



**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**



Independent Auditor's Report

The Board of Directors
Bikes for the World
Rockville, MD

Opinion

We have audited the accompanying financial statements of Bikes for the World (BFW), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BFW as of June 30, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BFW and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 12 to the financial statements, BFW restated beginning net assets as of June 30, 2025 to correct an error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BFW's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814

202.770.6371 | www.mullinspc.com | john@mullinspc.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 BFW's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BFW's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the 2024 financial statements of Bikes for the World, and our report dated January 23, 2025, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the 2024 audited financial statements from which it has been derived.

Mullin PC

Bethesda, Maryland
December 17, 2025

Certified Public Accountants

Bikes for the World
Statement of Financial Position
June 30, 2025
With Comparative Totals as of June 30, 2024

	2025	(Restated) 2024
Assets		
Cash and Cash Equivalents	\$ 125,349	\$ 62,917
Accounts and Grants Receivable	35,688	32,716
Other Receivables - ERTC	45,415	45,415
Investments	154,901	196,000
Prepaid Expenses and Deposits	11,221	17,509
Property and Equipment - Net	2,522	7,701
Right of Use (ROU) Asset	115,954	184,769
Total Assets	\$ 491,050	\$ 547,027
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 25,656	\$ 20,416
Lease Liability	121,010	190,171
Total Liabilities	146,666	210,587
Net Assets		
Without Donor Restrictions	344,384	336,440
Total Net Assets	344,384	336,440
Total Liabilities and Net Assets	\$ 491,050	\$ 547,027

See accompanying Notes to Financial Statements.

Bikes for the World
Statement of Activities
For The Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024

	2025	(Restated) 2024
Support and Revenues		
Donated Nonfinancial Assets	\$ 976,050	\$ 1,372,673
Contributions	349,030	292,032
Other Contributions - ERTC	-	45,415
Shipping Revenue	187,367	201,278
Sales	12,702	20,655
Other	18,910	14,659
Interest	<u>8,666</u>	<u>6,052</u>
Total Support and Revenues	<u>1,552,725</u>	<u>1,952,764</u>
Expenses		
Program Services	1,446,357	1,825,391
Management and General	66,867	70,684
Fundraising	<u>31,557</u>	<u>26,004</u>
Total Expenses	<u>1,544,781</u>	<u>1,922,079</u>
Changes in Net Assets	7,944	30,685
Net Assets, Beginning of Period (Restated)	<u>336,440</u>	<u>305,755</u>
Net Assets, End of Period	<u>\$ 344,384</u>	<u>\$ 336,440</u>

See accompanying Notes to Financial Statements.

Bikes for the World
Statement of Functional Expenses
For The Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024

	2025			2024
	Program Services	Management and General	Fundraising	Total
Donations - Bikes	\$ 962,750	\$ -	\$ -	\$ 962,750
Donations - Equipment	13,300	-	-	13,300
Personnel	183,152	17,505	22,263	222,920
Information Technology	-	1,204	4,031	5,235
Vehicle Travel and Rental	4,365	-	-	4,365
Occupancy	93,413	-	-	93,413
Professional Fees	-	31,475	-	31,475
Insurance	8,733	3,308	1,191	13,232
Depreciation	-	5,180	-	5,180
Office Expense	9,427	8,195	4,072	21,694
Collection and Shipping	171,101	-	-	171,101
Travel	116	-	-	116
Total	\$ 1,446,357	\$ 66,867	\$ 31,557	\$ 1,544,781
				\$ 1,922,079

See accompanying Notes to Financial Statements.

Bikes for the World
Statement of Cash Flows
For The Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024

	<u>2025</u>	(Restated) <u>2024</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 7,944	\$ 30,685
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities		
Depreciation	5,180	5,494
Amortization on Right of Use Asset	68,815	45,870
<u>(Increase) Decrease in Assets</u>		
Accounts and Grants Receivable	(2,972)	(4,666)
Other Receivables - ERTC	-	(45,415)
Prepaid Expenses and Deposits	6,288	(389)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	5,239	7,008
Lease Liability	<u>(69,161)</u>	<u>(66,568)</u>
Net Cash Provided by (Used in) Operating Activities	<u>21,333</u>	<u>(27,981)</u>
Cash Flows from Investing Activities		
Purchases of Investments	<u>41,099</u>	<u>(196,000)</u>
Net Cash Provided by (Used in) Investing Activities	<u>41,099</u>	<u>(196,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>62,432</u>	<u>(223,981)</u>
Cash and Cash Equivalents, Beginning of Period	<u>62,917</u>	<u>286,898</u>
Cash and Cash Equivalents, End of Period	<u>\$ 125,349</u>	<u>\$ 62,917</u>

Bikes for the World

Notes to Financial Statements **June 30, 2025**

1. ORGANIZATION AND PURPOSE

Bikes for the World, Inc. (BFW) was incorporated on February 10, 2011 under the laws of the District of Columbia as a not-for-profit organization. The mission of BFW is to make affordable, good quality used bicycles available to low income people in developing countries and provide satisfying environmental and humanitarian community service opportunities for volunteers in the United States. BFW began operations on April 1, 2011. Prior to its incorporation, Bikes for the World was a program of the Washington Area Bicyclist Association, a nonprofit organization that promotes cycling and safety.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of BFW have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires BFW to report information regarding its financial position and activities in accordance with the accrual basis of accounting and 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 BFW. 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 BFW or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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 statement of activities.

As of June 30, 2025, there were no net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 year ended June 30, 2025. Actual results could differ from those estimates.

Bikes for the World

Notes to Financial Statements **June 30, 2025**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

BFW considers all short-term investments with original maturities of three months or less to be cash equivalents. The Federal Deposit Insurance Corporation (FDIC) insures amounts on deposit with each financial institution up to limits as prescribed by law. Throughout the year, BFW may hold funds with financial institutions in excess of the FDIC insured amount; however BFW has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts. The provision for doubtful accounts is based on management's evaluation of the status of existing receivables, historical collections data, the age of the outstanding receivables, and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be uncollectible, then an allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. Grants receivable are expected to be collected within one year. As of June 30, 2025, BFW did not have an allowance for uncollectible accounts.

Investments

Investments are recorded at estimated fair value based on quoted prices, when available. Investment income or loss is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Interest and dividends are recorded as revenue when earned.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. BFW capitalizes all fixed assets with a cost, or appraised value, in excess of \$5,000. Depreciation is computed on a straight line basis over a useful life between three to five years.

Right of Use Asset and Lease Liability

The right of use asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using BFW's estimated incremental borrowing rate or implicit rate, when readily determinable. The asset is amortized on a straight-line basis over the lease term and is reflected as occupancy expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Interest is charged to occupancy expense for the difference. Short-term operating leases, which have an initial term of twelve months or less, are not recorded on the statement of financial position.

Bikes for the World

Notes to Financial Statements June 30, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions

Contributions are recognized as revenue when an unconditional promise is received. BFW records contributions and unconditional promises to give as net assets without donor restrictions or net assets with donor restrictions, based on the existence and/or nature of any donor restrictions or time restrictions. When a time restriction ends or a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets are released from restrictions. However, contributions which are both received and released from restriction in the same year are reported as net assets without donor restriction in that year.

Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received prior to meeting the conditions are reported as refundable advances in the statement of financial position.

Donated nonfinancial assets and services consist of donated bicycles, bicycle spare parts and accessories, portable sewing machines, hand tools suitable for use in a bicycle shop, stock, facilities and professional services. Donated nonfinancial assets and services are recorded at fair value at the date of contribution. Management calculates the valuation of the bike donations using a sampling method performed each quarter to establish an average value per bike. Donated nonfinancial assets and services are recorded at fair value at the date of contribution with the exception of donated bikes and bike parts that are collected specifically for BFW sales events which are recorded at the sales price received. Management recognizes bike contribution revenue based on this calculated average value and the number of bikes shipped each year.

Shipping Revenue

Throughout the year, BFW ships donated bikes across the globe to their global partners based off of the global partners needs and requirements. BFW fronts the shipping costs of the bikes and the global partners reimburse BFW for the incurred shipping costs and an overhead fee. BFW recognizes shipping revenue at the point in time when the donated bikes are shipped to the global partners. In the event a global partner pays after the fiscal year end, BFW books a receivable for the full amount of the shipping costs. There are no refunds for shipping revenue.

Sales

Throughout the year, BFW holds events to sell donated bikes and bike parts and recognizes the revenue at the point in time of the sale. There are no refunds for sales.

Bikes for the World

Notes to Financial Statements **June 30, 2025**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, the categories of expenses that are attributable to more than one program or supporting function have been allocated among the programs and supporting services based on time and effort.

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 BFW's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Income Tax Status and Uncertain Tax Positions

BFW is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. BFW is not considered to be a private Organization within the meaning of Section 509(a) of the Code. Management has concluded that BFW has properly maintained its exempt status and has no uncertain tax positions as of June 30, 2025. In addition, all revenue within the statement of activities has been properly classified as exempt for the year ended June 30, 2025.

BFW follows the Financial Accounting Standards Board Accounting Standards Codification, which provides guidance on accounting for uncertainty in income taxes recognized in BFW's financial statements, if any. As of June 30, 2025, BFW had no unrecognized tax benefits related to uncertain tax positions in its information return that would qualify for either recognition or disclosure in its financial statements.

BFW's policy would be to recognize interest and penalties on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. Through June 30, 2025, there have been no matters that would have resulted in an accrual for interest and/or penalties. Generally, the tax years before 2022 are no longer subject to examination by federal, state, or local taxing authorities.

Subsequent Events

Management has evaluated subsequent events through December 17, 2025, the date which the financial statements were available to be issued.

3. CONCENTRATION OF CREDIT RISK

BFW maintains its cash at a federally insured financial institution. As of June 30, 2025, BFW's bank balances did not exceed the FDIC limit.

Bikes for the World

Notes to Financial Statements June 30, 2025

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization complies with the Financial Accounting Standards Codification topic Fair Value Measurements. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under this standard are described below:

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices for identical assets within active markets. Financial assets valued using Level 2 inputs, if any, are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs, if any, 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. The Organization held no investments valued using Level 3 inputs at June 30, 2025.

The following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy:

Equities - Comprised of corporate stock and mutual funds listed on the national market or exchanges which are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before yearend. Such securities are classified within Level 1 of the valuation hierarchy.

Fixed income - Comprised of governmental agency securities, corporate bond obligations, certificates of deposits, municipal revenue bonds, and international fixed income securities which are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Fixed income bonds may be valued using pricing models maximizing the use of observable inputs for similar securities. Fixed income and corporate and municipal bonds are classified in Level 2 of the valuation hierarchy.

The following tables set forth by level within the fair value hierarchy the Organization's investment assets at fair value as of June 30, 2025. As required by this topic, individual assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Certificates of Deposit	\$ 154,901	\$ -	\$ 154,901	\$ -

Bikes for the World

Notes to Financial Statements June 30, 2025

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes the net investment income as reported in the statement of activities for the year ended June 30, 2025:

Interest	\$ 8,666
----------	----------

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2025:

Computer	\$ 1,721
Vehicles	25,217
Less Accumulated Depreciation	<u>(24,416)</u>
Property and Equipment - Net	\$ 2,522

Depreciation expense was \$5,180 for the year ended December 31, 2025.

6. NET ASSETS

As of June 30, 2025, there were no net assets with donor restrictions. Net assets without donor restrictions for the year ended June 30, 2025 were undesignated.

7. DONATED NONFINANCIAL ASSETS

BFW receives non-financial asset donations of bikes and non-bike parts. Additionally, BFW may receive donated securities. The estimated fair value of donated nonfinancial assets for the year ended June 30, 2025, was \$976,050.

Bikes	\$ 962,750
Non-Bike Parts	<u>13,300</u>
	\$ 976,050

Bikes are estimated using a tiered valuation methodology. Donated bikes are classified into three tiers based on the source of the donation, with each tier assigned a standard value derived from BFW's historical experience with the quality and fair value of bikes from those sources. Non-bike parts are estimated using the wholesale value that would be received selling similar products in the United States.

For the year ended June 30, 2025, BFW also received other donated nonfinancial assets and services for which a reasonable fair value is currently not assigned. These other donated nonfinancial assets and services include: sewing machines, bike parts, other donated equipment and vehicles, and approximately 6,000 hours of service from unpaid volunteers.

Bikes for the World

Notes to Financial Statements June 30, 2025

8. RELATED PARTY TRANSACTIONS

During the year ending June 30, 2025, the financial statements include approximately \$30,000, of direct contributions from members of BFW's Board of Directors. In addition, BFW received approximately \$27,000 of related matching donations during the year ending June 30, 2025.

9. RETIREMENT PLAN

BFW maintains a 403(b) Retirement Plan for the benefit of eligible employees. Employees may contribute to the plan via payroll deductions. BFW does not contribute to the Plan on behalf of employees. As such, there were no contributions to the Plan by BFW during the year ended June 30, 2025.

10. LEASE COMMITMENT

BFW leases office space under a non-cancelable operating lease agreement. On August 20, 2021, BFW signed a five year lease extension for their office space in Rockville, Maryland. The lease extension went into effect April 1, 2022 and expires on February 28, 2027.

The lease liability is recorded based on the present value of the future payments of the lease, discounted at an estimated incremental borrowing rate of .8%, based on comparable interest rates available to BFW under borrowing arrangements for a similar amount and duration of the lease (remaining term method). BFW has established a right of use asset equal to the remaining lease liability under the lease agreement.

As of June 30, 2025, the lease liability was as follows

2026	\$ 72,544
2027	49,320
Less: Amount Representing Interest (.8%)	<u>(854)</u>
	<u>\$ 121,010</u>

Lease expense for the year ended June 30, 2025 was \$93,413.

11. AVAILABILITY AND LIQUIDITY

The following represents BFW's financial assets at June 30, 2025:

Financial Assets at Year End:

Cash and Cash Equivalents	\$ 125,349
Accounts and Grants Receivable	35,688
Other Receivables - ERTC	45,415
Investments	<u>154,901</u>

Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	\$ 361,353
-----------------------------	------------

BFW has a policy to structure its financial assets to be available for general expenditures, liabilities and other obligations as they come due.

Bikes for the World

Notes to Financial Statements **June 30, 2025**

12. RESTATEMENT OF NET ASSETS

During the year ended June 30, 2025, BFW recorded an adjustment to beginning net assets to reflect the recognition of \$45,415 of credits earned under the federal Employee Retention Tax Credit (ERTC) in the year ended June 30, 2024. BFW met the applicable eligibility criteria during that period. The conditions were considered satisfied when BFW submitted its eligible quarterly payroll tax filings and the amount of the credit became measurable and realizable.

The ERTC amounts are reflected as contribution revenue in the year ended June 30, 2024. Total contribution revenue, net assets, and other receivables for the year ended June 30, 2024, increased by \$45,415. The accompanying financial statements for the year ended June 30, 2025, reflect this adjustment to beginning net assets. This presentation reflects the nature of the ERTC as a contribution in accordance with the US GAAP.