



Conference of Minority Transportation Officials

Independent Auditors' Report

Financial Statements:

For the years ended December 31, 2017 and 2016

November 27, 2018

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Conference Of Minority Transportation Officials
Washington, District of Columbia

Report on the Financial Statements

We have audited the accompanying combined statements of financial position of the Conference Of Minority Transportation Officials ("COMTO"), which comprise the combined statement of financial position as of December 31, 2017 and 2016, and the related combined statement of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

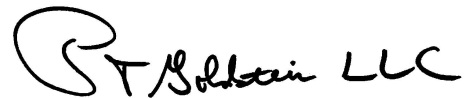
Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of COMTO as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "ST Solstein LLC". The "S" is a large, stylized cursive letter that loops around the "T".

November 27, 2018
Philadelphia, PA

CONFERENCE OF MINORITY TRANSPORTATION OFFICIALS
 COMBINED STATEMENTS OF FINANCIAL POSITION
 December 31, 2017 and 2016

Assets

	2017	2016
Current assets:		
Cash and cash equivalents	\$ 999,600	\$ 507,800
Dues receivable	97,800	92,300
Grants receivable	-	5,600
Prepaid expenses	28,300	21,800
Total current assets	1,125,700	627,500
Furniture and equipment, net of accumulated depreciation amortization of \$6,700 and \$6,000, respectively	14,100	5,700
Other assets	11,500	17,500
Total assets	\$ 1,151,300	\$ 650,700

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 19,700	\$ 37,600
Accrued expenses	30,500	58,000
Deferred revenue	230,800	145,400
Other liabilities	1,500	-
Total current liabilities	282,500	241,000
Total liabilities	282,500	241,000
Net assets:		
Unrestricted	731,310	301,320
Temporarily restricted	127,170	98,070
Permanently restricted	10,320	10,310
Total net assets	868,800	409,700
Total liabilities and net assets	\$ 1,151,300	\$ 650,700

The accompanying notes are an integral part of the combined financial statements.

CONFERENCE OF MINORITY TRANSPORTATION OFFICIALS
COMBINED STATEMENTS OF ACTIVITIES

For the year ended December 31, 2017

(with comparative totals for the year ended December 31, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
Support and revenues:					
Membership dues	\$ 643,700	-	\$ -	\$ 643,700	\$ 600,100
National conference	605,100	-	-	605,100	\$ 648,900
Contributions	-	144,600	-	144,600	128,100
Grants	118,000	-	-	118,000	96,600
Special events	97,500	-	-	97,500	68,700
Interest and other income	44,690	-	10	44,700	55,600
In-kind contributions	40,800	-	-	40,800	-
Subtotal	<u>1,549,790</u>	<u>144,600</u>	<u>10</u>	<u>1,694,400</u>	<u>1,598,000</u>
Local chapters revenues	<u>1,114,100</u>	<u>-</u>	<u>-</u>	<u>1,114,100</u>	<u>593,000</u>
Total support and revenues	2,663,890	144,600	10	2,808,500	2,191,000
Net Assets released from restrictions	115,500	(115,500)	-	-	-
Total	<u>2,779,390</u>	<u>29,100</u>	<u>10</u>	<u>2,808,500</u>	<u>2,191,000</u>
Expenses:					
Personnel	387,100	-	-	387,100	303,100
National conference	382,800	-	-	382,800	369,600
Scholarship awards	115,500	-	-	115,500	84,900
Occupancy	71,400	-	-	71,400	34,100
Travel	64,800	-	-	64,800	34,900
Special events	62,100	-	-	62,100	60,300
Direct program expenses	59,200	-	-	59,200	38,600
Professional fees	31,800	-	-	31,800	86,200
Equipment rental and maintenance	41,700	-	-	41,700	38,200
In-kind contributions	40,800	-	-	40,800	-
Bad Debt	46,100	-	-	46,100	21,200
Bank and merchant fees	34,600	-	-	34,600	34,000
Consulting fees	17,700	-	-	17,700	25,200
Telephone	9,200	-	-	9,200	2,100
Miscellaneous	8,300	-	-	8,300	21,900
Office supplies	6,600	-	-	6,600	4,600
Insurance	6,500	-	-	6,500	6,100
Contributions	6,300	-	-	6,300	-
Depreciation	3,300	-	-	3,300	200
Postage	1,900	-	-	1,900	6,200
Printing and publications	1,100	-	-	1,100	4,900
Professional memberships and dues	500	-	-	500	-
Subtotal	<u>1,399,300</u>	<u>-</u>	<u>-</u>	<u>1,399,300</u>	<u>1,176,300</u>
Local chapters expenses	<u>950,100</u>	<u>-</u>	<u>-</u>	<u>950,100</u>	<u>624,800</u>
Total expenses	2,349,400	-	-	2,349,400	1,801,100
Changes in net assets	429,990	29,100	10	459,100	389,900
Net assets, beginning of year	<u>301,320</u>	<u>98,070</u>	<u>10,310</u>	<u>409,700</u>	<u>19,800</u>
Net assets, end of year	<u>\$ 731,310</u>	<u>\$ 127,170</u>	<u>\$ 10,320</u>	<u>\$ 868,800</u>	<u>\$ 409,700</u>

The accompanying notes are an integral part of the combined financial statements.

CONFERENCE OF MINORITY TRANSPORTATION OFFICIALS
 COMBINED STATEMENTS OF ACTIVITIES
 For the year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total
Support and revenues:				
National conference	\$ 648,900	\$ -	\$ -	\$ 648,900
Membership dues	600,100	-	-	600,100
Grants	96,600	-	-	96,600
Contributions	-	128,100	-	128,100
Special events	68,700	-	-	68,700
Interest and other income	55,580	-	20	55,600
Subtotal	<u>1,469,880</u>	<u>128,100</u>	<u>20</u>	<u>1,598,000</u>
Local chapters revenues	<u>593,000</u>	<u>-</u>	<u>-</u>	<u>593,000</u>
Total support and revenues	<u>2,062,880</u>	<u>128,100</u>	<u>20</u>	<u>2,191,000</u>
Net Assets released from restrictions	<u>84,900</u>	<u>(84,900)</u>	<u>-</u>	<u>-</u>
Total	<u>2,147,780</u>	<u>43,200</u>	<u>20</u>	<u>2,191,000</u>
Expenses:				
National conference	369,600	-	-	369,600
Personnel	303,100	-	-	303,100
Professional fees	86,200	-	-	86,200
Scholarship awards	84,900	-	-	84,900
Special events	60,300	-	-	60,300
Direct program expenses	38,600	-	-	38,600
Equipment rental and maintenance	38,200	-	-	38,200
Travel	34,900	-	-	34,900
Occupancy	34,100	-	-	34,100
Bank and merchant fees	34,000	-	-	34,000
Consulting fees	25,200	-	-	25,200
Miscellaneous	21,900	-	-	21,900
Bad Debt	21,200	-	-	21,200
Postage	6,200	-	-	6,200
Insurance	6,100	-	-	6,100
Printing and publications	4,900	-	-	4,900
Office supplies	4,600	-	-	4,600
Telephone	2,100	-	-	2,100
Depreciation	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
Subtotal	<u>1,176,300</u>	<u>-</u>	<u>-</u>	<u>1,176,300</u>
Local chapters expenses	<u>624,800</u>	<u>-</u>	<u>-</u>	<u>624,800</u>
Total expenses	<u>1,801,100</u>	<u>-</u>	<u>-</u>	<u>1,801,100</u>
Changes in net assets	346,680	43,200	20	389,900
Net assets, beginning of year	<u>(45,360)</u>	<u>54,870</u>	<u>10,290</u>	<u>19,800</u>
Net assets, end of year	<u>\$ 301,320</u>	<u>\$ 98,070</u>	<u>\$ 10,310</u>	<u>\$ 409,700</u>

The accompanying notes are an integral part of the combined financial statements.

CONFERENCE OF MINORITY TRANSPORTATION OFFICIALS
 COMBINED STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Total change in net assets	\$ 459,100	\$ 389,900
Adjustments to reconcile total changes in net assets to net cash provided by operating activities:		
Depreciation	3,300	200
Changes in operating assets and liabilities:		
Increase in dues receivable	(5,500)	(92,300)
Decrease in grants receivable	5,600	600
Increase in prepaid expenses	(6,500)	(20,700)
Decrease (increase) in other assets	6,000	(11,500)
Decrease in accounts payable	(17,900)	(140,300)
(Decrease) increase in accrued expenses	(27,500)	24,900
Increase (decrease) increase in deferred revenue	85,400	(65,300)
Increase in other liabilities	1,500	-
Total adjustments	44,400	(304,400)
Net cash provided by operating activities	503,500	85,500
Cash flows from investing activities:		
Purchase of furniture and equipment	(11,700)	(5,900)
Net increase in cash and cash equivalents	491,800	79,600
Cash and cash equivalents, beginning of year	507,800	428,200
Cash and cash equivalents, end of year	\$ 999,600	\$ 507,800

Supplemental disclosure of non cash activities:

During the year ended December 31, 2017, the organization disposed of equipment totaling \$2,600 with accumulated depreciation of \$2,600.

The accompanying notes are an integral part of the combined financial statements.

CONFERENCE OF MINORITY TRANSPORTATION OFFICIALS
NOTES TO COMBINED FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

1. Organization:

The Conference Of Minority Transportation Officials (“COMTO”) is a nonprofit corporation founded in Washington, D.C. in 1971. COMTO was organized to promote an environment under which all minority groups may achieve meaningful representation; participation and beneficial results arising out of, and in connection with, the operation of public and private transportation facilities of all modes; develop, conduct and convene transportation education activities through investigation, intensive study, and analysis of transportation legislation and research; help ensure the active, visible and effective participation of all minority groups at all levels, especially at the policy-making level, in the affairs of transportation operations; and foster a unique educational opportunity for members through internships/work-study programs, and scholarships for undergraduate and graduate students in transportation, planning and related fields.

COMTO is primarily supported by corporate sponsorships for its annual conference, membership dues, and contributions from transportation authorities, corporations, students, and individuals.

2. Summary of Significant Accounting Policies:

Principles of Combination

The accompanying financial statements reflect the combined financial statements of COMTO and its Local Chapters, which are located in various cities across the United States. The local chapters are required to share with COMTO national office membership dues collected from individuals and corporations and to report their activities on a quarterly basis to the national office. Revenues and expenses for the local chapters are shown on the Statement of Activities net of intercompany transactions and balances, which have been eliminated in the combination.

Method of Accounting

The accompanying combined financial statements of COMTO have been prepared on the accrual basis of accounting.

Income Taxes

COMTO is a non-profit organization and is exempt from Federal Income tax under section 501(c)(3) of the Internal Revenue Code (“IRC”), though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRS. The tax years ending 2016, 2015, 2014 are still open to audit for both federal and state purposes.

CONFERENCE OF MINORITY TRANSPORTATION OFFICIALS
NOTES TO COMBINED FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

2. Summary of Significant Accounting Policies, Continued:

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Reserves are established for uncollectible accounts and dues receivable. These reserves are estimated based on historical collection and allowance practices as well as on management's evaluation of current trends. COMTO believes that the methods and assumptions used in computing reserves are appropriate.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, COMTO considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Dues Receivable

Dues receivable consists primarily of amounts due from members. Management periodically evaluates the status of a member's balance to assess collectability.

Furniture and Equipment

Furniture and equipment are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives. Repair and maintenance costs are expensed as incurred, while betterments and additions that extend the life of existing assets are capitalized.

Deferred Revenue

Sponsorships, grants, membership dues, and conference registration fees received that are applicable to future periods are recorded as deferred revenue in the statement of financial position.

Endowment Funds

COMTO follows FASB ASC 958 Not-for-Profit Entities (Topic 958). This standard requires an organization to disclose information about the net asset classification, net asset composition, changes in net asset composition, spending policies and related investment policies of its donor-restricted and board-designated endowment funds. See Note 11 for more details.

CONFERENCE OF MINORITY TRANSPORTATION OFFICIALS
NOTES TO COMBINED FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

2. Summary of Significant Accounting Policies, Continued:

Net Assets

In accordance with Topic 958, the Standard requires the reporting of information regarding an organization's financial position according to the following three (3) classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted net assets are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors, such as contract or board designations.

Temporarily restricted net assets are those whose use by COMTO has been limited by donors for a specific purpose or time period.

When a restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions.

Permanently restricted net assets consist of permanently restricted funds designated by the donor to be held indefinitely. These include contributions received from donors for the national endowment campaign. Investment income earned, net of fees, and gains accumulated on these funds may be used for operations in accordance with COMTO's spending policy.

Upon application of the spending rule, the payout amount is reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions.

National Conference

National Conference consists of amounts received from COMTO's corporate sponsorships and participant registration fees. The corporate sponsorships help supplement the costs of running the annual conference and general operations.

Membership dues

COMTO's membership dues are recognized and prorated to match the benefits received by members.

Grants

Grant revenue is recognized as related expenses are incurred on the accrual basis.

Contributions

Contributions are recorded at fair value based on the face value of the donation at the date received.

CONFERENCE OF MINORITY TRANSPORTATION OFFICIALS
 NOTES TO COMBINED FINANCIAL STATEMENTS
 For the years ended December 31, 2017 and 2016

2. Summary of Significant Accounting Policies, Continued:

Recently Issued Standards

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (“Update”). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofit’s to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit’s liquidity, financial performance, and cash flows . The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments in this update is permitted.

On June 21, 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting guidance for Contributions Received and Contributions Made (“ASU 2018”). ASU 2018 was issued to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018 will assist organizations in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions with the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determine whether a contributions is conditional. ASU 2018 is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted.

COMTO is currently in the process of determining the impact of these new standards and has not elected to early implement the amendments.

3. Concentration of Credit Risk:

Certain financial instruments potentially subject COMTO to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents. COMTO places its cash and cash equivalents with high credit quality financial institutions, which at times, may exceed federally insured limits.

4. Cash and Cash Equivalents:

Cash and cash equivalents consist of the following as of December 31, 2017 and 2016:

		<u>2017</u>		<u>2016</u>
COMTO	\$	446,000	\$	147,200
Endowment		22,700		22,700
Local Chapters		530,900		337,900
Total	\$	<u>999,600</u>	\$	<u>507,800</u>

CONFERENCE OF MINORITY TRANSPORTATION OFFICIALS
NOTES TO COMBINED FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

5. Grants Receivable:

Grant receivables represent funds due from grantors for expenditures incurred to provide services in accordance with grant and contract provisions. Grant receivables as of December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
American Public Transportation Association	\$ -	\$ 5,600

6. Furniture and Equipment:

Furniture and equipment as of December 31, 2017 and 2016 is comprised of the following:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 20,800	\$ 11,700
Subtotal	<u>20,800</u>	<u>11,700</u>
Less: accumulated depreciation	(6,700)	(6,000)
Furniture and equipment, net	<u>\$ 14,100</u>	<u>\$ 5,700</u>

Depreciation expense was \$3,300 and \$200 for the years ended December 31, 2017 and 2016, respectively.

7. Deferred Revenue:

As of December 31, 2017 and 2016, deferred revenue consists of the following:

	<u>2017</u>	<u>2016</u>
Deferred membership dues	\$ 230,800	\$ 145,400

8. Operating Lease Commitment/Related Party:

Effective May October 1, 2016, COMTO into a sublease agreement with a member for \$6,000 per month in the initial year, \$6,100 for the second year, \$6,200 for the third year and \$6,400 for the fourth year. The agreement expires on March 31, 2019 and was approved by the Board of Directors. Rental expense was \$71,400 and \$34,100 for 2017 and 2016, respectively.

9. Retirement Plan:

The organization participates in a 403B defined contribution, individual account retirement plan that covers substantially all of its full-time employees. This plan is available for the benefit of all full-time employees of COMTO who have completed six months of service to the organization.

In accordance with the plan agreement, the organization makes contributions to the plan, which are determined based on a percentage of the participating employee's salary and the amount of an employee's elective contributions, not to exceed 6% of plan compensation. COMTO's contributions, which are included in employee benefits in the statement of

CONFERENCE OF MINORITY TRANSPORTATION OFFICIALS
 NOTES TO COMBINED FINANCIAL STATEMENTS
 For the years ended December 31, 2017 and 2016

activities, were \$11,600 and \$15,600 for the years ended December 31, 2017 and 2016, respectively.

10. Functional Classification of Activities:

The functional allocation of expenses is based primarily on the amount of direct and indirect cost spent on the activity.

	2017	2016
Program services and Scholarships	\$ 174,700	\$ 123,500
Fundraising Events	62,100	60,300
Publications	1,100	4,900
National Meeting and Training Conference	382,800	369,600
Membership Activities	950,100	624,800
Management and general	778,600	618,000
Total	<u>\$ 2,349,400</u>	<u>\$ 1,801,100</u>

11. Endowment Funds:

COMTO launched an endowment campaign in 2007 as a legacy fund for the succession of future generations and another in 2014 as a legacy fund for the former CEO Julie Cunningham. The objectives of COMTO's investment policy for the funds are preservation of capital, liquidity and maximization of income. The Board of Directors is responsible for the prudent and productive management of the funds. All funds held by the organization shall be invested in a manner that complies with all applicable federal and local requirements applicable to the organization as currently constituted.

COMTO's adopted spending policy for endowment assets is intended to establish reasonable and prudent spending. Expenditures of principal are prohibited unless approved by two-thirds of the Board of Directors. Each year the Board will establish a spending rule in conjunction with the annual budget, which will define the annual payout and any anticipated loans against the fund.

The information about the net asset classification, net asset composition, and changes in net asset composition of COMTO's endowment funds is presented below:

Composition of National Endowment Net Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
As of December 31, 2017	\$ -	\$ 12,400	\$ 10,300	\$ 22,700
As of December 31, 2016	\$ -	\$ 12,400	\$ 10,300	\$ 22,700

CONFERENCE OF MINORITY TRANSPORTATION OFFICIALS
 NOTES TO COMBINED FINANCIAL STATEMENTS
 For the years ended December 31, 2017 and 2016

Changes in Endowment Net Assets

	2017	2016
Endowment net assets, January 1	\$ 22,700	\$ 22,700
Investment return:		
Investment income	-	-
Net (depreciation)/appreciation	-	-
Total investment return	22,700	22,700
Contributions	-	-
Appropriations for expenditure	-	-
Endowment net assets, December 31	\$ 22,700	\$ 22,700

12. Tax Positions:

COMTO is exempt from federal income tax under IRC Section 501(a) as an organization described in Section 501(c)(3). Since its initial filing for tax-exempt status, COMTO has not received any notice from the Internal Revenue Service (“IRS”) that such tax-exempt status has been challenged or changed. There was no taxable income as of December 31, 2017 and 2016; therefore, no provision for income taxes has been included in COMTO's financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires COMTO to report information regarding its exposure to various tax positions taken by COMTO. COMTO has determined whether any tax positions have met the recognition threshold and have measured COMTO's exposure to those tax positions. Management believes that COMTO has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Any interest or penalties assessed to COMTO are recorded in expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

13. Subsequent Events:

COMTO evaluated its December 31, 2017 combined financial statements for subsequent events through November 27, 2018, the date the combined financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.