

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

World Bicycle Relief, NFP and its Subsidiaries

December 31, 2019 and 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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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 (the Entity), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Buffalo Bicycles Zambia, a wholly-owned subsidiary, which statements reflect total assets constituting 24% and 22% of the consolidated total assets as of December 31, 2019 and 2018, respectively, and total revenue and support of 20% and 21%, 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, 2019 and 2018, 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.



Chicago, Illinois
July 1, 2020

World Bicycle Relief, NFP and its Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

CURRENT ASSETS

	2019	2018
Cash and cash equivalents	\$ 2,425,675	\$ 2,492,329
Contributions receivable	520,800	421,511
Trade receivables, net	994,478	566,333
Other receivables	160,000	-
Inventory	1,491,581	1,487,757
Prepayments	776,188	556,123
Other assets	26,751	55,261
Total current assets	6,395,473	5,579,314

NON-CURRENT ASSETS

Investments	18,816	18,816
Deferred tax asset	60,810	284,433
Fixed assets, net	377,126	453,990
Total assets	\$ 6,852,225	\$ 6,336,553

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 1,176,746	\$ 1,514,262
Accrued expenses	829,376	559,528
Line of credit	700,000	-
Deferred revenue	174,468	120,441
Total current liabilities	2,880,590	2,194,231

NET ASSETS

Without donor restrictions	3,881,635	3,951,062
With donor restrictions	90,000	191,260
Total net assets	3,971,635	4,142,322
Total liabilities and net assets	\$ 6,852,225	\$ 6,336,553

The accompanying notes are an integral part of these statements.

World Bicycle Relief, NFP and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Contributions and grants	\$ 11,931,669	\$ 90,000	\$ 12,021,669
Bicycle social enterprise program	5,944,119	-	5,944,119
Other income	25,244	-	25,244
Net assets released from restrictions	191,260	(191,260)	-
Total revenue and support	18,092,292	(101,260)	17,991,032
Expenses			
Program services			
Social Enterprise	9,990,593	-	9,990,593
Bicycles for Educational Empowerment Program (BEEP)	2,646,525	-	2,646,525
Total program services	12,637,118	-	12,637,118
Supporting services			
Management and administrative	1,063,039	-	1,063,039
Fundraising	3,072,514	-	3,072,514
Total supporting services	4,135,553	-	4,135,553
Total expenses before tax expense	16,772,671	-	16,772,671
Tax expense	317,938	-	317,938
Total expenses	17,090,609	-	17,090,609
Increase (decrease) in net assets from operating activities	1,001,683	(101,260)	900,423
Non-operating changes in net assets			
Investment return	313	-	313
Foreign exchange loss	(1,071,423)	-	(1,071,423)
Decrease in net assets	(69,427)	(101,260)	(170,687)
Net assets, beginning of year	3,951,062	191,260	4,142,322
Net assets, end of year	\$ 3,881,635	\$ 90,000	\$ 3,971,635

The accompanying notes are an integral part of this statement.

World Bicycle Relief, NFP and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
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	99,225	(99,225)	-
Total revenue and support	<u>16,203,836</u>	<u>92,035</u>	<u>16,295,871</u>
Expenses			
Program services			
Social enterprise	10,140,081	-	10,140,081
Bicycle for Education Empowerment Program (BEEP)	2,395,267	-	2,395,267
Total program services	<u>12,535,348</u>	<u>-</u>	<u>12,535,348</u>
Supporting services			
Management and administrative	882,919	-	882,919
Fundraising	2,875,741	-	2,875,741
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	43,707	-	43,707
Total expenses	<u>16,337,715</u>	<u>-</u>	<u>16,337,715</u>
(Decrease) increase in net assets from operating activities	(133,879)	92,035	(41,844)
Non-operating changes in net assets			
Investment return	54	-	54
Foreign exchange loss	(261,203)	-	(261,203)
(Decrease) increase in net assets	<u>(395,028)</u>	<u>92,035</u>	<u>(302,993)</u>
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>

World Bicycle Relief, NFP and its Subsidiaries

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2019

	Program services			Supporting services			Total
	Social enterprise	BEEP	Total programs	Management and administrative	Fundraising	Total supporting services	
Bicycles and bicycle parts	\$ 5,768,018	\$ 133,633	\$ 5,901,651	\$ -	\$ 8,963	\$ 8,963	\$ 5,910,614
Personnel	2,644,556	1,361,371	4,005,927	435,627	1,673,971	2,109,598	6,115,525
Professional services	298,650	154,104	452,754	363,718	285,895	649,613	1,102,367
Travel	298,870	199,413	498,283	68,911	303,305	372,216	870,499
Occupancy	231,328	97,582	328,910	73,810	167,523	241,333	570,243
Shipping and freight	3,430	1,390	4,820	269	47,410	47,679	52,499
Registrations and license fees	38,386	-	38,386	-	-	-	38,386
Product development costs	334,258	-	334,258	-	-	-	334,258
Repairs and maintenance	99,675	15,586	115,261	2,630	9,005	11,635	126,896
Supplies	72,417	37,869	110,286	72,457	246,749	319,206	429,492
Depreciation	71,518	29,286	100,804	-	15,698	15,698	116,502
Bank service charges	36,664	9,684	46,348	38,894	119,941	158,835	205,183
Printing	29,449	22,437	51,886	43	119,647	119,690	171,576
Insurance	40,891	17,393	58,284	6,548	11,704	18,252	76,536
Other expenses	15,074	17,579	32,653	-	-	-	32,653
Grants	-	543,298	543,298	-	-	-	543,298
Taxes and duties	77	5,900	5,977	132	830	962	6,939
Advertising	7,332	-	7,332	-	61,873	61,873	69,205
	<u>\$ 9,990,593</u>	<u>\$ 2,646,525</u>	<u>\$ 12,637,118</u>	<u>\$ 1,063,039</u>	<u>\$ 3,072,514</u>	<u>\$ 4,135,553</u>	<u>\$ 16,772,671</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, 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 statement.

World Bicycle Relief, NFP and its Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (170,687)	\$ (302,993)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	116,502	158,939
Changes in assets and liabilities:		
Contributions receivable	(97,895)	(266,176)
Trade receivables	(1,762,482)	(29,836)
Other receivables	(160,000)	-
Inventory	(1,260,253)	(677,097)
Prepayments	(474,342)	(335,463)
Other assets	3,100	28,152
Deferred tax	276,201	(54,037)
Accounts payable	261,177	1,005,122
Accrued expenses	763,321	(110,586)
Deferred revenue	84,586	(18,636)
Total adjustments	(2,250,085)	(299,618)
Net cash used in operating activities	(2,420,772)	(602,611)
Cash flows from investing activities:		
Purchase of property and equipment	(147,016)	(74,572)
Proceeds from sale of investments	2,317	10,460
Net cash used in investing activities	(144,699)	(64,112)
Cash flows from financing activities:		
Proceeds from line of credit	700,000	-
Net cash provided by financing activities	700,000	-
Effect of exchange rate change on cash	1,798,817	72,506
CHANGE IN CASH AND CASH EQUIVALENTS	(66,654)	(594,217)
Cash and cash equivalents, beginning of year	2,492,329	3,086,546
Cash and cash equivalents, end of year	\$ 2,425,675	\$ 2,492,329
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 21,102	\$ 30,800

The accompanying notes are an integral part of these statements.

World Bicycle Relief, NFP and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019 and 2018

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) is incorporated 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 is incorporated 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. Activities of BB SA are consolidated 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

December 31, 2019 and 2018

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 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. 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 Colombia (WBR Colombia) was registered in Colombia on November 18, 2019. It serves to carry out the on-site Colombia program operations of the Organization beginning in 2020.

Buffalo Bicycles Colombia (BB Colombia), a for-profit entity, was registered on October 24, 2019, as a Simplified Stock Society & Company (SAS) controlled by Andrew Wright, BB Colombia's Country Director, as of December 31, 2019. During the year ended December 31, 2019, the Organization loaned \$160,000 to BB Colombia, which is reported in Other receivables on the consolidated statement of financial position. Beginning in 2020, BB Colombia is controlled by the Organization and is engaged in the assembly and sale of bicycles and bicycle parts through the Organization's social enterprise program. BB Colombia is also

World Bicycle Relief, NFP and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

engaged to carry out the storage, assembly and distribution of the philanthropic bikes donated by WBR NFP and responsible for field mechanic training.

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

The Organization recognizes revenue from contracts in accordance with Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies the guidance under Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, as described further below. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

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. 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.

Bicycle social enterprise program revenue

In accordance with ASC 606, the Organization recognizes revenue in a manner which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires the Organization to apply the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance

World Bicycle Relief, NFP and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

obligations in the contract; and (5) recognize revenue when, or as, the Organization satisfies a performance obligation.

The Organization's social enterprise program revenues primarily consists of the sale of bicycles, and the Organization's contracts contain a single performance obligation. Revenue is recognized upon delivery of the goods to the customer, which is when the customer obtains control of the goods and has the ability to direct the use of the goods. Payment is typically received within 30-60 days from the delivery date. None of the Organization's contracts contain a significant financing component, nor significant forms of variable consideration. Differences between the amount of revenue recognized and the amount invoiced, collected from, or paid to the Organization's customers are recognized as contract assets or contract liabilities. There are no contract assets as of December 31, 2019 and 2018. The Organization's contract liabilities consist of deferred revenue, as reported on the consolidated statements of financial position.

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 net assets with donor restrictions.

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. This is primarily composed of revenue for sales of bicycles for which cash has been received from the customer but the control of the bicycles has not yet been transferred to the customer.

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 at 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

World Bicycle Relief, NFP and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

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, 2019, and 2018, the Organization's allowance for uncollectible accounts was \$23,675 and \$7,411, respectively.

Contributions and Contributions Receivable

As of December 31, 2019 and 2018, foundations, individuals and corporations have unconditionally promised to give \$520,800 and \$421,511, respectively, to be used for particular programs and general support. All amounts are due in less than one year. As of December 31, 2019 and 2018, the Organization had no conditional promises to give.

Investments

The Organization's investments at December 31, 2019 and 2018, consist solely of cash in escrow, which is recorded at carrying value, which approximates fair value.

Inventory

Inventory consists mainly of bicycles and bicycle parts. Inventory is stated at the lower of cost or net realizable 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 of fixed assets by asset class as of December 31:

	<u>2019</u>	<u>2018</u>
Vehicles	\$ 597,734	\$ 777,664
Furniture and equipment	269,978	200,831
	<hr/>	<hr/>
Total fixed assets	867,712	978,495
Accumulated depreciation	(490,586)	(524,505)
	<hr/>	<hr/>
Fixed assets, net	\$ 377,126	\$ 453,990
	<hr/>	<hr/>

World Bicycle Relief, NFP and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

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

Transactions in currencies other than dollars are translated into dollars at the rates of exchange in effect at the date of the transaction or at an average currency valuation for the period. Property and equipment purchased with non-U.S. currency are translated into dollars at the exchange rate in effect at the time of the purchase. Current assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the consolidated statements of financial position. Changes in foreign currency exchange rates throughout the year can create fluctuations in the consolidated financial position, changes in net assets, and cash flows of the Organization. During the year end December 31, 2019, it was noted that the Zimbabwe currency experienced above-average levels of inflation, which had a significant impact on the consolidated financial statements.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, which amended the FASB ASC by creating ASC 606 and Subtopic 340-40, *Other Assets and Deferred Costs – Contracts with Customers*. The new revenue recognition standard supersedes the previous revenue recognition guidance in ASC 605. 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, as described previously in Note B. Other major provisions include 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 the entity's contracts with customers. The Organization adopted ASC 606 effective January 1, 2019. The Organization identified the social enterprise program bicycle revenues as the revenue category subject to the adoption of ASC 606. The results of applying ASC 606 using the modified retrospective approach did not have a material impact on the consolidated financial position, changes in net assets, or cash flows of the Organization.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires an entity to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. The Organization adopted this guidance effective January 1, 2019. The results of applying ASU 2018-08 did not have a material impact on the consolidated financial position, changes in net assets, or cash flows of the Organization.

World Bicycle Relief, NFP and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

In February 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a right-of-use asset and a lease liability for most of their leases on the balance sheet. Leases with a term of 12 months or less will be accounted for similar to the existing guidance today for operating leases. The new guidance is effective for non-public companies for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effects of the adoption and has not yet determined the impact the revised guidance will have on its consolidated financial statements and related disclosures.

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 \$1,434,331 and \$1,453,023 at December 31, 2019 and 2018, respectively. The Organization had domestic balances exceeding the Federal Deposit Insurance Corporation's insured limitations at December 31, 2019 and 2018. 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, 2019:

2020	\$	54,039
2021		<u>781</u>
Total	\$	<u>54,820</u>

Rental expense was \$242,873 and \$251,229 for the years ended December 31, 2019 and 2018, respectively.

NOTE E - INVENTORY

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

	<u>2019</u>	<u>2018</u>
Raw materials and spare parts	\$ 711,747	\$ 693,435
Work in process	715,335	535,615
Finished goods	<u>64,499</u>	<u>258,707</u>
Total inventory	<u>\$ 1,491,581</u>	<u>\$ 1,487,757</u>

NOTE F - IN-KIND DONATIONS AND DONATED SERVICES

During the years ended December 31, 2019 and 2018, the Organization received in-kind contributions, including rent, utilities, and advertising. The estimated fair value of in-kind contributions was \$284,778 and \$273,227 for the years ended December 31, 2019 and 2018, respectively. During the years ended

World Bicycle Relief, NFP and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

December 31, 2019 and 2018, the Organization also received donated services, including legal advice, consulting services and implementation services. The estimated fair value of donated services was \$382,355 and \$394,303 for the years ended December 31, 2019 and 2018, 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 \$90,000 and \$191,260 are available for the BEEP Program and Social Enterprise Program as of December 31, 2019 and 2018, respectively, and represent unexpended donor-restricted contributions as of end of the year. During the years ended December 31, 2019 and 2018, the Organization released from restriction \$191,260 and \$99,225, respectively, for the Bicycles for Educational Empowerment Program.

NOTE H - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of December 31, 2019 and 2018, respectively, for general expenditures without donor or other restrictions are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$2,425,675	\$ 2,492,329
Contributions receivable	520,800	421,511
Other receivables	160,000	-
Trade receivables, net	<u>994,478</u>	<u>566,333</u>
Total	<u>\$4,100,953</u>	<u>\$ 3,480,173</u>

The 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, the 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. See Note O for further details. Subsequent to December 31, 2019, the Organization also received additional funding through the Paycheck Protection Program (the PPP) of the 2020 Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) as administered by the U.S. Small Business Association (the SBA). Additionally, the Organization received funding through the Economic Injury Disaster Loan (EIDL) Program as administered by the SBA. These loans were received in order to provide additional liquidity to the Organization as a result of the COVID-19 pandemic that arose subsequent to year-end. Refer to Note P 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

December 31, 2019 and 2018

NOTE J - RELATED-PARTY TRANSACTIONS

The 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, 2019 and 2018, as follows:

	<u>2019</u>	<u>2018</u>
Contributions from related parties	\$ 1,288,711	\$ 900,249
In-kind donations and donated services from related parties	<u>312,588</u>	<u>227,029</u>
Total	<u>\$ 1,601,299</u>	<u>\$ 1,127,278</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>2019</u>	<u>2018</u>
Cash reimbursement to related parties for expenses paid on behalf of the Organization	\$ 530,371	\$ 520,192
Payables due to related parties for cash reimbursements	\$ 23,166	\$ 58,767

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. 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, 2019 and 2018, 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, 2019 and 2018.

There were no returns on these investments for the years ended December 31, 2019 and 2018.

World Bicycle Relief, NFP and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

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

	<u>Fair value, December 31, 2018</u>	<u>Contributions</u>	<u>Distributions</u>	<u>Unrealized gain</u>	<u>Fair value, December 31, 2019</u>	<u>Carrying value</u>
Privately held investment	\$ 18,816	\$ -	\$ -	\$ -	\$ 18,816	\$ 18,816
	<u>Fair value, December 31, 2017</u>	<u>Contributions</u>	<u>Distributions</u>	<u>Unrealized gain</u>	<u>Fair value, December 31, 2018</u>	<u>Carrying value</u>
Privately held investment	\$ 29,276	\$ -	\$ (10,460)	\$ -	\$ 18,816	\$ 18,816

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, 2019 and 2018, 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, 2019 and 2018, which covered any tax liability. BB Zambia and BBL did not have either a deferred tax asset or liability as of December 31, 2019 and 2018.

Pre-tax income (loss) generated from the for-profit entities for the years ended December 31, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
WBR Zimbabwe	\$ 433,268	\$ (83,701)
BB Kenya	(1,490)	44,416
BB Zambia	515,726	264,582
BB Malawi	(148,149)	(303,619)
BBL	171,970	580,914
	<u>\$ 971,325</u>	<u>\$ 502,592</u>
Total		

The effective tax rate for each entity as of December 31, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
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

December 31, 2019 and 2018

Income tax expense (benefit) for the years ended December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Current	\$ 541,561	\$ (20,435)
Deferred	<u>(223,623)</u>	<u>64,142</u>
Total	<u>\$ 317,938</u>	<u>\$ 43,707</u>

The components of the deferred tax asset at December 31, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Beginning of year	\$ 284,433	\$ 220,291
Accelerated capital allowances	8,669	1,879
Exchange differences	(27,874)	(57,579)
Warranty provisions	(10,813)	27,938
Realized (loss) gain on foreign loan	(193,978)	4,294
Tax, net operating loss carryforward	<u>373</u>	<u>87,610</u>
Total	<u>\$ 60,810</u>	<u>\$ 284,433</u>

As of December 31, 2019 and 2018, management has determined that there are no material uncertain positions that require recognition in the consolidated financial statements. As of December 31, 2019 and 2018, 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 \$134,774 and \$104,113 for the years ended December 31, 2019 and 2018, respectively.

World Bicycle Relief, NFP and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

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 for the year ending December 31, 2019 causes the below approximate reductions by category:

- \$3.2 million of contributions
- \$5.9 million of social enterprise sales
- \$8.9 million of social enterprise program expense
- \$1.6 million of BEEP expense
- \$65 thousand of management and administrative expense
- \$923 thousand of fundraising expense

NOTE O - LINE OF CREDIT

On June 22, 2015, the Organization entered into a line of credit (the Facility). The Facility was established to fund large social enterprise bicycle orders and allow the Organization to have access to cash levels throughout the year. The Facility has a maturity date of April 30, 2020 and a capacity of \$1,700,000.

There was \$700,000 outstanding on the Facility as of December 31, 2019, and there was no balance outstanding as of December 31, 2018. The amount available under the Facility was \$1,000,000 and \$1,700,000 at December 31, 2019 and 2018, respectively.

Interest under the Facility is to be paid monthly in arrears at the LIBOR daily floating rate plus 1.5%. The interest rates at December 31, 2019 and 2018, were 3.30% and 3.97%, respectively. Interest expense incurred amounted to \$21,102 and \$30,800, during the years ended December 31, 2019 and 2018, 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 July 1, 2020, the date the consolidated financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic, and the global economy has since experienced pronounced effects. The Organization is closely monitoring the situation and working to minimize the impact on the activities of the Organization.

World Bicycle Relief, NFP and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

On May 6, 2020, the Organization received \$382,715 pursuant to a loan from Bank of America, N.A, under the PPP of the CARES Act, as administered by the SBA. The loan has an interest rate of 1.00% and a term of 24 months from the funding date. No payments are due for the first 6 months, although interest accrues. Funds from the loan may only be used for certain purposes, including payroll, benefits, rent, and utilities. All or a portion of the loan may be forgiven by the SBA and lender upon application by the Organization. The Organization can provide no assurance that the loan will be forgiven in whole or in part. The loan is evidenced by a promissory note, which contains customary events of default relating to, among other things, failure to make payment, bankruptcy, breaches of representations, and material adverse effects. The Organization may prepay the loan at any time with no prepayment penalties.

Additionally, on May 21, 2020, the Organization received \$150,000 pursuant to an EIDL from the SBA. The loan has an interest rate of 2.75% and a term of 30 years from the funding date. No payments are due for the first 12 months, although interest accrues. Funds from the loan are to be used as working capital to alleviate economic injury caused by the pandemic. The loan contains customary events of default relating to, among other things, failure to make payment, bankruptcy, breaches of representations, and material adverse effects. The Organization may prepay the loan at any time with no prepayment penalties. Additionally, the loan is collateralized by substantially all of the assets of the Organization.

While the PPP and EIDL funding provides additional liquidity to the Organization, given the significant uncertainty around the extent and duration of the pandemic and the effectiveness of the containment measures implemented, the future impact of the pandemic on the Organization's financial results cannot be reasonably estimated at this time. The financial statements do not include any adjustments relative to the pandemic.

SUPPLEMENTAL INFORMATION

World Bicycle Relief, NFP and its Subsidiaries
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	Malawi	South Africa	Eliminations	Consolidated
CURRENT ASSETS											
Cash and cash equivalents	\$ 991,344	\$ 1,137,790	\$ 2,129,134	\$ 35,533	\$ 74,177	\$ 118,488	\$ 22,582	\$ 44,714	\$ 1,047	\$ -	\$ 2,425,675
Contributions receivable	293,133	227,667	520,800	-	-	-	-	-	-	-	520,800
Trade receivables, net	7,577	-	7,578	502,121	45,027	363,171	-	76,581	-	-	994,478
Other receivables	160,000	-	160,000	-	-	-	-	-	-	-	160,000
Inventory	-	-	-	615,145	323,251	307,534	99,768	145,883	-	-	1,491,581
Prepayments	182,563	11,992	194,555	416,732	48,919	40,150	63,355	12,477	-	-	776,188
Other assets	-	-	-	12,885	-	-	6,653	7,213	-	-	26,751
Due from affiliates											
International Philanthropic	269,429	-	269,429	-	-	-	-	-	-	(269,429)	-
Zambia	-	15,730	15,730	-	-	-	105,594	-	-	(121,324)	-
Total current assets	<u>1,904,046</u>	<u>1,393,179</u>	<u>3,297,226</u>	<u>1,582,416</u>	<u>491,374</u>	<u>829,343</u>	<u>297,952</u>	<u>286,868</u>	<u>1,047</u>	<u>(390,753)</u>	<u>6,395,473</u>
NON-CURRENT ASSETS											
Investments	18,816	-	18,816	-	-	-	-	-	-	-	18,816
Due from affiliates											
Zambia	1,509,810	-	1,509,810	-	-	-	-	-	-	(1,509,810)	-
Kenya	875,515	-	875,514	-	-	-	395,109	-	-	(1,270,623)	-
Zimbabwe	227,510	-	227,510	-	-	-	1,924,031	-	-	(2,151,541)	-
Malawi	-	-	-	17,318	-	-	905,354	-	-	(922,672)	-
Mauritius	2,090,297	-	2,090,297	-	-	-	-	-	-	(2,090,297)	-
South Africa	-	-	-	-	-	-	3,316	-	-	(3,316)	-
Deferred tax asset	-	-	-	16,831	44,876	(897)	-	-	-	-	60,810
Fixed assets, net	185,882	-	185,882	41,836	86,369	10,818	-	52,221	-	-	377,126
Total assets	<u>\$ 6,811,876</u>	<u>\$ 1,393,179</u>	<u>\$ 8,205,055</u>	<u>\$ 1,658,401</u>	<u>\$ 622,619</u>	<u>\$ 839,264</u>	<u>\$ 3,525,762</u>	<u>\$ 339,089</u>	<u>\$ 1,047</u>	<u>\$ (8,339,012)</u>	<u>\$ 6,852,225</u>

World Bicycle Relief, NFP and its Subsidiaries

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

December 31, 2019

LIABILITIES AND NET ASSETS

	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	Malawi	South Africa	Eliminations	Consolidated
CURRENT LIABILITIES											
Accounts payable	\$ 162,277	\$ 18,126	\$ 180,403	\$ 614,782	\$ 9,505	\$ 259,902	\$ 8,500	\$ 101,907	\$ 1,747	\$ -	\$ 1,176,746
Accrued expenses	93,228	26,696	119,924	312,450	20,729	141,790	227,735	-	6,748	-	829,376
Line of credit	700,000	-	700,000	-	-	-	-	-	-	-	700,000
Deferred revenue	-	-	-	133,062	35,324	1,199	-	4,883	-	-	174,468
Due to affiliates											
WBR US	-	269,429	269,429	-	-	-	-	-	-	(269,429)	-
Zambia	165,173	3,012	168,185	-	-	-	-	17,318	-	(185,503)	-
Total current liabilities	1,120,678	317,263	1,437,941	1,060,294	65,558	402,891	236,235	124,108	8,495	(454,932)	2,880,590
NON-CURRENT LIABILITIES											
Due to affiliates											
Philanthropic Group	-	-	-	1,357,355	875,514	227,510	2,090,297	-	-	(4,550,676)	-
Mauritius	-	-	-	105,594	395,109	1,924,031	-	905,354	3,316	(3,333,404)	-
Total liabilities	1,120,678	317,263	1,437,941	2,523,243	1,336,181	2,554,432	2,326,532	1,029,462	11,811	(8,339,012)	2,880,590
NET ASSETS											
Without donor restrictions	5,601,198	1,075,916	6,677,114	(864,842)	(713,562)	(1,715,168)	1,199,230	(690,373)	(10,764)	-	3,881,635
With donor restrictions	90,000	-	90,000	-	-	-	-	-	-	-	90,000
Total net assets	5,691,198	1,075,916	6,767,114	(864,842)	(713,562)	(1,715,168)	1,199,230	(690,373)	(10,764)	-	3,971,635
Total liabilities and net assets	\$ 6,811,876	\$ 1,393,179	\$ 8,205,055	\$ 1,658,401	\$ 622,619	\$ 839,264	\$ 3,525,762	\$ 339,089	\$ 1,047	\$ (8,339,012)	\$ 6,852,225

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	<u>1,763,536</u>	<u>1,080,809</u>	<u>2,844,345</u>	<u>1,267,089</u>	<u>425,927</u>	<u>635,676</u>	<u>447,800</u>	<u>318,357</u>	<u>1,451</u>	<u>(361,331)</u>	<u>5,579,314</u>
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	<u>\$ 5,923,886</u>	<u>\$ 1,123,991</u>	<u>\$ 7,047,877</u>	<u>\$ 1,370,322</u>	<u>\$ 566,023</u>	<u>\$ 926,068</u>	<u>\$ 2,888,601</u>	<u>\$ 383,421</u>	<u>\$ 1,451</u>	<u>\$ (6,847,210)</u>	<u>\$ 6,336,553</u>

World Bicycle Relief, NFP and its Subsidiaries

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

December 31, 2018

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	Malawi	South Africa	Eliminations	Consolidated
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 ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2019

	WBR NFP	International Philanthropic	Philanthropic Group	Zambia	Kenya	Zimbabwe	Mauritius	Malawi	South Africa	Eliminations	Consolidated
Revenue and support											
Contributions and grants	\$ 8,881,026	\$ 3,165,809	\$ 12,046,835	\$ 200,338	\$ 182,690	\$ 333,862	\$ 150,000	\$ 121,680	\$ 134,864	\$ (1,148,600)	\$ 12,021,669
Bicycle social enterprise program	-	-	-	3,368,023	1,377,907	1,536,598	2,345,082	632,001	-	(3,315,492)	5,944,119
Other income	20,193	742	20,935	-	-	4,239	435,360	70	-	(435,360)	25,244
Total revenue and support	8,901,219	3,166,551	12,067,770	3,568,361	1,560,597	1,874,699	2,930,442	753,751	134,864	(4,899,452)	17,991,032
Expenses											
Program services											
Social enterprise	1,236,475	27	1,236,502	3,057,864	1,562,087	1,441,431	2,758,472	901,989	-	(967,752)	9,990,593
BEEP	4,583,386	1,856,722	6,440,108	-	-	-	-	-	138,117	(3,931,700)	2,646,525
Total program services	5,819,861	1,856,749	7,676,610	3,057,864	1,562,087	1,441,431	2,758,472	901,989	138,117	(4,899,452)	12,637,118
Supporting services											
Management and administrative	997,814	65,225	1,063,039	-	-	-	-	-	-	-	1,063,039
Fundraising	2,149,235	923,279	3,072,514	-	-	-	-	-	-	-	3,072,514
Total supporting services	3,147,049	988,504	4,135,553	-	-	-	-	-	-	-	4,135,553
Total expenses before tax expense	8,966,910	2,845,253	11,812,163	3,057,864	1,562,087	1,441,431	2,758,472	901,989	138,117	(4,899,452)	16,772,671
Tax expense	-	-	-	223,224	4,679	65,552	24,483	-	-	-	317,938
Total expenses	8,966,910	2,845,253	11,812,163	3,281,088	1,566,766	1,506,983	2,782,955	901,989	138,117	(4,899,452)	17,090,609
(Decrease) increase in net assets from operating activities	(65,691)	321,298	255,607	287,273	(6,169)	367,716	147,487	(148,238)	(3,253)	-	900,423
Non-operating changes in net assets											
Intercompany interest income (expense)	88,664	-	88,664	(32,926)	(55,402)	(84,483)	110,302	(26,155)	-	-	-
Investment return	313	-	313	-	-	-	-	-	-	-	313
Foreign exchange (loss) gain	(593)	(16,793)	(17,386)	(117,637)	(5,229)	(943,686)	-	12,748	(233)	-	(1,071,423)
Increase (decrease) in net assets	22,693	304,505	327,198	136,710	(66,800)	(660,453)	257,789	(161,645)	(3,486)	-	(170,687)
Net assets, beginning of year	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
Net assets, end of year	\$ 5,691,198	\$ 1,075,916	\$ 6,767,114	\$ (864,842)	\$ (713,562)	\$ (1,715,168)	\$ 1,199,230	\$ (690,373)	\$ (10,764)	\$ -	\$ 3,971,635

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	26,225	8,326	34,551	-	18,351	8,600	399,000	131	-	(399,000)	61,633
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	5,221,490	1,025,758	6,247,248	-	-	-	-	-	118,935	(3,970,916)	2,395,267
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	2,109,892	765,849	2,875,741	-	-	-	-	-	-	-	2,875,741
Total supporting services	2,947,062	811,598	3,758,660	-	-	-	-	-	-	-	3,758,660
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	9,319,463	1,837,356	11,156,819	3,203,421	1,223,866	1,780,112	3,051,911	633,517	118,935	(4,830,866)	16,337,715
(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	(2,200)	(71,696)	(73,896)	(164,948)	293	-	(220)	(22,572)	140	-	(261,203)
(Decrease) increase in net assets	(422,850)	(59,742)	(482,592)	36,459	(22,116)	(83,198)	651,110	(398,423)	(4,233)	-	(302,993)
Net assets, beginning 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
Net assets, end of year	\$ 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