

**PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008**

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CONNOLLY & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

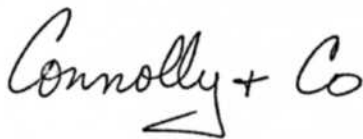
Report of Independent Public Accountants

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, 2009 and 2008, 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, 2009 and 2008, 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.



March 3, 2010

**PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31,**

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash	\$ 53,808	\$ 51,235
Inventory of Donated Personal Property	<u>1,977</u>	<u>950</u>
	55,785	52,185
 PROPERTY AND EQUIPMENT		
Net Property and Equipment	<u>272,467</u>	<u>248,985</u>
 TOTAL ASSETS	 <u><u>\$ 328,252</u></u>	 <u><u>\$ 301,170</u></u>

LIABILITY AND NET ASSETS

CURRENT LIABILITY		
Accrued Expenses	\$ 17,713	\$
 NET ASSETS	 <u>310,539</u>	 <u>301,170</u>
 TOTAL LIABILITY AND NET ASSETS	 <u><u>\$ 328,252</u></u>	 <u><u>\$ 301,170</u></u>

**PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2009</u>	<u>2008</u>
CHANGES IN UNRESTRICTED NET ASSETS		
UNRESTRICTED SUPPORT		
Contributions	\$ 199,962	\$ 189,253
Program Revenues	66,790	66,066
Interest and Other Income	2,983	3,094
In Kind Personal and Real Property and Supporting Services Donations	442,507	597,053
TOTAL REVENUE AND OTHER DONATIONS	<u>712,242</u>	<u>855,466</u>
 PROGRAM SERVICE EXPENSES		
Expenses Including Shipping and In Kind Donations	663,161	607,144
Management and General	21,269	39,159
Fundraising	19,176	23,231
TOTAL EXPENSES	<u>703,606</u>	<u>669,534</u>
 CHANGE IN UNRESTRICTED NET ASSETS	<u>8,636</u>	<u>185,932</u>
 CHANGES IN RESTRICTED NET ASSETS		
Contributions and Interest	<u>733</u>	<u>3,506</u>
 NET ASSETS - JANUARY 1,	<u>301,170</u>	<u>111,732</u>
 NET ASSETS - DECEMBER 31,	<u>\$ 310,539</u>	<u>\$ 301,170</u>

See Report of Independent Public Accountants and Notes to Financial Statements

**PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2009</u>	<u>2008</u>
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Increase in net assets	\$ 9,369	\$ 189,439
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Donated Land Included in Total Revenue and Other Donations	-	(240,000)
Depreciation	2,566	2,567
Inventory	(1,027)	12,956
Accrued Expenses	17,713	-
	<u>28,621</u>	<u>(35,038)</u>
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Additions to Property and Equipment	<u>(26,048)</u>	<u>(4,512)</u>
NET INCREASE (DECREASE) IN CASH	2,573	(39,550)
CASH - JANUARY 1,	<u>51,235</u>	<u>90,785</u>
CASH - DECEMBER 31,	<u><u>\$ 53,808</u></u>	<u><u>\$ 51,235</u></u>

See Report of Independent Public Accountants and Notes to Financial Statements

**PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	SUPPORTING SERVICES			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 98,912	\$ 5,098	\$ 9,003	\$ 113,013
Rent	19,822	1,462	766	22,050
Insurance	1,575	2,371	-	3,946
Payroll Taxes and Benefits	22,617	1,012	2,071	25,700
Telephone and Utilities	2,253	850	94	3,197
Office Supplies and Expenses	11,506	1,015	1,015	13,536
Depreciation	-	2,566	-	2,566
Donated Services	13,520			13,520
Professional Fees	160	5,740		5,900
Postage	3,658	171	2,071	5,900
Printing and Publications	5,764	789	3,584	10,137
Travel	339	195	572	1,106
Shipping and Collections	64,789	-	-	64,789
In Kind Contributions Shipped	418,246			418,246
TOTAL SUPPORTING SERVICES	\$ 663,161	\$ 21,269	\$ 19,176	\$ 703,606

**PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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 6,652 bicycles, 311 sewing machines to 6 nonprofit agencies in 5 developing countries in 2009. The organization sponsored 86 collections in 7 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 and real property and supporting services donations as determined by the Board of Trustees was \$442,507 and \$597,053 for 2009 and 2008 respectively. The in kind contributions for 2008 included a donation of 73 acres of industrial property independently appraised at \$240,000.

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>2009</u>	<u>2008</u>
Bicycle Parts, Accessories, Tires and		
Sewing Machines	\$ 1,300	\$ 950
Adult and Children's Bicycles	677	-
	<u>\$ 1,977</u>	<u>\$ 950</u>

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

**PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
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FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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.

Property and Equipment:

Property and 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. 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. As of December 31, 2009 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 5,238 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 \$13,520 and \$36,720 for 2009 and 2008 respectively. This amount is included as part of in kind personal and real property and supporting services donations.

**PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
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FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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 2009 and 2008 was \$14,710 and \$12,645 respectively.

Postretirement Employee 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.

CASH

Consists of the Following:

	<u>2009</u>	<u>2008</u>
Money Market Funds and Savings Accounts	\$ 51,672	\$ 48,002
Checking Accounts	2,136	3,233
Total Cash	<u>\$ 53,808</u>	<u>\$ 51,235</u>

PROPERTY AND EQUIPMENT

Property and Equipment consists of the following:

	<u>2009</u>	<u>2008</u>
Land (donated in 2008)	\$ 270,560	\$ 244,512
Furniture and Equipment (including donated property)	48,897	48,898
Less Accumulated Depreciation	(46,990)	(44,425)
Net Property and Equipment	<u>\$ 272,467</u>	<u>\$ 248,985</u>
Depreciation Expense	<u>\$ 2,566</u>	<u>\$ 2,567</u>

**PEDALS FOR PROGRESS,
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LEASE COMMITMENT

The organization is on a month to month lease for its office and storage facility. The aggregate annual rental expense was \$21,600 including donated portion of \$7,200. The organization also rents storage space from an employee.

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 benefited.

NET ASSETS

Net assets are available for the following general and specific program services. Due to cash needs in 2009 and 2008, 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, 2009 and 2008, the loan balance was \$83,470 and \$69,487 respectively.

	<u>2009</u>	<u>2008</u>
Unrestricted	\$ 289,089	\$ 266,470
Loan Due to Restricted	(83,470)	(69,487)
Total Net Unrestricted	<u>205,619</u>	<u>196,983</u>
Donor Restricted Capital Campaign for a Permanent Facility	21,450	34,700
Loan Due from Unrestricted	83,470	69,487
Total Restricted	<u>104,920</u>	<u>104,187</u>
Total Net Assets	<u><u>\$ 310,539</u></u>	<u><u>\$ 301,170</u></u>

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CONTRACT OF SALE AND SUBSEQUENT EVENT

The organization received a \$550,000 contract of sale for the 73 acres of land donated in 2008, which was to close in January 2010.

The purchasers have requested modifications of the terms, which with two option periods could extend the closing date until early 2011.

In the initial option period, the organization may receive as much as \$30,000, which will be applied to the purchase price.

At the end of the first option period, the purchaser may further extend the closing date, for an option fee of \$25,000 will not be applied to the purchase price.

The above amounts are non-refundable.