deferred tax asset for the year ended December 31, 2014, that covered any tax liability. Buffalo Bicycle Limited had a tax liability of \$5,039 as of December 31, 2014. Buffalo Bicycle Limited was the only entity required to have a provision for income taxes accrued, and did so accordingly.

The Financial Accounting Standards Board 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 2011, 2012, 2013 and 2014 are still open to audit for both federal and state purposes.

NOTE J - EMPLOYEE BENEFIT PLAN

The Organization participates in a Profit Sharing 401(k) Plan (the Plan) covering substantially all the Organization's employees who are salaried or temporary employees 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. The Organization's contributions, funded on a current basis, were \$49,237 and \$29,596 for the years ended December 31, 2014 and 2013, respectively.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2014 and 2013

NOTE K - SUBSEQUENT EVENTS

In preparation of these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 16, 2015, the date the consolidated financial statements were available to be issued. In July 2015, the Organization took out a \$1,000,000 line of credit. As of November 16, 2015, the outstanding amount on the line of credit was \$600,000. Apart from the line of credit, there were no subsequent events that require recognition of, or disclosure in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

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
CURRENT ASSETS								
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
OTHER ASSETS								
Prepayments	81,109	59,352	-	-	23,634	-	-	164,095
Other assets	695	312	-	21,538	-	-	-	22,545
NON-CURRENT ASSETS								
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 of accumulated depreciation of \$252,797	<u>70,167</u>	<u>6,248</u>	<u>21,491</u>	<u>140,897</u>	<u>-</u>	<u>70,298</u>	<u>-</u>	<u>309,101</u>
TOTAL ASSETS	<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

LIABILITIES AND NET ASSETS	U.S. operating group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
CURRENT LIABILITIES								
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)	-
Customer deposits	-	-	-	-	-	-	-	-
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>
Total current liabilities	716,951	611,637	378,292	710,687	1,386,887	295,655	(2,458,369)	1,641,740
NON-CURRENT LIABILITIES								
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>
Total liabilities	716,951	2,184,304	1,050,865	1,203,154	1,386,887	295,655	(5,196,076)	1,641,740
NET ASSETS								
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>
Total net assets	<u>8,000,016</u>	<u>(1,515,814)</u>	<u>(712,934)</u>	<u>(367,873)</u>	<u>155,386</u>	<u>219,353</u>	<u>-</u>	<u>5,778,134</u>
TOTAL LIABILITIES AND NET ASSETS	<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
December 31, 2013

ASSETS	U.S. operating group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
CURRENT ASSETS								
Cash and cash equivalents	\$2,840,747	\$ 65,971	\$ 27,883	\$106,369	\$ 99,371	\$ 72,320	\$ -	\$3,212,661
Contribution receivables	302,859	-	-	-	-	2,748	-	305,607
Trade receivables	-	299,772	50,075	51,688	-	234,957	-	636,492
Inventory	210,435	128,685	330,904	277,650	-	296,717	-	1,244,391
Due from affiliates								
Zambia	-	-	-	-	109,697	-	(109,697)	-
Kenya	-	-	-	-	229,556	-	(229,556)	-
Zimbabwe	-	-	-	-	183,139	-	(183,139)	-
South Africa	-	-	-	-	70,000	-	(70,000)	-
Mauritius	<u>60,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,397)</u>	<u>-</u>
Total current assets	3,414,438	494,428	408,862	435,707	691,763	606,742	(652,789)	5,399,151
OTHER ASSETS								
Prepayments	25,028	19,507	17,460	-	1,250	-	-	63,245
Other assets	695	96,070	16,912	18,039	-	762	-	132,478
NON-CURRENT ASSETS								
Investments	574,580	-	-	-	-	-	(100)	574,480
Due from affiliates								
Zambia	1,432,364	-	-	-	-	-	(1,432,364)	-
Kenya	811,618	-	-	-	-	-	(811,618)	-
Zimbabwe	522,992	-	-	-	-	-	(522,992)	-
Deferred tax	-	-	-	50,034	-	-	-	50,034
Fixed assets, at cost, net of accumulated depreciation of \$217,758	<u>-</u>	<u>32,017</u>	<u>27,218</u>	<u>143,992</u>	<u>-</u>	<u>35,285</u>	<u>-</u>	<u>238,512</u>
TOTAL ASSETS	<u>\$6,781,715</u>	<u>\$ 642,022</u>	<u>\$470,452</u>	<u>\$647,772</u>	<u>\$693,013</u>	<u>\$642,789</u>	<u>\$(3,419,863)</u>	<u>\$6,457,900</u>

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED
December 31, 2013

LIABILITIES AND NET ASSETS	U.S. operating group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Eliminations	Consolidated
CURRENT LIABILITIES								
Accounts payable	\$ 262,212	\$ 181,489	\$ 1,743	\$ 47,536	\$ -	\$ 7,855	\$ -	\$ 500,835
Accrued expenses	136,317	23,070	-	-	2,573	44,847	-	206,807
Deferred revenue	-	140,925	-	-	-	369,082	-	510,007
Due to affiliates								
U.S. operating group	-	-	-	-	60,497	-	(60,497)	-
Mauritius	-	109,697	229,556	183,139	-	70,000	(592,392)	-
Customer deposits	-	7,533	-	-	158,156	-	-	165,689
Note payable	-	-	-	29,992	375,000	143,241	-	548,233
Other liabilities	<u>165</u>	<u>11,078</u>	<u>23,122</u>	<u>-</u>	<u>231</u>	<u>-</u>	<u>-</u>	<u>34,596</u>
Total current liabilities	398,694	473,792	254,421	260,667	596,457	635,025	(652,889)	1,966,167
NON-CURRENT LIABILITIES								
Note payable, net of current portion	-	-	-	-	106,708	-	-	106,708
Due to affiliates								
U.S. operating group	<u>-</u>	<u>1,432,364</u>	<u>811,618</u>	<u>522,992</u>	<u>-</u>	<u>-</u>	<u>(2,766,974)</u>	<u>-</u>
Total liabilities	398,694	1,906,156	1,066,039	783,659	703,165	635,025	(3,419,863)	2,072,875
NET ASSETS								
Unrestricted	6,308,021	(1,264,134)	(595,587)	(135,887)	(10,252)	7,764	100	4,310,025
Stated capital	-	-	-	-	100	-	(100)	-
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>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>
TOTAL LIABILITIES AND NET ASSETS	<u>\$6,781,715</u>	<u>\$ 642,022</u>	<u>\$ 470,452</u>	<u>\$ 647,772</u>	<u>\$693,013</u>	<u>\$642,789</u>	<u>\$(3,419,863)</u>	<u>\$6,457,900</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	Consolidated
Revenue and support							
Contributions and grants	\$ 7,772,910	\$ -	\$ -	\$ -	\$ -	\$1,232,326	\$ 9,005,236
Bicycle social enterprise program	-	1,686,188	143,425	1,437,892	564,518	205,859	4,037,882
Other income	<u>236,636</u>	<u>70,081</u>	<u>-</u>	<u>131,755</u>	<u>-</u>	<u>-</u>	<u>438,472</u>
Total revenue and support	8,009,546	1,756,269	143,425	1,569,647	564,518	1,438,185	13,481,590
Expenses							
Program services							
Social enterprise	174,547	1,956,883	367,017	1,765,747	1,672,911	157,170	6,094,275
BEEP	<u>1,780,758</u>	<u>199,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>988,716</u>	<u>2,968,702</u>
Total program services	1,955,305	2,156,111	367,017	1,765,747	1,672,911	1,145,886	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>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>3,347,006</u>
Total expenses before tax benefit	4,815,090	2,156,111	367,935	1,765,747	1,672,911	1,632,189	12,409,983
Tax benefit	<u>-</u>	<u>-</u>	<u>66,293</u>	<u>78,670</u>	<u>(5,039)</u>	<u>-</u>	<u>139,924</u>
Increase (decrease) in net assets from operating activities	3,194,456	(399,842)	(158,217)	(117,430)	(1,113,432)	(194,004)	1,211,531
Other non-operating changes in net assets							
Intercompany (expense) income	(1,579,002)	(33,751)	8,881	(109,414)	1,282,240	431,046	-
Investment income, net	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>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>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>\$ 5,778,134</u>

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2013

	U.S. operating group	Zambia	Kenya	Zimbabwe	Mauritius	South Africa	Consolidated
Revenue and support							
Contributions and grants	\$5,800,743	\$ -	\$ -	\$ -	\$ -	\$409,830	\$ 6,210,573
Special events, net of related expenses	(60,596)	-	-	-	-	-	(60,596)
Royalties	75,615	-	-	-	-	-	75,615
Bicycle social enterprise program	-	1,550,799	310,912	1,810,120	579,690	49,500	4,301,021
Other income	<u>93,833</u>	<u>1,959</u>	<u>116</u>	<u>132,954</u>	<u>-</u>	<u>15,932</u>	<u>244,794</u>
Total revenue and support	5,909,595	1,552,758	311,028	1,943,074	579,690	475,262	10,771,407
Expenses							
Program services							
Social enterprise	173,847	1,887,865	426,177	1,784,152	1,251,491	127,597	5,651,129
BEEP	<u>1,064,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,085</u>	<u>1,168,921</u>
Total program services	1,238,683	1,887,865	426,177	1,784,152	1,251,491	231,682	6,820,050
Supporting services							
Management and administrative	441,219	-	-	-	-	82,593	523,812
Fundraising	<u>2,077,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,351</u>	<u>2,187,974</u>
Total supporting services	<u>2,518,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,944</u>	<u>2,711,786</u>
Total expenses before tax benefit	3,757,525	1,887,865	426,177	1,784,152	1,251,491	424,626	9,531,836
Tax benefit	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,431</u>	<u>(231)</u>	<u>-</u>	<u>2,200</u>
Increase (decrease) in net assets from operating activities	2,152,070	(335,107)	(115,149)	161,353	(672,032)	50,636	1,241,771
Other non-operating changes in net assets							
Intercompany (expense) income	(637,130)	137,994	(125,902)	(16,359)	678,702	(37,305)	-
Investment income (loss), net	63,501	-	(2,149)	(17,005)	14,398	94	58,839
Transfer of assets - control of affiliate	-	-	-	-	-	7,346	7,346
Foreign exchange gain (loss)	<u>9,311</u>	<u>(48,308)</u>	<u>(10,742)</u>	<u>-</u>	<u>-</u>	<u>(13,007)</u>	<u>(62,746)</u>
Increase (decrease) in net assets	1,587,752	(245,421)	(253,942)	127,989	21,068	7,764	1,245,210
Net assets, beginning of year	<u>4,795,269</u>	<u>(1,018,713)</u>	<u>(341,645)</u>	<u>(263,876)</u>	<u>(31,220)</u>	<u>-</u>	<u>3,139,815</u>
Net assets, end 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>\$ 4,385,025</u>