

PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION

Financial Statements

December 31, 2006

PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION

For the Year Ended December 31, 2006

	<u>Page</u>
Report of Independent Public Accountant	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6-8

BENJAMIN J. DAMIANO, PA

CERTIFIED PUBLIC ACCOUNTANT

Page 1

438 ROUTE 513
POST OFFICE BOX 12
CALIFON, NJ 07830

TELEPHONE (908) 832-9321
FACSIMILE (908) 832-6763
BJDCPA@AOL.COM

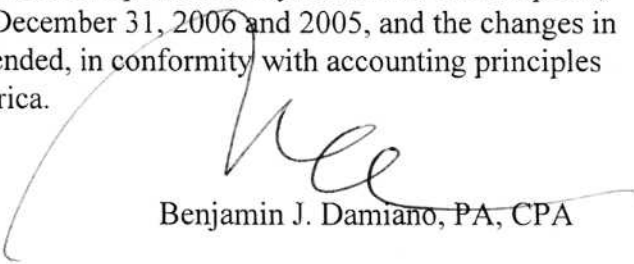
REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

To the Board of Trustees
Pedals for Progress, A New Jersey Non Profit Corporation
High Bridge, New Jersey

We have audited the accompanying statements of financial position of Pedals for Progress, A New Jersey Non Profit Corporation as of December 31, 2006 and 2005, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the organization as of December 31, 2006 and 2005, and the changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Benjamin J. Damiano, PA, CPA

February 13, 2007

PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
Statements of Financial Position
As of December 31, 2006 and 2005

ASSETS

	<u>2006</u>	<u>2005</u>
Current assets		
Cash	\$106,618	\$87,533
Revolving funds receivable	-	2,100
Inventory of donated personal property	<u>23,823</u>	<u>67,031</u>
Total current assets	130,441	156,664
Non current assets		
Equipment, net	<u>7,684</u>	<u>5,949</u>
Total non current assets	<u>7,684</u>	<u>5,949</u>
Total assets	<u>\$138,125</u>	<u>\$162,613</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accrued expenses and other liabilities	<u>-</u>	<u>\$ 3,435</u>
Total current liabilities	-	3,435
Net assets	<u>\$ 138,125</u>	<u>159,178</u>
 Total liabilities and net assets	 <u>\$ 138,125</u>	 <u>\$162,613</u>

See Notes to Financial Statements

PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
Statements of Activities
For the Years Ending December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Changes in unrestricted net assets		
Unrestricted support		
Contributions	\$ 201,863	\$145,259
Program revenues	97,410	80,739
Interest and other income	4,476	1,162
In kind personal property and supporting services donations	516,066	320,705
Net assets released from restrictions	-	10,000
Total revenue and other additions	<u>819,815</u>	<u>557,865</u>
Expenses:		
Program services:		
Program related expenses including shipping and in kind donations	789,301	643,974
Management and general	33,925	36,034
Fund-raising	<u>31,146</u>	<u>13,985</u>
Total expenses	<u>854,372</u>	<u>693,993</u>
Change in unrestricted net assets	(34,557)	(136,128)
Changes in restricted assets		
Revenue and other additions:		
Contributions and interest	13,504	10,797
Net assets released from restrictions	<u>-</u>	<u>(10,000)</u>
Change in restricted net assets	<u>13,504</u>	<u>797</u>
Net assets, beginning of year	<u>159,178</u>	<u>294,509</u>
Net assets, end of year	<u>\$ 138,125</u> =====	<u>\$159,178</u> =====

See Notes to Financial Statements

PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
Statements of Cash Flows
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$(21,053)	(\$135,331)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,366	3,654
Inventory	43,208	107,988
Revolving funds receivable	2,100	(2,100)
Accrued expenses	<u>(3,435)</u>	<u>3,436</u>
	23,186	(22,353)
Cash flows from investing activities:		
Equipment purchases	<u>(4,101)</u>	<u>(1,457)</u>
	<u>(4,101)</u>	<u>(1,457)</u>
Net increase (decrease) in cash	19,085	(23,810)
Cash beginning of year	<u>87,533</u>	<u>111,343</u>
Cash end of year	<u>\$106,618</u>	<u>\$87,533</u>

See Notes to Financial Statements

PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
Statement of Functional Expenses
Year Ended December 31, 2006

	<u>Supporting Services</u>			
	<u>Program</u>	<u>Management</u>	<u>Fund-</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>	<u>Raising</u>	
Salaries	\$90,247	\$9,174	\$20,233	\$119,654
Rent	11,730	8,550	720	21,000
Insurance	4,416	465	930	5,811
Payroll taxes & benefits	13,973	1,555	1,936	17,464
Telephone & utilities	4,167	703	336	5,206
Office supplies & expenses	1,503	4,057	348	5,908
Depreciation	-	2,366	-	2,366
Donated services	19,440	-	-	19,440
Professional fees	-	5,450	-	5,450
Postage	2,499	872	1,998	5,369
Printing & Publications	4,854	595	4,447	9,896
Web site and advertising	960	50	198	1,208
Travel	1,870	88	-	1,958
Shipping & collections	108,191	-	-	108,191
In kind contributions shipped	<u>525,451</u>	<u>-</u>	<u>-</u>	<u>525,451</u>
	<u>\$789,301</u>	<u>\$33,925</u>	<u>\$31,146</u>	<u>\$854,372</u>
	=====	=====	=====	=====

See Notes to Financial Statement

PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION

Notes to Financial Statements

December 31, 2006

Note 1 - Organization and business:

Pedals for Progress, A New Jersey Non Profit Corporation (the organization) was established in 1991 under the provisions of Section 15 A:9-4 of the New Jersey Non Profit Corporation Act. The nature of the activities to be conducted and the purpose is to be promoting sustainable transportation systems that meet basic human needs and empower the poor for such purposes. This specific and primary purposes are to be formed in a charitable manner. The corporation's name was changed to Pedals for Progress, a New Jersey Non Profit Corporation in 1992. The organization shipped 8,961 bicycles, 203 sewing machines to 7 nonprofit agencies in 6 developing countries in 2006. The organization sponsored 73 collections in 8 states. These items are modified for shipping, sorted and sent overseas to appropriate facilities for sale and distribution to low-income workers.

The total in kind personal property and supporting services donations as determined by the Board of Trustees was \$516,066 and \$320,705 for 2006 and 2005 respectively.

Note 2 - Summary of significant accounting policies:

Basis of presentation:

The financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred whether or not cash is received or paid at that time.

Use of estimates:

The financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

Inventory:

Inventory of donated personal property consists of the following items:

	<u>2006</u>	<u>2005</u>
Bicycle parts, accessories, tires and		
sewing machines	\$14,079	\$67,031
Adult and children's bicycles	<u>9,744</u>	<u>-</u>
	\$23,823	\$67,031
	=====	=====

Inventory is valued at the lower of market or average donated value.

Income taxes:

The organization is whose revenue is derived from contributions is recognized as exempt from both federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore is not subject to income tax.

Equipment:

Equipment is stated at cost. Donated assets are recorded at the fair market value at the time of donation. Allowances for depreciation are provided on a straight-line basis over the estimated useful lives of five years.

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days. At year-end and throughout the year, the organization's cash balances were deposited in several financial institutions. Management believes the organization is not exposed to any significant credit risk on cash and cash equivalents. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. As of December 31, the company had no uninsured balances.

Fair Value of Financial Instruments:

The carrying amounts of the company's cash and cash equivalents, approximate their fair value.

Contributions and grants:

Contributions received are recorded as unrestricted or restricted depending on the existence and/or nature of any donor restrictions.

Contributions other than cash are recorded at the fair market value of the donated assets at the time of donation. Donated bicycles and other property to be shipped to other countries are included in the statement of activities.

Donated Services:

A substantial number of volunteers have donated approximately 1,718 hours to the organization's program services during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

The Board of Trustees is made up of volunteers. They donate specialized skills for fund raising, collection, management and grant proposals. It is estimated that if their skills were purchased they would cost \$19,440 and \$20,880 for 2006 and 2005 respectively. This amount is included as part of in kind personal property and supporting services donations.

Retirement:

The organization has a non contributory retirement plan covering employees who meet prescribed service requirements. Contributions under the plan are at the discretion of the Board of Trustees. The organization's defined contribution expense for the ended December 31, 2006 and 2005 was \$7,793 and \$6,566 respectively.

Postretirement Employees Benefits:

The organization does not have a policy to cover employees for any health care or other welfare benefits that are incurred after employment (postretirement). Therefore, no provision is required under SFAS's 106 or 112.

Advertising and Public Relations:

The cost of advertising and public relations are expensed as incurred.

Reclassifications:

Certain reclassifications have been made to prior year amounts in order to conform to the current year's presentation.

Note 3 - Cash:

Consists of the following:

	<u>2006</u>	<u>2005</u>
Money market funds and savings accounts	\$101,154	\$86,300
Checking accounts	<u>5,464</u>	<u>1,233</u>
Total	\$106,618 =====	\$87,533 =====

Note 4 - Equipment:

Equipment consists of the following:

	<u>2006</u>	<u>2005</u>
Furniture and equipment (Including donated property)	\$46,856	\$42,755
Less accumulated depreciation	<u>39,172</u>	<u>36,806</u>
Totals	<u>\$ 7,684</u>	<u>\$5,949</u>
Depreciation expense per year	<u>\$2,366</u>	<u>\$3,654</u>

Equipment is recorded at cost and is depreciated using principally the straight line method over an estimated useful lives of 5 years.

Note 5 - Lease commitment:

The organization is on a month to month lease for its office and storage facility. The aggregate annual rental expense during the term of the lease is approximately \$12,000 annually. The organization also rents storage space from employees which in aggregate is an additional \$1,800 per annum.

Note 6 - Functional allocation of expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between the programs and fund-raising activities benefitted.

Note 7 - Net assets

Net assets are available for the following general and specific program services:

	<u>2006</u>	<u>2005</u>
Unrestricted	\$ 55,737	\$ 90,295
Temporary restricted by the Board of Trustees for a permanent facility	9,082	8,946
Donor restricted capital campaign for a permanent facility	<u>73,306</u>	<u>59,937</u>
	<u>\$138,125</u>	<u>\$159,178</u>
