

PEDALS FOR PROGRESS  
A NEW JERSEY NONPROFIT CORPORATION  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

PEDALS FOR PROGRESS  
A NEW JERSEY NONPROFIT CORPORATION  
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SEPTEMBER 30, 2015 AND 2014

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## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Pedals for Progress, a New Jersey Nonprofit Corporation (the "Organization"), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

To the Board of Trustees  
Pedals for Progress  
A New Jersey Nonprofit Corporation

***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 September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 15 is presented for purposes of additional analysis and is not a required part of the 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.

***Report on Summarized Comparative Information***

We have previously audited Pedals for Progress's 2014 financial statements, and our report dated November 6, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

December 18, 2015  
Mt. Arlington, New Jersey

*Nisiroccia LLP*

PEDALS FOR PROGRESS  
A NEW JERSEY NONPROFIT CORPORATION  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2015 AND 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 24,737	\$ 18,777
Accounts receivable	680	648
Investments	40,036	86,746
Prepaid expenses	6,395	5,902
Inventory	11,879	22,279
Furniture and equipment, net	<u>1,508</u>	<u>2,179</u>
Total assets	<u>\$ 85,235</u>	<u>\$ 136,531</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 5,869	
Accrued expenses	8,800	\$ 7,200
Total liabilities	<u>14,669</u>	<u>7,200</u>
Net assets:		
Unrestricted net assets	<u>70,566</u>	<u>129,331</u>
Total net assets	<u>70,566</u>	<u>129,331</u>
Total liabilities and net assets	<u>\$ 85,235</u>	<u>\$ 136,531</u>

PEDALS FOR PROGRESS  
A NEW JERSEY NONPROFIT CORPORATION  
STATEMENT OF ACTIVITIES  
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Revenue and other support:		
Contributions	\$ 145,519	\$ 169,283
Program revenue	43,058	50,525
In-kind personal property and supporting services donations	178,694	521,653
Other income		7,466
Investment income (loss)	(539)	5,566
Total revenue and other support	<u>366,732</u>	<u>754,493</u>
Expenses:		
Program services:		
Bicycle and sewing machine recycling	373,839	781,630
Supporting services:		
Management and general	33,635	33,603
Fundraising	<u>18,023</u>	<u>13,926</u>
Total expenses	<u>425,497</u>	<u>829,159</u>
Change in net assets before non-operating activities	(58,765)	(74,666)
Non-operating activities:		
Gain on sale of real estate held for sale		<u>20,075</u>
Total non-operating activities		<u>20,075</u>
Change in net assets	(58,765)	(54,591)
Net assets, beginning of year	<u>129,331</u>	<u>183,922</u>
Net assets, end of year	<u><u>\$ 70,566</u></u>	<u><u>\$ 129,331</u></u>

PEDALS FOR PROGRESS  
A NEW JERSEY NONPROFIT CORPORATION  
STATEMENT OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (58,765)	\$ (54,591)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized gain on investments	(1,024)	(2,000)
Unrealized loss (gain) on investments	3,843	(2,599)
Depreciation	671	671
Gain on sale of real estate held for sale		(20,075)
Changes in operating assets and liabilities:		
Accounts receivable	(32)	952
Prepaid expenses	(493)	310
Inventory	10,400	16,127
Accounts payable	5,869	
Accrued expenses	1,600	(96,641)
Net cash used in operating activities	<u>(37,931)</u>	<u>(157,846)</u>
Cash flows from investing activities:		
Purchase of investments	(2,336)	(81,259)
Proceeds from sale of investments	46,066	79
Interest and dividends reinvested	(2,280)	(967)
Capital gain distributions	2,441	
Proceeds from sale of real estate held for sale		300,000
Costs associated with sale of real estate held for sale		(19,309)
Net cash provided by investing activities	<u>43,891</u>	<u>198,544</u>
Cash flows from financing activities:		
Principal repayment of debt		(45,780)
Net cash used in financing activities		<u>(45,780)</u>
Net increase (decrease) in cash and cash equivalents	5,960	(5,082)
Cash and cash equivalents, beginning of year	<u>18,777</u>	<u>23,859</u>
Cash and cash equivalents, end of year	<u>\$ 24,737</u>	<u>\$ 18,777</u>
Supplemental disclosure of cash flow information:		
Amounts paid for:		
Interest		<u>\$ 197</u>
Supplemental disclosure of noncash flow information:		
Unrealized (loss) gain on investments	<u>\$ (3,843)</u>	<u>\$ 2,599</u>

PEDALS FOR PROGRESS  
A NEW JERSEY NONPROFIT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014

Note 1 - Nature of Activities

Pedals for Progress, a New Jersey Nonprofit Corporation, (the "Organization"), was established in 1991. The Organization supports economic development aid by recycling bicycles and sewing machines in the United States of America and shipping them to the people of the developing world.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. A summary of the significant accounting policies followed by the Organization in the preparation of the accompanying financial statements is set forth below:

The Organization prepares its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Accounting for Contributions Received and Made*, and *Financial Statements of Not-for-Profit Organizations*. *Financial Statements of Not-for-Profit Organizations*, establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. *Accounting for Contributions Received and Made*, requires that unconditional promises to give be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets are resources representing the portion of expendable funds available for support of the Organization's programs and activities. These resources are not subject to donor-imposed stipulations.

Temporarily restricted net assets are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Board or management of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets at September 30, 2015 and 2014.

Permanently restricted net assets are assets subject to donor-imposed stipulations to be maintained permanently by the Organization. There were no permanently restricted net assets at September 30, 2015 and 2014.



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NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014  
(Continued)

Note 2 - Summary of Significant Accounting Policies (Cont'd)

Support and Revenue Recognition

Contributions are recognized as revenue and receivables when they are received or unconditionally pledged. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if the donor restriction is satisfied during the accounting period in which the gift was received, the gifts are reported as unrestricted contributions in the statement of activities.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to programs based on units of service and support costs are allocated to programs based on time spent. Program expenses are those related to program activities. Management and general expenses relate to administrative costs associated with the administration of those programs. Fundraising expenses include the direct costs of special events and the allocation of employees' salaries and other costs involved in fundraising and special events based on methods considered by management to be reasonable.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Organization's estimates may change in the near term.

Cash and Cash Equivalents

The Organization considers all highly liquid investing instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowances for Uncollectible Accounts

Accounts receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for uncollectible accounts as of September 30, 2015 and 2014.

PEDALS FOR PROGRESS  
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NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014  
(Continued)

Note 2 - Summary of Significant Accounting Policies (Cont'd)

Investments

The Organization follows FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position.

Unrealized gains and losses are included in the change in net assets. The fair value of investments is determined by reference to quoted market prices. Investment income or loss (including interest and dividends) and gain on sale of investments are included in the statement of activities unless the income or loss is restricted by donor or law.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Furniture and Equipment

Furniture and equipment are carried at cost (or, if acquired by gift, at fair value at the date of gift), net of accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is reflected in operations for the period. The cost of maintenance and repairs is charged to operations as incurred, whereas significant renewals and betterments are capitalized.

The Organization continually evaluates in accordance with the provisions of FASB ASC, *Accounting for the Impairment or Disposal of Long-Lived Assets*, whether current events or circumstances that warrant adjustments to the carrying value or estimated useful lives of fixed assets have occurred.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not-for-Profit Act*. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements.

The Organization follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition related to those tax positions.

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NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014  
(Continued)

Note 2 - Summary of Significant Accounting Policies (Cont'd)

Income Tax Status (Cont'd)

The Organization does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the years ended September 30, 2015 and 2014. However, the Organization is subject to audit by tax authorities, including a review of its nonprofit status which management believes would be upheld upon examination. The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

The Organization files informational returns with both the federal and New Jersey State governments on an annual basis – Form 990 with the Internal Revenue Service, and Form CRI-300R with the State. These returns are subject to examination by these authorities within three years from the latest filing date for federal and four years from the latest filing for New Jersey.

Donated Services

The Board of Trustees makes significant contributions of time relative to general management and operations of the Organization. These donated services are not reflected in the financial statements for the years ended September 30, 2015 and 2014 since they do not meet the criteria for recognition as contributed services in accordance with U.S. generally accepted accounting principles.

Fair Value Measurements

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The Fair Value Measurements Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the Organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

PEDALS FOR PROGRESS  
A NEW JERSEY NONPROFIT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014  
(Continued)

Note 2 - Summary of Significant Accounting Policies (Cont'd)

Fair Value Measurements (Cont'd)

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- Income approach - Techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information might not be available. When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at September 30, 2015 and 2014.

*Cash and cash equivalents, accounts receivable, other assets, accounts payable, and accrued expenses:* the carrying amounts approximate fair value due to the short term maturity of these instruments.

*Common stocks:* The carrying amounts are stated at the value at the closing price reported in the active market in which the individual securities are traded.

PEDALS FOR PROGRESS  
A NEW JERSEY NONPROFIT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014  
 (Continued)

Note 2 - Summary of Significant Accounting Policies (Cont'd)

Fair Value Measurements (Cont'd)

*Mutual funds:* The carrying amounts are valued at the net asset value (NAV) of shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Organization's investments and the amounts reported in the statement of financial position and the statement of activities.

Inventory

Inventory is valued at the lower of market or donated value which is considered cost.

Credit Risk and Concentrations

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents. At times, amounts invested with financial institutions may be in excess of FDIC insurance limits. The Organization maintains its cash balances in three financial institutions located in New Jersey.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after September 30, 2015 through the date of the auditors' report and the date the financial statements were available to be issued, December 18, 2015. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

Note 3 - Inventory

Inventory at September 30, 2015 and 2014 is comprised of the following:

	<u>2015</u>	<u>2014</u>
Bicycle parts, accessories, tires and sewing machines	<u>\$ 11,879</u>	<u>\$ 22,279</u>

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NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014  
 (Continued)

Note 4 - Furniture and Equipment

Furniture and equipment at September 30, 2015 and 2014 is comprised of the following:

	Useful Lives Years	2015	2014
Furniture and equipment	5	\$ 52,251	\$ 52,251
		52,251	52,251
Less: accumulated depreciation		50,743	50,072
		<u>\$ 1,508</u>	<u>\$ 2,179</u>

Depreciation expense for the years ended September 30, 2015 and 2014 totaled \$671.

Note 5 - Donated Materials and In-Kind Donations

Pedals for Progress receives non-cash donations of bicycles, bicycle parts and accessories, and sewing machines. These items are valued at fair value based on the condition of the items at the time of donation. These items are modified, sorted and sent overseas to appropriate facilities for sale and distribution to low income individuals.

The value of the donated items received is included in revenue. The values of the items that have been shipped as of September 30, 2015 and 2014 have been included as an expense.

The revenue from donated materials and in-kind donations as of September 30, 2015 and 2014 was \$178,694 and \$521,653, respectively.

The expense from donated materials and in-kind donations shipped to developing countries as of September 30, 2015 and 2014 was \$189,094 and \$537,780, respectively.

Note 6 - Leases

Pedals for Progress leased its office facility and space for its storage units under a five year lease ending June 30, 2013. The Organization continued to lease its office facility and space for its storage units on a month-to-month basis through February 2014. In March 2014, the Organization entered into a two year agreement with monthly payments of \$1,200. Minimum future rental payments are as follows:

Year Ending	
<u>September 30,</u>	
2016	<u>\$ 6,000</u>

Total rent expense charged to operations for the years ended September 30, 2015 and 2014, was \$15,000.

PEDALS FOR PROGRESS  
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NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014  
 (Continued)

Note 7 - Investments

The following financial instruments, measured on a recurring basis, are carried at fair value in the Organization's financial statements. The fair value disclosures include information regarding the valuation of the Organization's investments at September 30, 2015 and 2014:

	2015		
	Cost Basis	Fair Market Value (Level 1)	Unrealized Gains (Losses)
Equity securities by industry:			
Services	\$ 75	\$ 1,974	\$ 1,899
Mutual funds:			
Value funds	32,817	27,311	(5,506)
Blend funds	7,096	6,880	(216)
Growth funds	3,764	3,871	107
Total mutual funds	<u>43,677</u>	<u>38,062</u>	<u>(5,615)</u>
Total investments	<u>\$ 43,752</u>	<u>\$ 40,036</u>	<u>\$ (3,716)</u>

  

	2014		
	Cost Basis	Fair Market Value (Level 1)	Unrealized Gains (Losses)
Equity securities by industry:			
Services	\$ 75	\$ 1,966	\$ 1,891
Mutual funds:			
Value funds	43,664	43,727	63
Blend funds	16,145	16,598	453
Bond funds	6,113	6,120	7
Growth funds	12,015	12,298	283
Multisector funds	6,135	6,037	(98)
Total mutual funds	<u>84,072</u>	<u>84,780</u>	<u>708</u>
Total investments	<u>\$ 84,147</u>	<u>\$ 86,746</u>	<u>\$ 2,599</u>

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NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015 AND 2014  
(Continued)

Note 7 - Investments (Cont'd)

Investment activity at September 30, 2015 and 2014 is comprised of the following:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 86,746	\$ -
Purchases	2,336	81,259
Sales	(46,066)	(79)
Dividend income reinvested	2,280	967
Realized gain on investments	1,024	2,000
Unrealized (loss) gain on investments	(3,843)	2,599
Capital gain distributions	(2,441)	
Ending balance	<u>\$ 40,036</u>	<u>\$ 86,746</u>

Return on investments at September 30, 2015 and 2014 is comprised of the following:

	<u>2015</u>	<u>2014</u>
Dividend income reinvested	\$ 2,280	\$ 967
Realized gain on investments	1,024	2,000
Unrealized (loss) gain on investments	(3,843)	2,599
Ending balance	<u>\$ (539)</u>	<u>\$ 5,566</u>

Note 8 - Employee Benefits

The Organization has a non-contributory retirement plan covering substantially all employees who meet prescribed service requirements. Contributions under the plan are at the discretion of the Board of Trustees. Retirement benefit expense for the years ended September 30, 2015 and 2014 was \$14,487 and \$24,442, respectively.

The Organization does not provide health care insurance or other welfare benefits to its employees.

Note 9 - Transfer of Net Assets

In 2001, the Organization started a capital campaign to raise funds for the purpose of building a permanent business facility. The Organization raised approximately \$110,000 as a result of the capital campaign. In 2004, Management along with the Board of Trustees agreed not to pursue the building of a permanent business facility and stopped soliciting funds for the capital campaign. Subsequently, management reached out to the previous donors of the capital campaign asking for the release of the restricted funds. Management was able to release approximately 95% of restricted funds. In the prior year, Management along with the consent of the Board of Trustees released the remaining restricted funds amounting to \$10,411. In February 2014, the Organization donated these funds to the Hunterdon Medical Center Foundation to be used for the cardiopulmonary rehabilitation program.

Note 10 - Real Estate Held for Sale

Real estate held for sale was comprised of two plots of land located in the Township of Roxbury, New Jersey with a carrying value of \$270,560. In October 2013, the Organization sold its real estate held for sale for \$300,000.



SUPPLEMENTARY INFORMATION

PEDALS FOR PROGRESS  
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SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2014)

	2015					2014
	Program Services	Supporting Services				
	Bicycle and Sewing Machine Recycling	Management and General	Fundraising	Total	Total	Total
Salaries	\$ 99,456	\$ 5,047	\$ 6,274	\$ 11,321	\$ 110,777	\$ 133,303
Payroll taxes and employee benefits	21,633	1,101	1,317	2,418	24,051	33,455
Total personnel services	121,089	6,148	7,591	13,739	134,828	166,758
In-kind contributions shipped	189,094				189,094	537,780
Shipping and collections	40,276	8		8	40,284	53,862
Donations						10,411
Outside services		547		547	547	599
Rent and occupancy	12,750	1,500	750	2,250	15,000	15,000
Insurance		8,233		8,233	8,233	8,857
Office supplies	1,927	1,503	706	2,209	4,136	5,023
Postage	660	230	2,639	2,869	3,529	3,946
Printing and reproduction	3,361		5,414	5,414	8,775	10,940
Travel	2,326	340		340	2,666	3,690
Merchandise, parts and tools expense	60		470	470	530	580
Professional fees		12,573		12,573	12,573	7,733
Licensing and dues	220	869	220	1,089	1,309	220
Utilities	2,026	388	233	621	2,647	2,357
State fees	50	625		625	675	535
Interest expense						197
Total expenses before depreciation	373,839	32,964	18,023	50,987	424,826	828,488
Depreciation		671			671	671
Total expenses	<u>\$ 373,839</u>	<u>\$ 33,635</u>	<u>\$ 18,023</u>	<u>\$ 50,987</u>	<u>\$ 425,497</u>	<u>\$ 829,159</u>