

Consolidated Financial Statements and Report
of Independent Certified Public Accountants

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

December 31, 2018 and 2017

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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 (the Entity), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, 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 22% and 23% of the consolidated total assets as of December 31, 2018 and 2017, respectively, and total revenue and support of 21% and 15%, respectively, of consolidated total revenue and support for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Buffalo Bicycles Zambia, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the report of other auditors, 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, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis, rather than to present the financial position, results of activities and changes in net assets, 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. 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
August 29, 2019

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

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$2,492,329	\$3,086,546
Contributions receivable	421,511	157,421
Trade receivables, net	566,333	581,340
Inventory	1,487,757	923,711
Prepayments	556,123	259,098
Other assets	<u>55,261</u>	<u>78,984</u>
Total current assets	5,579,314	5,087,100
NON-CURRENT ASSETS		
Investments	18,816	29,276
Deferred tax asset	284,433	220,291
Fixed assets, net	<u>453,990</u>	<u>548,837</u>
TOTAL ASSETS	<u>\$6,336,553</u>	<u>\$5,885,504</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$1,514,262	\$ 646,532
Accrued expenses	559,528	640,792
Deferred revenue	<u>120,441</u>	<u>152,865</u>
Total current liabilities	2,194,231	1,440,189
NET ASSETS		
Without donor restrictions	3,951,062	4,346,090
With donor restrictions	<u>191,260</u>	<u>99,225</u>
Total net assets	<u>4,142,322</u>	<u>4,445,315</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$6,336,553</u>	<u>\$5,885,504</u>

The accompanying notes are an integral part of these consolidated financial statements.

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Contributions and grants	\$10,567,964	\$191,260	\$10,759,224
Bicycle social enterprise program	5,475,014	-	5,475,014
Other income	61,633	-	61,633
Net assets released from restrictions	<u>99,225</u>	<u>(99,225)</u>	<u>-</u>
Total revenue and support	16,203,836	92,035	16,295,871
Expenses			
Program services			
Social enterprise	10,140,081	-	10,140,081
Bicycle Education Empowerment Program (BEEP)	<u>2,395,267</u>	<u>-</u>	<u>2,395,267</u>
Total program services	12,535,348	-	12,535,348
Supporting services			
Management and administrative	882,919	-	882,919
Fundraising	<u>2,875,741</u>	<u>-</u>	<u>2,875,741</u>
Total supporting services	<u>3,758,660</u>	<u>-</u>	<u>3,758,660</u>
Total expenses before tax expense	16,294,008	-	16,294,008
Tax expense	<u>43,707</u>	<u>-</u>	<u>43,707</u>
Total expenses	<u>16,337,715</u>	<u>-</u>	<u>16,337,715</u>
(Decrease) increase in net assets from operating activities	<u>(133,879)</u>	<u>92,035</u>	<u>(41,844)</u>
Non-operating changes in net assets			
Investment return	54	-	54
Foreign exchange loss	<u>(261,203)</u>	<u>-</u>	<u>(261,203)</u>
(Decrease) increase in net assets	(395,028)	92,035	(302,993)
Net assets - beginning of year	<u>4,346,090</u>	<u>99,225</u>	<u>4,445,315</u>
Net assets - end of year	<u>\$ 3,951,062</u>	<u>\$191,260</u>	<u>\$ 4,142,322</u>

The accompanying notes are an integral part of this consolidated financial statement.

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

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Contributions and grants	\$10,923,603	\$ 99,225	\$11,022,828
Bicycle social enterprise program	4,712,059	-	4,712,059
Other income	18,592	-	18,592
Net assets released from restrictions	<u>93,000</u>	<u>(93,000)</u>	<u>-</u>
Total revenue and support	15,747,254	6,225	15,753,479
Expenses			
Program services			
Social enterprise	10,037,804	-	10,037,804
Bicycle Education Empowerment Program (BEEP)	<u>2,754,397</u>	<u>-</u>	<u>2,754,397</u>
Total program services	12,792,201	-	12,792,201
Supporting services			
Management and administrative	866,605	-	866,605
Fundraising	<u>3,113,286</u>	<u>-</u>	<u>3,113,286</u>
Total supporting services	<u>3,979,891</u>	<u>-</u>	<u>3,979,891</u>
Total expenses before tax expense	16,772,092	-	16,772,092
Tax expense	<u>118,451</u>	<u>-</u>	<u>118,451</u>
Total expenses	<u>16,890,543</u>	<u>-</u>	<u>16,890,543</u>
(Decrease) increase in net assets from operating activities	(1,143,289)	6,225	(1,137,064)
Non-operating changes in net assets			
Net assets transferred upon deconsolidation of Qhubeka The Motive Power Movement NPC	(944,764)	-	(944,764)
Net assets received upon acquisition of World Bicycle Relief Canada	83,514	-	83,514
Foreign exchange gain	<u>90,154</u>	<u>-</u>	<u>90,154</u>
(Decrease) increase in net assets	(1,914,385)	6,225	(1,908,160)
Net assets - beginning of year	<u>6,260,475</u>	<u>93,000</u>	<u>6,353,475</u>
Net assets - end of year	<u>\$ 4,346,090</u>	<u>\$ 99,225</u>	<u>\$ 4,445,315</u>

The accompanying notes are an integral part of this consolidated financial statement.

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2018

	Program services			Supporting services			Total
	Social Enterprise	BEEP	Total Programs	Management and administrative	Fundraising	Total supporting services	
Bicycles and bicycle parts	\$ 6,114,610	\$ 91,441	\$ 6,206,051	\$ -	\$ 447	\$ 447	\$ 6,206,498
Personnel	2,182,226	1,157,610	3,339,836	392,426	1,502,839	1,895,265	5,235,101
Professional services	325,540	263,870	589,410	292,878	299,104	591,982	1,181,392
Travel	295,965	152,545	448,510	38,538	278,651	317,189	765,699
Occupancy	227,167	70,522	297,689	51,064	126,742	177,806	475,495
Shipping and freight	4,903	1,460	6,363	1,205	35,851	37,056	43,419
Registrations and license fees	46,575	-	46,575	-	-	-	46,575
Product development costs	417,697	-	417,697	-	-	-	417,697
Repairs and maintenance	93,148	27,301	120,449	1,022	16,884	17,906	138,355
Supplies	94,945	38,455	133,400	42,902	218,165	261,067	394,467
Depreciation	98,109	45,830	143,939	-	15,000	15,000	158,939
Bank service charges	51,460	9,690	61,150	37,690	107,325	145,015	206,165
Printing	49,256	15,292	64,548	1,280	80,066	81,346	145,894
Insurance	56,003	13,293	69,296	23,900	682	24,582	93,878
Other expenses	37,764	3,055	40,819	-	-	-	40,819
Grants	9,898	481,441	491,339	-	-	-	491,339
Taxes and duties	1,425	23,333	24,758	10	-	10	24,768
Advertising	33,390	129	33,519	4	193,985	193,989	227,508
	<u>\$10,140,081</u>	<u>\$2,395,267</u>	<u>\$12,535,348</u>	<u>\$882,919</u>	<u>\$2,875,741</u>	<u>\$3,758,660</u>	<u>\$16,294,008</u>

The accompanying notes are an integral part of this consolidated financial statement.

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2017

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

The accompanying notes are an integral part of this consolidated financial statement.

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

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ (302,993)	\$(1,908,160)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net assets transferred upon deconsolidation of Qhubeka The Motive Power Movement NPC	-	969,812
Depreciation	158,939	142,990
Changes in assets and liabilities		
Contribution receivables	(266,176)	1,324,593
Trade receivables	(29,836)	510,493
Inventory	(677,097)	(216,479)
Prepayments	(335,463)	455,835
Other assets	28,152	30,644
Deferred tax	(54,037)	4,275
Accounts payable	1,005,122	40,931
Accrued expenses	(110,586)	325,034
Deferred revenue	<u>(18,636)</u>	<u>17,032</u>
Net cash (used in) provided by operating activities	(602,611)	1,697,000
Cash flows from investing activities		
Transfer in of cash and cash equivalents upon acquisition of WBR Canada	-	83,514
Transfer out of cash and cash equivalents upon deconsolidation of Qhubeka	-	(25,048)
Purchase of property and equipment	(74,572)	(370,535)
Proceeds from sale of investments	<u>10,460</u>	<u>-</u>
Net cash used in investing activities	(64,112)	(312,069)
Effect of exchange rate change on cash	<u>72,506</u>	<u>(151,721)</u>
Net (decrease) increase in cash and cash equivalents	(594,217)	1,233,210
Cash and cash equivalents at beginning of year	<u>3,086,546</u>	<u>1,853,336</u>
Cash and cash equivalents at end of year	<u>\$2,492,329</u>	<u>\$ 3,086,546</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 30,800	\$ 8,901

The accompanying notes are an integral part of these consolidated financial statements.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2018 and 2017

NOTE A - ORGANIZATION

World Bicycle Relief, NFP (WBR NFP) and its Subsidiaries (collectively, the Organization) is transforming individuals and their communities through the power of bicycles. WBR NFP provides access to independence and livelihood through the power of bicycles. The International Philanthropic Group of the Organization consists of the consolidated activities of World Bicycle Relief UK, World Bicycle Relief Deutschland, World Bicycle Relief Canada, World Bicycle Relief Switzerland, and World Bicycle Relief Australia for reporting purposes. The Philanthropic Group consists of WBR NFP and the International Philanthropic entities. All subsidiaries are discussed below.

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

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

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

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

World Bicycle Relief Malawi (WBR Malawi) was incorporated on March 2, 2017, in the Republic of Malawi. It serves to carry out the on-site Malawi program operations of the Organization.

Buffalo Bicycles Malawi (BB Malawi) is a for-profit subsidiary of Buffalo Bicycle Limited. BB Malawi was incorporated on March 2, 2017, as a private company limited by shares registered in Malawi. BB Malawi is engaged in the assembly and sale of bicycles and bicycle parts through the Organization's social enterprise program. BB Malawi is also engaged to carry out the storage, assembly and distribution of the philanthropic bikes donated by WBR NFP and responsible for field mechanic training.

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

Buffalo Bicycle South Africa (BB SA) is a for-profit entity controlled by WBR NFP. BB SA is incorporated as a private company limited by shares, registered in South Africa. David H Neiswander and Tony Sutherland are directors of BB SA. Activities of BB SA are consolidated for reporting purposes; however, it is not part of the Philanthropic Group for tax reporting purposes.

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

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2018 and 2017

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

World Bicycle Relief Deutschland (WBR DE) is a limited liability company incorporated in Germany. WBR NFP is a shareholder of WBR DE. WBR DE's objective is to relieve the needs of people living in impoverished or disaster-stricken areas of the world by providing bicycles to enable them to access education, employment, health care and other essentials of life. Activities of WBR DE are consolidated under the Philanthropic Group for reporting purposes; however, it is not part of the Philanthropic Group for tax reporting purposes.

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

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

World Bicycle Relief Switzerland (WBR CH) is a non-profit foundation, created and governed by the present Articles of Association and in accordance with the Articles 80 et seq. of the Swiss Civil Code. The foundation is registered in the Register of Commerce of the Canton of Geneva and subject to supervision by the competent authority. World Bicycle Relief Switzerland was founded by WBR NFP with an initial endowment of CHF 50,000. WBR CH's objective is to help people in the world's troubled and impoverished areas gain a degree of independence and a means to earn a living by giving them access to bicycles. World Bicycle Relief Switzerland was registered on September 20, 2018. Activities of WBR CH are consolidated under the Philanthropic Group for reporting purposes; however, it is not part of the Philanthropic Group for tax reporting purposes.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2018 and 2017

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. 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 with donor restrictions or without donor restrictions, 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 restrictions that are met in the same year as received are reported as revenues without donor restrictions. 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 the classes of net assets.

Sales of bicycles are recorded when all of the following have occurred: an agreement of sale exists, service has been performed and was approved by the customer, pricing is fixed or determinable, and collection is reasonably assured. Donated investments are recorded at fair value as of the date of the contributions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2018 and 2017

Net Assets

Net assets are classified based on donor restrictions, if any, as follows:

Net Assets Without Donor Restrictions – Net assets that are free of donor-imposed restrictions; all revenue, expenses, gains and losses that are not changes in restricted net assets.

Net Assets With Donor Restrictions – Net assets, the use of which is limited by donor-imposed restrictions that expire with the passage of time or that will be fulfilled in a future time period, or net assets to be invested in perpetuity.

Prepayments

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

Deferred Revenue

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

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Trade Receivables and Bad Debts

The majority of the Organization's trade receivables are due from the purchase of bicycles through the Organization's Social Enterprise program. Credit is extended based on an evaluation of a customer's financial condition and collateral is not required. Trade receivables are due within 30 days and stated amounts due from customers net of an allowance for bad debts. Trade receivables are charged to bad debt expense when they are determined to be uncollectible based on a periodic review of accounts by management. The Organization determines its uncollectible accounts by considering a number of factors, including the length of time receivables are past due, the Organization's previous collection history, the entity's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. As of December 31, 2018, and 2017, the Organization's allowance for uncollectible accounts was \$7,411 and \$7,350, respectively.

Contributions and Contributions Receivable

As of December 31, 2018, and 2017, foundations, individuals and corporations have unconditionally promised to give \$421,511 and \$157,421, respectively, to be used for particular programs and general support. All amounts are due in less than one year. As of December 31, 2018, the Organization had no conditional promises to give.

Investments

The Organization's investments at December 31, 2018 and 2017, consist solely of cash in escrow, which is recorded at carrying value.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2018 and 2017

Inventory

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

Advertising

Advertising costs are charged to operations when incurred.

Capitalization and Depreciation

Vehicles, furniture and equipment are recorded at cost, net of accumulated depreciation. Vehicles, furniture and equipment above \$2,500 are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Assets are depreciated over their estimated service lives. The estimated service lives of the assets for depreciation purposes may be different than their actual economic useful lives.

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

Breakdown by asset class as of December 31:

	<u>2018</u>	<u>2017</u>
Vehicles	\$777,664	\$ 829,532
Furniture and equipment	<u>200,831</u>	<u>173,336</u>
Total	978,495	1,002,868
Accumulated depreciation	<u>(524,505)</u>	<u>(454,031)</u>
Net book value	<u>\$453,990</u>	<u>\$ 548,837</u>

Income Taxes

As noted in note A, certain subsidiaries of the Organization are for-profit, taxable entities. Income taxes are accounted for using the asset and liability method that requires the recognition of deferred income tax assets and liabilities based on the difference between the consolidated financial statements and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. The Organization nets all deferred income tax assets and liabilities and classifies them as non-current in the accompanying consolidated statements of financial position. Valuation allowances are provided if, based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

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

Foreign Currency Translation

The U.S. dollar (dollars) is the functional currency for the Organization's operations worldwide. Transactions in currencies other than dollars are translated into dollars at the rates of exchange in effect at

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2018 and 2017

the date of the transaction or at an average currency valuation for the period. Property and equipment purchased with non-U.S. currency are translated into dollars at the exchange rate in effect at the time of the purchase. Current assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the consolidated statements of financial position.

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, to improve financial reporting by not-for-profit entities. ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and increases transparency around liquidity and availability of resources. This ASU was effective as of January 1, 2018, and the consolidated financial statements and footnotes have been updated to reflect the required changes. Certain prior year amounts have been reclassified to conform with current reporting.

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 \$1,453,023 and \$1,652,996 at December 31, 2018 and 2017, respectively. The Organization had domestic balances exceeding the Federal Deposit Insurance Corporation's insured limitations at December 31, 2018 and 2017. The Organization does not believe these accounts to be a significant credit risk.

NOTE D - LEASE COMMITMENTS

The Organization conducts a portion of its operations utilizing leased facilities consisting of office and warehouse space that have various expiration dates through April 2021. These are classified as operating leases. Certain leases contain rent escalation clauses, which have been reflected in the future minimum lease payments detailed below.

Future minimum lease payments for office and warehouse leases are as follows as of December 31, 2018:

2019	\$ 72,839
2020	28,383
2021	<u>587</u>
Total	<u>\$101,809</u>

Rental expense was \$251,229 and \$227,598 for the years ended December 31, 2018 and 2017, respectively.

NOTE E - INVENTORY

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

	<u>2018</u>	<u>2017</u>
Raw materials and spare parts	\$ 693,435	\$620,835
Work in process	535,615	35,786
Finished goods	<u>258,707</u>	<u>267,090</u>
Total inventory	<u>\$1,487,757</u>	<u>\$923,711</u>

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2018 and 2017

NOTE F - IN-KIND DONATIONS AND DONATED SERVICES

During the years ended December 31, 2018 and 2017, the Organization received in-kind contributions, including rent, utilities, and advertising. The estimated fair value of in-kind contributions was \$273,227 and \$575,460 for the years ended December 31, 2018 and 2017, respectively. During the years ended December 31, 2018 and 2017, the Organization also received donated services, including legal advice, consulting services, implementation services and officer's salary. The estimated fair value of donated services was \$394,303 and \$1,047,858 for the years ended December 31, 2018 and 2017, respectively. These in-kind contributions and donated services have been recorded as contributions in the accompanying consolidated statements of activities and changes in net assets.

NOTE G - RESTRICTED NET ASSETS

Net assets with donor restrictions of \$191,260 and \$99,225 are available for the Bicycles for Educational Empowerment Project and Social Enterprise Program as of December 31, 2018 and 2017, respectively, and represent unexpended donor-restricted contributions as of end of the year. During the years ended December 31, 2018 and 2017, the Organization released from restriction \$99,225 and \$93,000, respectively, for the Bicycles for Educational Empowerment Project.

NOTE H - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Organization's financial assets available within one year of December 31, 2018 for general expenditures without donor or other restrictions are as follows:

Cash and cash equivalents	\$2,492,329
Contributions receivable	421,511
Trade receivables, net	<u>566,333</u>
Total	<u>\$3,480,173</u>

Organization's working capital and cash flows have seasonal variations during the year attributable to the concentration of contributions received near calendar year-end. To manage liquidity, Organization maintains a line of credit of \$1.7 million with a bank that is drawn upon as needed during the year to manage cash flow and is then repaid in full by the end of the fiscal year. See Note O for further details.

NOTE I - FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the accompanying consolidated statements. Accordingly, certain expenses have been allocated among the activities and programs benefited. Expenses are reductions in net assets without donor restrictions and are recorded as incurred. Personnel expenses have been allocated based on estimates of time and effort by department.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2018 and 2017

NOTE J - RELATED-PARTY TRANSACTIONS

Organization defines related parties as individuals currently working for the Organization, members of the WBR NFP board of directors, and interested persons. The Organization received contributions from related parties for the years ended December 31, 2018 and 2017, as follows:

	<u>2018</u>	<u>2017</u>
Contributions from related parties	\$ 900,249	\$ 983,877
In-kind donations and donated services from related parties	<u>227,029</u>	<u>333,472</u>
Total	<u>\$1,127,278</u>	<u>\$1,317,349</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>2018</u>	<u>2017</u>
Cash reimbursement to related parties for expenses paid on behalf of the Organization	\$ 520,192	\$ 434,796
Payables due to related parties for cash reimbursements	\$ 58,767	\$ 71,360

NOTE K - INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

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

Due to the nature of the investment as noted above, there were no privately held membership units and the carrying value of cash in escrow of \$18,816 is excluded from the fair value leveling hierarchy as of December 31, 2018 and 2017.

There were no investment returns for the years ended December 31, 2018 and 2017.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2018 and 2017

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

	Fair value, December 31, 2017	Contributions	Distributions	Unrealized gain	Fair value, December 31, 2018	Carrying value
Privately held investment	\$29,276	\$ -	\$(10,460)	\$ -	\$18,816	\$18,816

	Fair value, December 31, 2016	Contributions	Distributions	Unrealized gain	Fair value, December 31, 2017	Carrying value
Privately held investment	\$29,276	\$ -	\$ -	\$ -	\$29,276	\$29,276

NOTE L - 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 (IRS) for its section 501(c)(3) status under the IRC of 1986, and is exempt from income taxes, except to the extent of any unrelated business income. For the periods ended December 31, 2018 and 2017, the Organization does not have unrelated business income.

As noted in Note A, WBR Zimbabwe, BB Kenya, BB Zambia, BB Malawi and BBL are for-profit entities. WBR Zimbabwe, BB Malawi and BB Kenya have a deferred tax asset for the years ended December 31, 2018 and 2017, which covered any tax liability. BB Zambia and BBL did not have either a deferred tax asset or liability as of December 31, 2018 and 2017.

Pre-tax income (loss) generated from the for-profit entities for the years ended December 31, 2018 and 2017, are as follows:

	2018	2017
WBR Zimbabwe	\$ (83,701)	\$(218,170)
BB Kenya	44,416	181,557
BB Zambia	264,582	401,369
BB Malawi	(303,619)	(183,162)
BBL	<u>580,914</u>	<u>(20,812)</u>
Total	<u>\$502,592</u>	<u>\$ 160,782</u>

The effective tax rate for each entity as of December 31, 2018 and 2017, is as follows:

	2018	2017
WBR Zimbabwe	26%	26%
BB Kenya	30%	30%
BB Zambia	35%	35%
BB Malawi	30%	30%
BBL	3%	3%

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2018 and 2017

Income tax expense (benefit) for the years ended December 31, 2018 and 2017, is as follows:

	<u>2018</u>	<u>2017</u>
Current	\$ (20,435)	\$123,293
Deferred	<u>64,142</u>	<u>(4,842)</u>
Total	<u>\$ 43,707</u>	<u>\$118,451</u>

The components of the deferred tax asset at December 31, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Beginning of year	\$220,291	\$225,133
Accelerated capital allowances	1,879	(13,580)
Exchange differences	(57,579)	(1,584)
Warranty provisions	27,938	(96)
Deferred management fees	-	276
Realized gain on foreign loan	4,294	3,985
Tax, net operating loss carryforward	<u>87,610</u>	<u>6,157</u>
Total	<u>\$284,433</u>	<u>\$220,291</u>

As of December 31, 2018 and 2017, management has determined that there are no material uncertain positions that require recognition in the consolidated financial statements. As of December 31, 2018 and 2017, management has concluded that it is more likely than not that the tax benefits of its deferred tax assets would be realized and, accordingly, has not recorded a valuation allowance.

NOTE M - EMPLOYEE BENEFIT PLAN

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

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

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

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

The Organization's contributions for all plans, funded on a current basis, were \$104,113 and \$88,756 for the years ended December 31, 2018 and 2017, respectively.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years ended December 31, 2018 and 2017

NOTE N - IRS FORM 990

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

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

- \$1.8 million of contributions
- \$5.5 million of social enterprise sales
- \$9.2 million of social enterprise program expense
- \$873 thousand of BEEP expense
- \$46 thousand of management and administrative expense
- \$766 thousand of fundraising expense

NOTE O - LINE OF CREDIT

There were no amounts outstanding on the line of credit facility as of December 31, 2018 and 2017. The interest rate at December 31, 2018, was 3.97%. The line of credit was established to fund large Social Enterprise bicycle orders and allow the Organization to have access to cash levels throughout the year. The line of credit matures on April 30, 2020. The amount available under the line of credit was \$1,700,000 and \$1,500,000 at December 31, 2018 and 2017, respectively.

NOTE P - SUBSEQUENT EVENTS

In preparation of these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 29, 2019, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or additional disclosure in these consolidated financial statements.

SUPPLEMENTAL INFORMATION

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	Malawi	South Africa	Eliminations	Consolidated
CURRENT ASSETS											
Cash and cash equivalents	\$1,039,307	\$1,024,677	\$2,063,984	\$ 93,228	\$ 20,374	\$134,203	\$ 146,648	\$ 32,441	\$ 1,451	\$ -	\$2,492,329
Contributions receivable	365,379	56,132	421,511	-	-	-	-	-	-	-	421,511
Trade receivables, net	29,672	-	29,672	231,670	54,848	153,243	-	96,900	-	-	566,333
Inventory	-	-	-	623,396	279,284	251,525	158,997	174,555	-	-	1,487,757
Prepayments	78,038	-	78,038	245,271	65,262	93,160	67,198	7,194	-	-	556,123
Other assets	-	-	-	31,524	6,159	3,545	7,642	6,391	-	-	55,261
Due from affiliates											
Zimbabwe	-	-	-	42,000	-	-	-	-	-	(42,000)	-
International Philanthropic	251,140	-	251,140	-	-	-	-	-	-	(251,140)	-
WBR NFP	-	-	-	-	-	-	-	876	-	(876)	-
Zambia	-	-	-	-	-	-	67,315	-	-	(67,315)	-
Total current assets	1,763,536	1,080,809	2,844,345	1,267,089	425,927	635,676	447,800	318,357	1,451	(361,331)	5,579,314
NON-CURRENT ASSETS											
Investments	18,816	-	18,816	-	-	-	-	-	-	-	18,816
Due from affiliates											
Zambia	1,409,764	43,182	1,452,946	-	-	-	-	-	-	(1,452,946)	-
Kenya	758,064	-	758,064	-	-	-	390,422	-	-	(1,148,486)	-
Zimbabwe	572,995	-	572,995	-	-	-	1,254,841	-	-	(1,827,836)	-
Malawi	-	-	-	-	-	-	792,222	-	-	(792,222)	-
Mauritius	1,261,073	-	1,261,073	-	-	-	-	-	-	(1,261,073)	-
South Africa	-	-	-	-	-	-	3,316	-	-	(3,316)	-
Deferred tax asset	-	-	-	58,792	32,701	192,940	-	-	-	-	284,433
Fixed assets, net	139,638	-	139,638	44,441	107,395	97,452	-	65,064	-	-	453,990
TOTAL ASSETS	\$5,923,886	\$1,123,991	\$7,047,877	\$1,370,322	\$566,023	\$926,068	\$2,888,601	\$383,421	\$1,451	\$(6,847,210)	\$6,336,553

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2018

LIABILITIES AND NET ASSETS	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	Malawi	South Africa	Eliminations	Consolidated
CURRENT LIABILITIES											
Accounts payable	\$ 199,410	\$ 83,878	\$ 283,288	\$ 541,046	\$ 18,080	\$ 16,084	\$ 599,215	\$ 54,063	\$ 2,486	\$ -	\$1,514,262
Accrued expenses	55,095	17,562	72,657	257,285	10,305	79,140	86,872	50,342	2,927	-	559,528
Deferred revenue	-	-	-	53,282	35,914	15,723	-	15,522	-	-	120,441
Due to affiliates											
WBR US	-	251,140	251,140	-	-	-	-	-	-	(251,140)	-
Zambia	-	-	-	-	-	42,000	-	-	-	(42,000)	-
Malawi	876	-	876	-	-	-	-	-	-	(876)	-
Mauritius	-	-	-	67,315	-	-	-	-	-	(67,315)	-
Total current liabilities	255,381	352,580	607,961	918,928	64,299	152,947	686,087	119,927	5,413	(361,331)	2,194,231
NON-CURRENT LIABILITIES											
Due to affiliates											
Philanthropic Group	-	-	-	1,452,946	758,064	572,995	1,261,073	-	-	(4,045,078)	-
Mauritius	-	-	-	-	390,422	1,254,841	-	792,222	3,316	(2,440,801)	-
Total liabilities	255,381	352,580	607,961	2,371,874	1,212,785	1,980,783	1,947,160	912,149	8,729	(6,847,210)	2,194,231
NET ASSETS											
Without donor restrictions	5,477,245	771,411	6,248,656	(1,001,552)	(646,762)	(1,054,715)	941,441	(528,728)	(7,278)	-	3,951,062
With donor restrictions	191,260	-	191,260	-	-	-	-	-	-	-	191,260
Total net assets	5,668,505	771,411	6,439,916	(1,001,552)	(646,762)	(1,054,715)	941,441	(528,728)	(7,278)	-	4,142,322
TOTAL LIABILITIES AND NET ASSETS	\$5,923,886	\$1,123,991	\$7,047,877	\$1,370,322	\$ 566,023	\$ 926,068	\$2,888,601	\$ 383,421	\$ 1,451	\$(6,847,210)	\$6,336,553

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

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

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

LIABILITIES AND NET ASSETS	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	Malawi	South Africa	Eliminations	Consolidated
CURRENT LIABILITIES											
Accounts payable	\$ 180,202	\$ 2,156	\$ 182,358	\$ 176,952	\$ 38,828	\$ 54,944	\$ 51,181	\$ 28,815	\$113,454	\$ -	\$ 646,532
Accrued expenses	52,011	24,344	76,355	113,863	98,575	131,582	195,136	25,281	-	-	640,792
Deferred revenue	-	-	-	129,524	18,726	-	-	4,615	-	-	152,865
Due to affiliates											
South Africa	111,565	-	111,565	-	-	-	-	-	-	(111,565)	-
Zimbabwe	-	-	-	-	-	-	165,744	-	-	(165,744)	-
Zambia	-	-	-	356,715	-	-	5,011	-	-	(361,726)	-
WBR NFP	-	87,240	87,240	-	-	-	-	3,156	-	(90,396)	-
Mauritius	-	-	-	-	-	-	-	<u>401,221</u>	<u>3,316</u>	<u>(404,537)</u>	-
Total current liabilities	<u>343,778</u>	<u>113,740</u>	<u>457,518</u>	<u>777,054</u>	<u>156,129</u>	<u>186,526</u>	<u>417,072</u>	<u>463,088</u>	<u>116,770</u>	<u>(1,133,968)</u>	<u>1,440,189</u>
NON-CURRENT LIABILITIES											
Due to affiliates											
Philanthropic Group	-	-	-	1,585,682	789,600	570,092	1,530,104	-	-	(4,475,478)	-
Mauritius	-	-	-	-	<u>358,444</u>	<u>1,243,587</u>	-	-	-	<u>(1,602,031)</u>	-
Total liabilities	<u>343,778</u>	<u>113,740</u>	<u>457,518</u>	<u>2,362,736</u>	<u>1,304,173</u>	<u>2,000,205</u>	<u>1,947,176</u>	<u>463,088</u>	<u>116,770</u>	<u>(7,211,477)</u>	<u>1,440,189</u>
NET ASSETS											
Without donor restrictions	5,992,130	831,153	6,823,283	(1,038,011)	(624,646)	(971,517)	290,331	(130,305)	(3,045)	-	4,346,090
With donor restrictions	<u>99,225</u>	<u>-</u>	<u>99,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,225</u>
Total net assets	<u>6,091,355</u>	<u>831,153</u>	<u>6,922,508</u>	<u>(1,038,011)</u>	<u>(624,646)</u>	<u>(971,517)</u>	<u>290,331</u>	<u>(130,305)</u>	<u>(3,045)</u>	<u>-</u>	<u>4,445,315</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$6,435,133</u>	<u>\$944,893</u>	<u>\$7,380,026</u>	<u>\$1,324,725</u>	<u>\$679,527</u>	<u>\$1,028,688</u>	<u>\$2,237,507</u>	<u>\$332,783</u>	<u>\$113,725</u>	<u>\$(7,211,477)</u>	<u>\$5,885,504</u>

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2018

	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	Malawi	South Africa	Eliminations	Consolidated
Revenue and support											
Contributions and grants	\$ 8,784,928	\$ 1,840,984	\$ 10,625,912	\$ 251,693	\$ 239,064	\$ 406,575	\$ 200,000	\$ 9,931	\$ 114,562	\$(1,088,513)	\$ 10,759,224
Bicycle social enterprise program	-	-	-	3,170,598	1,002,299	1,348,722	3,029,405	267,343	-	(3,343,353)	5,475,014
Other income	<u>26,225</u>	<u>8,326</u>	<u>34,551</u>	-	<u>18,351</u>	<u>8,600</u>	<u>399,000</u>	<u>131</u>	-	<u>(399,000)</u>	<u>61,633</u>
Total revenue and support	8,811,153	1,849,310	10,660,463	3,422,291	1,259,714	1,763,897	3,628,405	277,405	114,562	(4,830,866)	16,295,871
Expenses											
Program services											
Social enterprise	1,150,911	-	1,150,911	3,157,709	1,215,298	1,847,598	3,047,491	581,024	-	(859,950)	10,140,081
BEEP	<u>5,221,490</u>	<u>1,025,758</u>	<u>6,247,248</u>	-	-	-	-	-	<u>118,935</u>	<u>(3,970,916)</u>	<u>2,395,267</u>
Total program services	6,372,401	1,025,758	7,398,159	3,157,709	1,215,298	1,847,598	3,047,491	581,024	118,935	(4,830,866)	12,535,348
Supporting services											
Management and administrative	837,170	45,749	882,919	-	-	-	-	-	-	-	882,919
Fundraising	<u>2,109,892</u>	<u>765,849</u>	<u>2,875,741</u>	-	-	-	-	-	-	-	<u>2,875,741</u>
Total supporting services	<u>2,947,062</u>	<u>811,598</u>	<u>3,758,660</u>	-	-	-	-	-	-	-	<u>3,758,660</u>
Total expenses before tax expense (benefit)	9,319,463	1,837,356	11,156,819	3,157,709	1,215,298	1,847,598	3,047,491	581,024	118,935	(4,830,866)	16,294,008
Tax expense (benefit)	-	-	-	45,712	8,568	(67,486)	4,420	52,493	-	-	43,707
Total expenses	<u>9,319,463</u>	<u>1,837,356</u>	<u>11,156,819</u>	<u>3,203,421</u>	<u>1,223,866</u>	<u>1,780,112</u>	<u>3,051,911</u>	<u>633,517</u>	<u>118,935</u>	<u>(4,830,866)</u>	<u>16,337,715</u>
(Decrease) increase in net assets from operating activities	(508,310)	11,954	(496,356)	218,870	35,848	(16,215)	576,494	(356,112)	(4,373)	-	(41,844)
Non-operating changes in net assets											
Intercompany interest income (expense)	87,606	-	87,606	(17,463)	(58,257)	(66,983)	74,836	(19,739)	-	-	-
Investment return	54	-	54	-	-	-	-	-	-	-	54
Foreign exchange (loss) gain	<u>(2,200)</u>	<u>(71,696)</u>	<u>(73,896)</u>	<u>(164,948)</u>	<u>293</u>	<u>-</u>	<u>(220)</u>	<u>(22,572)</u>	<u>140</u>	<u>-</u>	<u>(261,203)</u>
(Decrease) increase in net assets	<u>(422,850)</u>	<u>(59,742)</u>	<u>(482,592)</u>	<u>36,459</u>	<u>(22,116)</u>	<u>(83,198)</u>	<u>651,110</u>	<u>(398,423)</u>	<u>(4,233)</u>	<u>-</u>	<u>(302,993)</u>
Net assets, beginning of year	<u>6,091,355</u>	<u>831,153</u>	<u>6,922,508</u>	<u>(1,038,011)</u>	<u>(624,646)</u>	<u>(971,517)</u>	<u>290,331</u>	<u>(130,305)</u>	<u>(3,045)</u>	<u>-</u>	<u>4,445,315</u>
Net assets, end of year	<u>\$ 5,668,505</u>	<u>\$ 771,411</u>	<u>\$ 6,439,916</u>	<u>\$(1,001,552)</u>	<u>\$ (646,762)</u>	<u>\$(1,054,715)</u>	<u>\$ 941,441</u>	<u>\$(528,728)</u>	<u>\$ (7,278)</u>	<u>\$ -</u>	<u>\$ 4,142,322</u>

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

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