

PEDALS FOR PROGRESS,  
A NEW JERSEY NON PROFIT CORPORATION

Financial Statements

December 31, 2007

PEDALS FOR PROGRESS,  
A NEW JERSEY NON PROFIT CORPORATION

For the Year Ended December 31, 2007

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## 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, 2007 and 2006, 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, 2007 and 2006, 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, 2008

PEDALS FOR PROGRESS,  
A NEW JERSEY NON PROFIT CORPORATION  
Statements of Financial Position  
As of December 31, 2007 and 2006

ASSETS

	<u>2007</u>	<u>2006</u>
Current assets		
Cash	\$ 90,785	\$106,618
Inventory of donated personal property	<u>13,907</u>	<u>23,823</u>
Total current assets	104,692	130,441
Non current assets		
Equipment, net	<u>7,040</u>	<u>7,684</u>
Total non current assets	<u>7,040</u>	<u>7,684</u>
Total assets	<u>\$111,732</u>	<u>\$138,125</u>

NET ASSETS

Net assets	<u>\$111,732</u>	<u>\$ 138,125</u>
Total net assets	<u>\$111,732</u>	<u>\$ 138,125</u>

See Notes to Financial Statements

PEDALS FOR PROGRESS,  
A NEW JERSEY NON PROFIT CORPORATION  
Statements of Activities  
For the Years Ending December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Changes in unrestricted net assets		
Unrestricted support		
Contributions	\$183,789	\$ 201,863
Program revenues	77,560	97,410
Interest and other income	2,942	4,476
Event net (loss)	( 18,031)	-
In kind personal property and supporting services donations	459,163	516,066
Total revenue and other additions	<u>705,423</u>	<u>819,815</u>
Expenses:		
Program services:		
Program related expenses including shipping and in kind donations	653,877	789,301
Management and general	37,785	33,925
Fund-raising	<u>58,446</u>	<u>31,146</u>
Total expenses	<u>750,108</u>	<u>854,372</u>
Change in unrestricted net assets	( 44,685)	( 34,557)
Changes in restricted assets		
Revenue and other additions:		
Contributions and interest	<u>18,292</u>	<u>13,504</u>
Change in restricted net assets	<u>18,292</u>	<u>13,504</u>
Net assets, beginning of year	<u>138,125</u>	<u>159,178</u>
Net assets, end of year	<u><u>\$111,732</u></u>	<u><u>\$ 138,125</u></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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:	\$(26,393)	\$( 21,053)
Change in net assets		
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,685	2,366
Inventory	9,916	43,208
Revolving funds receivable	-	2,100
Accrued expenses	<u>-</u>	<u>( 3,435)</u>
	(13,792)	23,186
Cash flows from investing activities:		
Equipment purchases	<u>( 2,041)</u>	<u>( 4,101)</u>
	<u>( 2,041)</u>	<u>( 4,101)</u>
Net increase (decrease) in cash	( 15,833)	19,085
Cash beginning of year	<u>106,618</u>	<u>87,533</u>
Cash end of year	<u>\$ 90,785</u>	<u>\$106,618</u>

See Notes to Financial Statements

PEDALS FOR PROGRESS,  
A NEW JERSEY NON PROFIT CORPORATION  
Statement of Functional Expenses  
For the Year Ended December 31, 2007

		<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	\$101,490	\$ 9,166	\$21,276	\$131,932
Rent	11,730	8,550	720	21,000
Insurance	7,160	550	1,420	9,130
Payroll taxes and benefits	13,246	1,550	5,171	19,967
Telephone and utilities	4,936	380	491	5,807
Office supplies and expenses	2,869	1,434	1,434	5,737
Depreciation	-	2,685	-	2,685
Donated services	13,186	7,346	20,388	40,920
Professional fees	-	5,840	-	5,840
Postage	3,078	127	1,468	4,673
Printing and publications	2,082	157	5,884	8,123
Travel	5,195	-	194	5,389
Shipping and collections	97,558	-	-	97,558
In kind contributions shipped	<u>391,347</u>	<u>-</u>	<u>-</u>	<u>391,347</u>
	<u>\$653,877</u>	<u>\$37,785</u>	<u>\$58,446</u>	<u>\$750,108</u>

See Notes to Financial Statement

PEDALS FOR PROGRESS,  
A NEW JERSEY NON PROFIT CORPORATION  
Notes to Financial Statements  
December 31, 2007

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 promoting sustainable transportation systems that meet basic human needs and empower the poor. These 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 7,622 bicycles, 160 sewing machines to 8 nonprofit agencies in 6 developing countries in 2007. The organization sponsored 79 collections in 9 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 \$459,163 and \$516,066 for 2007 and 2006 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>2007</u>	<u>2006</u>
Bicycle parts, accessories, tires and		
sewing machines	\$ 7,727	\$14,079
Adult and children's bicycles	<u>6,180</u>	<u>9,744</u>
	\$13,907	\$23,823
	=====	=====

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 approximate 4,486 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 \$40,920 and \$19,440 for 2007 and 2006 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 2007 and 2006 was \$9,897 and \$7,793 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>2007</u>	<u>2006</u>
Money market funds and savings accounts	\$82,761	\$101,154
Checking accounts	<u>8,024</u>	<u>5,464</u>
Total	<u>\$90,785</u>	<u>\$106,618</u>

## Note 4 - Equipment:

Equipment consists of the following:

	<u>2007</u>	<u>2006</u>
Furniture and equipment (Including donated property)	\$48,898	\$46,856
Less accumulated depreciation	<u>41,858</u>	<u>39,172</u>
Totals	<u>\$ 7,040</u>	<u>\$ 7,684</u>
Depreciation expense	<u>\$ 2,685</u>	<u>\$2,366</u>

Equipment is recorded at cost and is depreciated using the straight line method over an estimated useful life 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 is \$19,200 including donated portion of \$7,200. 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. Due to the loss on a fund-raising event, the Board of Trustees requested and received permission from various donors to allow a portion of their restricted donations to be used for unrestricted use. The provisions of the release of restrictions was that the funds are to be repaid to the restricted funds when it is determined advisable by the Board of Trustees. At December 31, 2007, the loan balance was \$30,000.

	<u>2007</u>	(Revised) <u>2006</u>
Unrestricted	\$41,052	\$ 55,737
Loan due to restricted	<u>(30,000)</u>	<u>-</u>
Total net unrestricted	11,052	55,737
Donor restricted capital campaign for a permanent facility	70,680	82,388
Loan due from unrestricted	<u>30,000</u>	<u>-</u>
Total unrestricted	<u>100,680</u>	<u>82,388</u>
Total net assets	<u>\$111,732</u>	<u>\$138,125</u>

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