



**WASHINGTON, D.C.**

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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**



## **Independent Auditors' Report**

Board of Directors  
League of American Wheelmen, Inc.  
Washington, D.C.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of League of American Wheelmen, Inc., which comprise the statement of financial position as of December 31, 2018 and the related statements of activities, functional expenses and cash flows for the year 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 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 the financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the League's preparation and fair presentation of the 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 League'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 financial statements.

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

**Board of Directors  
League of American Wheelmen, Inc.**

**Report on the Financial Statements (Continued)**

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of League of American Wheelmen, Inc., as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited The League of American Wheelmen, Inc.'s 2017 consolidated financial statements and we expressed unmodified audit opinion on those audited financial statements in our report dated May 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules of financial position and activities and consolidated schedule of functional expenses on pages 17 - 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Bethesda, Maryland  
May 10, 2019

Certified Public Accountants

**League of American Wheelmen, Inc.**  
**Consolidated Statement of Financial Position**  
**For the Year Ending December 31, 2018**  
**With Comparative Totals As of December 31, 2017**

	<b>2018</b>	2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ <b>62,987</b>	\$ 141,099
Accounts Receivable	<b>48,461</b>	11,000
Investments	<b>378,927</b>	369,990
Prepaid Expenses	<b>25,032</b>	18,729
Total Current Assets	<b>515,407</b>	540,818
<b>Property and Equipment - Net</b>	<b>1,561</b>	226
<b>Deposits</b>	<b>9,061</b>	33,361
<b>Total Assets</b>	<b>\$ 526,029</b>	\$ 574,405
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ <b>110,654</b>	66,249
Line of Credit	<b>100,000</b>	174,173
Deferred Revenue	<b>42,675</b>	31,290
Total Current Liabilities - Total Liabilities	<b>253,329</b>	271,712
<b>Net Assets</b>		
Without Donor Restrictions	<b>272,700</b>	239,011
With Donor Restrictions	-	63,682
Total Net Assets	<b>272,700</b>	302,693
<b>Total Liabilities and Net Assets</b>	<b>\$ 526,029</b>	\$ 574,405

***See Accompanying Notes to Financial Statements.***

**League of American Wheelmen, Inc.**  
**Consolidated Statement of Activities**  
**For the Year Ending December 31, 2018**  
**With Comparative Totals For the Year Ended December 31, 2017**

	<b>2018</b>			<u>2017</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
<b>Revenues and Support</b>				
Grants and Contributions	\$ 213,626	\$ -	<b>\$ 213,626</b>	\$ 224,323
Membership Dues	514,989	-	<b>514,989</b>	549,642
Programs and Rallies	707,442	-	<b>707,442</b>	690,249
Publications	142,132	-	<b>142,132</b>	93,338
Investment Income (Loss)	(10,307)	-	<b>(10,307)</b>	36,737
Other	22,981	-	<b>22,981</b>	22,890
Net Assets Released from Restrictions	63,682	(63,682)	-	-
<b>Total Revenues</b>	<u>1,654,545</u>	<u>(63,682)</u>	<u><b>1,590,863</b></u>	<u>1,617,179</u>
<b>Expenses</b>				
Program Services				
Advocacy	\$ 607,653	\$ -	<b>\$ 607,653</b>	\$ 596,524
Education	220,539	-	<b>220,539</b>	215,223
Membership Services	293,846	-	<b>293,846</b>	369,936
Promotion	127,881	-	<b>127,881</b>	141,678
<b>Total Program Service Expense</b>	<u>1,249,919</u>	<u>-</u>	<u><b>1,249,919</b></u>	<u>1,323,361</u>
<b>Supporting Services</b>				
General and Administration	332,872	-	<b>332,872</b>	161,331
Fundraising	38,065	-	<b>38,065</b>	108,237
<b>Total Supporting Service Expense</b>	<u>370,937</u>	<u>-</u>	<u><b>370,937</b></u>	<u>269,568</u>
<b>Total Expenses</b>	<u>1,620,856</u>	<u>-</u>	<u><b>1,620,856</b></u>	<u>1,592,929</u>
<b>Change in Net Assets</b>	<u>33,689</u>	<u>(63,682)</u>	<u><b>(29,993)</b></u>	<u>24,250</u>
Net Assets, Beginning of Year	<u>239,011</u>	<u>63,682</u>	<u><b>302,693</b></u>	<u>278,443</u>
<b>Net Assets, End of Year</b>	<u>\$ 272,700</u>	<u>\$ -</u>	<u><b>\$ 272,700</b></u>	<u>\$ 302,693</u>

*See Accompanying Notes to Financial Statements.*

**League of American Wheelmen, Inc.**  
**Consolidated Statement of Functional Expense**  
**For the Year Ending December 31, 2018**  
**With Comparative Totals For the Year Ended December 31, 2017**

	2018						2017	
	Advocacy	Education	Membership Services	Promotion	General and Administrative	Fundraising	Total	Total
Personnel	\$ 299,224	\$ 72,716	\$ 85,169	\$ 47,653	\$ 254,329	\$ -	<b>\$ 759,091</b>	\$ 696,339
Professional Services	46,167	41,123	12,407	14,104	18,682	29	<b>132,512</b>	164,418
Facility and Catering Fees	139,257	8,800	3,302	1,600	296	1,767	<b>155,022</b>	191,656
Office Expense	14,659	60,233	86,848	30,566	19,883	26,448	<b>238,637</b>	200,576
Travel	24,857	19,992	4,513	5,391	8,979	4,411	<b>68,143</b>	62,068
Occupancy	41,297	3,684	16,470	9,852	19,165	1,182	<b>91,650</b>	89,754
Insurance	6,054	540	2,414	1,444	2,811	173	<b>13,436</b>	13,223
Website / Database Expenses	17,331	11,773	75,223	12,784	-	3,517	<b>120,628</b>	125,757
Grant Disbursements	-	-	-	-	-	-	-	-
Interest	2,217	198	884	529	1,030	63	<b>4,921</b>	6,243
Bank and Credit Card Fees	16,080	1,435	6,413	3,836	7,461	460	<b>35,685</b>	32,778
Depreciation and Amortization	510	45	203	122	236	15	<b>1,131</b>	2,413
Other	-	-	-	-	-	-	-	7,704
<b>Total</b>	<b>\$ 607,653</b>	<b>\$ 220,539</b>	<b>\$ 293,846</b>	<b>\$ 127,881</b>	<b>\$ 332,872</b>	<b>\$ 38,065</b>	<b>\$ 1,620,856</b>	<b>\$ 1,592,929</b>

*See Accompanying Notes to Financial Statements.*

**League of American Wheelmen, Inc.**  
**Consolidated Statement of Cash Flows**  
**For the Year Ending December 31, 2018**  
**With Comparative Totals For the Year Ended December 31, 2017**

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets	<b>\$ (29,993)</b>	\$ 24,250
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities		
(Gains) Losses on Investments	<b>23,531</b>	(28,545)
Depreciation	<b>1,131</b>	2,413
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	<b>(37,461)</b>	35,360
Prepaid Expenses	<b>(6,303)</b>	(3,336)
Deposits	<b>24,300</b>	(1,300)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	<b>44,405</b>	(25,500)
Deferred Revenue	<b>11,385</b>	(20,558)
Net Cash Provided by (Used in) Operating Activities	<b>30,995</b>	(17,216)
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	<b>(59,319)</b>	(55,435)
Proceeds from Sale of Investments	<b>26,851</b>	140,000
Purchases of Property and Equipment	<b>(2,466)</b>	-
Net Cash Provided by (Used in) Investing Activities	<b>(34,934)</b>	84,565
<b>Cash Flows from Financing Activities</b>		
Principal Payments on Line of Credit	<b>(132,712)</b>	20,546
Proceeds from Line of Credit	<b>58,539</b>	-
Principal Payments on Capital Lease	<b>-</b>	(267)
Net Cash Provided by (Used in) Financing Activities	<b>(74,173)</b>	20,279
Increase (Decrease) in Cash and Cash Equivalents	<b>(78,112)</b>	87,628
Cash and Cash Equivalents, Beginning of Year	<b>141,099</b>	53,471
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 62,987</b>	\$ 141,099

***See Accompanying Notes to Financial Statements.***

## **League of American Wheelman, Inc.**

### **Notes to Financial Statements December 31, 2018**

#### **1. ORGANIZATION**

The League of American Wheelmen, Inc., doing business as the League of American Bicyclists ("LAB") is a not-for-profit organization incorporated in the state of Illinois and is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code, but is subject to unrelated business income tax. LAB is a publicly supported organization under Section 509(a)(1) of the Internal Revenue Code and Subsection 170(b)(A)(vi). LAB is organized to: promote and protect the rights of bicyclists, advocate for the interests of bicyclists, support bicycling skills education, and promote bicycling for fun, fitness and transportation. LAB's activities are funded primarily through membership dues and contributions.

The League of American Wheelmen, Inc. Life Member and Memorial Funds Trust (the "Trust") was created on April 5, 1978, to provide income for use in the furtherance of the purposes and objectives of the League. LAB funds the Trust for every life membership contribution it receives.

The Trust terminates upon the dissolution of LAB without the transfer of assets of LAB to a successor bicycling organization, or upon the determination of the Board of Directors of the League. Upon termination of the Trust, the Trustees will distribute to each living Life Member as of December 31, 1987, unless such Life Member waived his/her rights in writing, the lifetime membership dues contributed by that member. Any remaining balance of trust assets will be distributed to a bicyclist, charitable, scientific, or educational organization selected by the Trustees.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Principles of Consolidation**

The consolidated financial statements include the account balances and transactions of LAB and the Trust (collectively referred to as the League). LAB and the Trust have been consolidated due to the presence of common control and economic interest, as required under accounting principles generally accepted in the United States of America. All significant inter-company balances and transactions have been eliminated in consolidation.

##### **Basis of Accounting**

The financial statements of the League have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations.

##### **Basis of Presentation**

The League has adopted *Accounting Standards Update 2014-16, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* (ASU 2014-16) for the year ended December 31, 2018. This standard was issued by the Financial Accounting Standards Board (FASB) to improve the previous net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2014-16 reduces the number of net assets classifications from three to two: with donor restrictions and without donor restrictions.



## League of American Wheelman, Inc.

### Notes to Financial Statements December 31, 2018

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Basis of Presentation (Continued)

The ASU also requires not-for-profits to report expenses by functional and natural classification in one location in the financial statements and requires not-for-profits to report quantitative and qualitative information about management of liquidity resources and availability of financial assets.

As required by ASU 2014-16, the League applied the requirements on a retrospective basis in the year of adoption. As a result, certain amounts presented in the prior year have been reclassified to conform to the new presentation. All amounts previously reported as "Unrestricted net assets" have been reclassified to be presented as "Net assets without donor restrictions." Similarly, all amounts previously reported as "Temporarily restricted net assets" and "Permanently restricted net assets" have been reclassified to be presented as "Net assets with donor restrictions." The changes in net assets have been similarly reclassified. There was no change in total net assets or total change in net assets as a result of the adoption of ASU 2014-16.

The financial statements of the League have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires the League to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the League. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the League or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

The League had no net assets with donor restrictions as of December 31, 2018.

##### Use of Estimates

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

## **League of American Wheelman, Inc.**

### **Notes to Financial Statements December 31, 2018**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Cash Equivalents**

The League considers cash and cash equivalents to include all monies in banks and highly liquid investments.

##### **Accounts Receivable**

Accounts receivable are reported at their outstanding balances. Accounts receivable are considered past due based on management's determination. Accounts receivable are charged off based on management's case-by-case determination that they are uncollectible.

##### **Investments**

Investments are carried in the aggregate at fair value. All unrealized and realized gains and losses, interest, and dividends, including amounts earned on permanently restricted net assets, are recorded as unrestricted or temporarily restricted revenues.

The League reports under ASC 320 Investments - Debt & Equity Securities. Under ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

##### **Property and Equipment**

Property and equipment are capitalized at cost if unit costs exceed \$1,000. Otherwise the items are expensed when paid, including repairs and maintenance. Depreciation is computed on the straight-line method over the estimated useful lives ranging from three to seven years.

Intangible assets consist of costs related to the design and development of the League's website, net of accumulated amortization. Amortization is being computed over an estimated useful life of three years. Costs associated with maintaining the website will be expensed as incurred.

##### **Revenue Recognition**

Revenue is recognized when earned. Fees for programs and rallies received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

## **League of American Wheelman, Inc.**

### **Notes to Financial Statements December 31, 2018**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Grants and Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Memberships are effectively contributions, and there is no liability for future services associated with received membership dues, thus all dues are recognized as revenue as received.

##### **In-Kind Contributions**

In-kind contributions are reported as unrestricted support unless explicit donor stipulations specify how donated assets or services must be used. In-kind contributions are recorded at fair value when received.

##### **Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services benefits allocated on the basis of employee time and effort.

##### **Income Taxes**

LAB is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the League may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the League and various positions related to the potential sources of unrelated business taxable income (UBIT).

## **League of American Wheelman, Inc.**

### **Notes to Financial Statements December 31, 2018**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Income Taxes (Continued)**

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for at December 31, 2018.

The League's policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during 2018.

Generally, the League is no longer subject to U.S. federal or state examinations for returns filed before 2014.

##### **Comparative Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the League's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

##### **New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The League has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

##### **Upcoming Accounting Pronouncements**

In May 2014, the FASB issued a new standard, ASU 2014-09, Revenue from Contracts with Customers, which outlines a single comprehensive standard for revenue recognition across all industries and supersedes most existing revenue recognition guidance. The core principle of the standard is that an entity should recognize revenue when it satisfies a performance obligation at an amount that reflects the consideration the entity expects to receive in exchange for transferring goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard will be effective for the fiscal year beginning January 1, 2019.

In February 2016, the FASB issued ASU 2016-02, Lease Amendments to the FASB Accounting Standards Codification (Topic 842), which amends the recognition of lease assets by organizations. The new standards require a lessee to recognize assets and liabilities for leases with lease terms of 12 or more months, in addition to modifications improvements on lessor accounting, in conjunction with the new guidance on revenue recognition noted above in ASU-2014-09.

## League of American Wheelman, Inc.

### Notes to Financial Statements December 31, 2018

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Upcoming Accounting Pronouncements (Continued)

Additional disclosures will be required for the amount, timing, and uncertainty of cash flows arising from leases, and the standard will be effective for fiscal years beginning January 1, 2020.

##### Subsequent Events

Management has evaluated subsequent events through May 10, 2019 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

#### 3. CONCENTRATION OF CREDIT RISK

The League maintains its cash balances in banks insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of December 31, 2018, the League's balances did not exceed the FDIC insured.

#### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2018, are as follows:

	Fair Value	Level 1 Inputs
Money Market	\$ 1,895	\$ 1,895
Mutual Funds - Equity	150,813	150,813
Mutual Funds - Fixed Income	226,219	226,219
	<u>\$ 378,927</u>	<u>\$ 378,927</u>

Financial assets measured using Level 1 inputs are based on unadjusted quoted market prices in active markets for identical assets. Financial assets measured using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive assets. Financial assets valued using Level 3 inputs are valued using unobservable inputs to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs are developed based on the best information available in the circumstances, which might include the League's own data and assumptions.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to methodologies used at December 31, 2018.

Mutual Funds: Valued using quoted market prices which are available on the active market.

## League of American Wheelman, Inc.

### Notes to Financial Statements December 31, 2018

#### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Certificates of Deposit: The asset has a specified term that is observable for substantially the full term of the asset.

Common Stocks, Corporate Bonds and U.S. Bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

These valuation methodologies may produce a fair value measurement that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the League believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The components of total investment return for 2018 are reflected below:

Interest and Dividends	\$ 13,224
Net Gains (Losses)	<u>(23,531)</u>
Investment Income	<u>\$ (10,307)</u>

#### 5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2018 consisted of the following:

Furniture and Office Equipment	\$ 18,705
Website	<u>29,147</u>
	47,852
Less Accumulated Depreciation	<u>(46,291)</u>
Property and Equipment - Net	<u>\$ 1,561</u>

#### 6. NET ASSETS

Net assets with donor restrictions as of December 31, 2018 was as follows:

	Beginning of Year	Contributions	Released	End of Year
Institute Retreat	<u>\$ 63,682</u>	<u>\$ -</u>	<u>\$ (63,682)</u>	<u>\$ -</u>
	<u>\$ 63,682</u>	<u>\$ -</u>	<u>\$ (63,682)</u>	<u>\$ -</u>

Net assets without donor restrictions as of December 31, 2018 were undesignated.

#### 7. LINE OF CREDIT

LAB has a \$200,000 line of credit at PNC Bank with a variable interest rate that was extended through August 2018. At December 31, 2018, the balance on the line of credit was \$100,000. The variable interest rate on the line of credit is 5.25%.

**League of American Wheelman, Inc.**

**Notes to Financial Statements  
December 31, 2018**

**8. LEASE OBLIGATIONS**

During 2018, LAB amended its lease for office space at 1612 K Street, NW to extend the term through October 2020. Initial monthly payments of \$6,642 are set to increase annually.

Future minimum payments for the year ending December 31, 2019 and 2020 are \$79,970 and \$67,750, respectively.

Rent expense for the year ended December 31, 2018 was \$91,650.

**9. RETIREMENT PLAN**

Effective January 1, 2002 LAB established a 403(b)-retirement plan. All employees are eligible to enroll and can begin contributing at any time immediately following his or her commencement of employment. Participating employees may change their contribution amount once annually. Employees may cancel their participation in the Plan at any time during the year. Contributions are made to the Plan on behalf of participants after the completion of one year of employment and equal 25% of the employee's contribution up to 10% of the employee's salary. Employer contributions to the plan were \$15,981 for the year ended December 31, 2018.

**10. AVAILABILITY AND LIQUIDITY**

The following represents the League's financial assets at December 31, 2018:

Financial Assets at Year End:

Cash and Cash Equivalents	\$ 62,987
Accounts Receivable	48,461
Investments	<u>378,927</u>
Total Financial Assets	490,375

Less Amounts Not Available To Be Used Within One Year:

Net Assets With Donor Restrictions	-
Quasi Endowment Established by the Board	<u>-</u>
	<u>-</u>

Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	<u>\$ 490,375</u>
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As part of the League's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.

## **Supplemental Information**



**League of American Wheelmen, Inc.**  
**Consolidating Schedule of Financial Position**  
**For the Year Ending December 31, 2018**

	<u>LAB</u>	<u>Trust</u>	<u>Eliminations</u>	<u>Total</u>
	<b>Assets</b>			
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 62,987	\$ -	\$ -	\$ 62,987
Receivables	48,461	188,650	(188,650)	48,461
Investments	1,799	377,128	-	378,927
Prepaid Expenses	25,032	-	-	25,032
Total Current Assets	<u>138,279</u>	<u>565,778</u>	<u>(188,650)</u>	<u>515,407</u>
<b>Property and Equipment - Net</b>	<u>1,561</u>	<u>-</u>	<u>-</u>	<u>1,561</u>
<b>Deposits</b>	<u>9,061</u>	<u>-</u>	<u>-</u>	<u>9,061</u>
<b>Total Assets</b>	<u>\$ 148,901</u>	<u>\$ 565,778</u>	<u>\$ (188,650)</u>	<u>\$ 526,029</u>
	<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses	\$ 149,303	\$ -	\$ (38,649)	\$ 110,654
Line of Credit	100,000	-	-	100,000
Deferred Revenue	192,676	-	(150,001)	42,675
Total Current Liabilities - Total Liabilities	<u>441,979</u>	<u>-</u>	<u>(188,650)</u>	<u>253,329</u>
<b>Net Assets (Deficit)</b>				
Without Donor Restrictions (Deficit)	(293,078)	565,778	-	272,700
Total Net Assets	<u>(293,078)</u>	<u>565,778</u>	<u>-</u>	<u>272,700</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 148,901</u>	<u>\$ 565,778</u>	<u>\$ (188,650)</u>	<u>\$ 526,029</u>

**League of American Wheelmen, Inc.**  
**Consolidating Schedule of Activities**  
**For the Year Ending December 31, 2018**

	LAB			Trust	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
<b>Revenues and Support</b>						
Grants and Contributions	\$ 253,626	\$ -	\$ 253,626	\$ -	\$ (40,000)	\$ 213,626
Membership Dues	501,889	-	501,889	13,100	-	514,989
Programs and Rallies	707,442	-	707,442	-	-	707,442
Publications	142,132	-	142,132	-	-	142,132
Investment Income (Loss)	530	-	530	(10,837)	-	(10,307)
Other	22,981	-	22,981	-	-	22,981
Net Assets Released from Restrictions	63,682	(63,682)	-	-	-	-
<b>Total Revenues</b>	<u>1,692,282</u>	<u>(63,682)</u>	<u>1,628,600</u>	<u>2,263</u>	<u>(40,000)</u>	<u>1,590,863</u>
<b>Expenses</b>						
Program Services						
Advocacy	\$ 607,653	\$ -	\$ 607,653	\$ -	\$ -	\$ 607,653
Education	220,539	-	220,539	-	-	220,539
Membership Services	293,846	-	293,846	-	-	293,846
Promotion	127,881	-	127,881	40,000	(40,000)	127,881
General and Administration	332,872	-	332,872	-	-	332,872
Fundraising	38,065	-	38,065	-	-	38,065
Payments from League to Trust	-	-	-	-	-	-
<b>Total Expenses</b>	<u>1,620,856</u>	<u>-</u>	<u>1,620,856</u>	<u>40,000</u>	<u>(40,000)</u>	<u>1,620,856</u>
<b>Change in Net Assets</b>	<u>71,426</u>	<u>(63,682)</u>	<u>7,744</u>	<u>(37,737)</u>	<u>-</u>	<u>(29,993)</u>
Net Assets, Beginning of Year	(364,504)	63,682	(300,822)	603,515	-	302,693
<b>Net Assets, End of Year</b>	<u>\$ (293,078)</u>	<u>\$ -</u>	<u>\$ (293,078)</u>	<u>\$ 565,778</u>	<u>\$ -</u>	<u>\$ 272,700</u>