

**PEDALS FOR PROGRESS,  
A NEW JERSEY NON PROFIT CORPORATION  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**



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DECEMBER 31, 2010 AND 2009**

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# CONNOLLY & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## Independent Auditors' Report

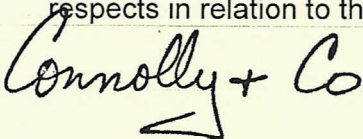
To The Board of Trustees  
Pedals for Progress, A New Jersey Non Profit Corporation  
High Bridge, New Jersey

We have audited the accompanying statements of financial position of Pedals for Progress, (a nonprofit organization) as of December 31, 2010 and 2009, 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 statements. 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 Pedals for Progress as of December 31, 2010 and 2009, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page five is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Connolly & Company  
April 29, 2011



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

**ASSETS**

	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>CURRENT ASSETS</b>		
Cash	\$ 46,796	\$ 53,808
Inventory of Donated Personal Property	<u>19,615</u>	<u>1,977</u>
<b>TOTAL CURRENT ASSETS</b>	<u>66,411</u>	<u>55,785</u>
 <b>ACCOUNTS RECEIVABLE</b>	 <u>5,989</u>	 <u>-</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Net Property and Equipment	<u>271,239</u>	<u>272,467</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 343,639</u></u>	 <u><u>\$ 328,252</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITY</b>		
Accounts Payable	\$ 1,666	-
Real Estate Taxes Payable	<u>42,216</u>	<u>\$ 17,713</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>43,882</u>	<u>17,713</u>
 <b>NET ASSETS</b>	 <u>299,757</u>	 <u>310,539</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 343,639</u></u>	 <u><u>\$ 328,252</u></u>



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

	<u>2010</u>	<u>2009</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
UNRESTRICTED SUPPORT		
Contributions	\$ 208,194	\$ 199,962
Program Revenues	40,310	66,790
Interest and Other Income	6,201	2,983
In Kind Personal Property and Supporting Services Donations	313,138	442,507
<b>TOTAL REVENUE AND OTHER DONATIONS</b>	<u>567,843</u>	<u>712,242</u>
 <b>PROGRAM SERVICE EXPENSES</b>		
Expenses Including Shipping and In Kind Donations	476,640	663,161
Management and General	76,455	21,269
Fundraising	25,547	19,176
<b>TOTAL EXPENSES</b>	<u>578,642</u>	<u>703,606</u>
 <b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>(10,799)</u>	<u>8,636</u>
 <b>CHANGES IN RESTRICTED NET ASSETS</b>		
Contributions and Interest	<u>17</u>	<u>733</u>
 <b>NET ASSETS - JANUARY 1,</b>	<u>310,539</u>	<u>301,170</u>
 <b>NET ASSETS - DECEMBER 31,</b>	<u><u>\$ 299,757</u></u>	<u><u>\$ 310,539</u></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>2010</u>	<u>2009</u>
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
(Decrease) Increase in net assets	\$ (10,782)	\$ 9,369
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Depreciation	1,228	2,566
Increase in Accounts Payable	1,666	-
Inventory	(17,638)	(1,027)
Real Estate Taxes Payable	24,503	17,713
	<u>(1,023)</u>	<u>28,621</u>
<b>CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>		
(Increase) in Accounts Receivable	(5,989)	-
(Additions) Subtractions to Property and Equipment	-	(26,048)
	<u>(5,989)</u>	<u>(26,048)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(7,012)	2,573
<b>CASH - JANUARY 1,</b>	<u>53,808</u>	<u>51,235</u>
<b>CASH - DECEMBER 31,</b>	<u><u>\$ 46,796</u></u>	<u><u>\$ 53,808</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, 2010**

	<b>SUPPORTING SERVICES</b>			<b>Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	
Salaries	\$ 103,732	\$ 7,885	\$ 8,712	\$ 120,329
Rent	19,823	1,612	765	22,200
Insurance	4,321	3,315	-	7,636
Payroll Taxes and Benefits	22,970	1,869	1,870	26,709
Telephone and Utilities	2,897	236	236	3,369
Office Supplies and Expenses	2,980	1,892	687	5,559
Depreciation	-	1,228	-	1,228
Donated Services	2,880	4,880	2,400	10,160
Professional Fees	-	4,050	-	4,050
Postage	2,641	51	2,654	5,346
Printing and Publications	3,476	917	6,345	10,738
Real Estate Taxes	-	47,885	-	47,885
Travel	2,964	635	1,878	5,477
Shipping and Collections	57,554	-	-	57,554
In Kind Contributions Shipped	249,230	-	-	249,230
Parts and Tools	1,172	-	-	1,172
<b>TOTAL SUPPORTING SERVICES</b>	<b>\$ 476,640</b>	<b>\$ 76,455</b>	<b>\$ 25,547</b>	<b>\$ 578,642</b>



**PEDALS FOR PROGRESS,  
A NEW JERSEY NON PROFIT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**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 4,796 bicycles, 309 sewing machines to 8 nonprofit agencies in 8 developing countries in 2010. The organization sponsored 67 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 \$313,138 and \$442,507 for 2010 and 2009 respectively.

**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>2010</u>	<u>2009</u>
Bicycle Parts, Accessories, Tires and		
Sewing Machines	\$ 15,747	\$ 1,300
Adult and Children's Bicycles	3,868	677
	<u>\$ 19,615</u>	<u>\$ 1,977</u>

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



**PEDALS FOR PROGRESS,  
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**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 the lower of cost or fair value. 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, 2010 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 3,504 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 \$10,160 and \$13,520 for 2010 and 2009 respectively. This amount is included as part of in kind personal property and supporting services donations.



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**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 2010 and 2009 was \$15,023 and \$14,710 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>2010</u>	<u>2009</u>
Money Market Funds and Savings Accounts	\$ 39,021	\$ 51,672
Checking Accounts	7,775	2,136
Total Cash	<u>\$ 46,796</u>	<u>\$ 53,808</u>

**PROPERTY AND EQUIPMENT**

Property and Equipment consists of the following:

	<u>2010</u>	<u>2009</u>
Land (adjusted to fair value)	\$ 270,560	\$ 270,560
Furniture and Equipment (including donated property)	48,897	48,897
Less Accumulated Depreciation	(48,218)	(46,990)
Net Property and Equipment	<u>\$ 271,239</u>	<u>\$ 272,467</u>
Depreciation Expense	<u>\$ 1,228</u>	<u>\$ 2,566</u>



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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 \$22,200 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.

**COMMITMENTS AND CONTINGENCIES**

The organization currently owes \$42,216 in back real estate taxes for the years 2009 and 2010 on the land that was donated to them in 2008. According to a legal opinion obtained by the organization this obligation would not have to be paid should the investor who purchased the municipal lien decide to foreclose. The organization may also redeem this municipal lien at any time prior to the entry of a final judgment. The owner of the lien must wait two years prior to instituting an action to foreclose therefore foreclosure procedures could not begin prior to October 6, 2012.

Should the organization sell this property before any foreclosure procedures took place, the outstanding tax liabilities would have to be paid to the township where the land is located and would be treated as part of the cost of the land sale.



**PEDALS FOR PROGRESS,  
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**NET ASSETS**

Net assets are available for the following general and specific program services. Due to cash needs. The Board of Trustees requested and received permission from various donors to allow their restricted donations to be used for unrestricted use. All prior restrictions including provisions for repayment was waived by most donors in 2010. At December 31, 2010 and 2009, the loan balance was \$24,917 and \$83,470 respectively.

	<u>2010</u>	<u>2009</u>
Unrestricted	\$ 289,346	\$ 289,089
Loan Due to Restricted	<u>(24,917)</u>	<u>(83,470)</u>
Total Net Unrestricted	<u>264,429</u>	<u>205,619</u>
Donor Restricted Capital Campaign for a Permanent Facility	10,411	21,450
Loan Due from Unrestricted	<u>24,917</u>	<u>83,470</u>
Total Restricted	<u>35,328</u>	<u>104,920</u>
Total Net Assets	<u><u>\$ 299,757</u></u>	<u><u>\$ 310,539</u></u>