

**PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

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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, 2008 and 2007, 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. During 2008, Connolly & Co. merged with the predecessor accountant whose report was issued for 2007.

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, 2008 and 2007, 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.



January 23, 2009

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

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	\$ 51,235	\$ 90,785
Inventory of Donated Personal Property	950	13,907
	<u>52,185</u>	<u>104,692</u>
 PROPERTY AND EQUIPMENT		
Net Property and Equipment	<u>248,985</u>	<u>7,040</u>
 TOTAL ASSETS	 <u><u>\$ 301,170</u></u>	 <u><u>\$ 111,732</u></u>

NET ASSETS

NET ASSETS	<u>\$ 301,170</u>	<u>\$ 111,732</u>
 TOTAL NET ASSETS	 <u><u>\$ 301,170</u></u>	 <u><u>\$ 111,732</u></u>

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

	<u>2008</u>	<u>2007</u>
CHANGES IN UNRESTRICTED NET ASSETS		
UNRESTRICTED SUPPORT		
Contributions	\$ 189,253	\$ 183,789
Program Revenues	66,066	77,560
Interest and Other Income	3,094	2,942
Event Net (Loss)	-	(18,031)
In Kind Personal and Real Property and Supporting Services Donations	597,053	459,163
TOTAL REVENUE AND OTHER DONATIONS	<u>855,466</u>	<u>705,423</u>
 PROGRAM SERVICE EXPENSES		
Expenses Including Shipping and In Kind Donations	607,144	653,877
Management and General	39,159	37,785
Fundraising	23,231	58,446
TOTAL EXPENSES	<u>669,534</u>	<u>750,108</u>
 CHANGE IN UNRESTRICTED NET ASSETS	<u>185,932</u>	<u>(44,685)</u>
 CHANGES IN RESTRICTED NET ASSETS		
Contributions and Interest	<u>3,506</u>	<u>18,292</u>
 NET ASSETS - JANUARY 1,	<u>111,732</u>	<u>138,125</u>
 NET ASSETS - DECEMBER 31,	<u><u>\$ 301,170</u></u>	<u><u>\$ 111,732</u></u>

See Report of Independent Public Accountants and Notes to Financial Statements

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

	<u>2008</u>	<u>2007</u>
CASH FLOWS (USED IN) OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 189,439	\$ (26,393)
 ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Donated Land Included in Total Revenue and Other Donations	(240,000)	-
Depreciation	2,567	2,685
Inventory	12,956	9,916
	<u>(35,038)</u>	<u>(13,792)</u>
 CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Additions to Property and Equipment	<u>(4,512)</u>	<u>(2,041)</u>
 NET (DECREASE) IN CASH	(39,550)	(15,833)
 CASH - JANUARY 1,	<u>90,785</u>	<u>106,618</u>
 CASH - DECEMBER 31,	<u><u>\$ 51,235</u></u>	<u><u>\$ 90,785</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 YEARS ENDED DECEMBER 31, 2008**

SUPPORTING SERVICES				
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 105,846	\$ 4,196	\$ 13,340	\$ 123,382
Rent	19,440	1,410	750	21,600
Insurance	4,042	2,008		6,050
Payroll Taxes and Benefits	19,828	699	2,800	23,327
Telephone and Utilities	4,131	668	345	5,144
Office Supplies and Expenses	5,039	1,306	783	7,128
Depreciation		2,567		2,567
Donated Services	24,280	10,470	1,970	36,720
Professional Fees		15,447		15,447
Postage	3,761	388	2,017	6,166
Printing and Publications	7,450		1,226	8,676
Travel	14,167			14,167
Shipping and Collections	89,011			89,011
In Kind Contributions Shipped	310,149			310,149
 TOTAL SUPPORTING SERVICES	 <u>\$ 607,144</u>	 <u>\$ 39,159</u>	 <u>\$ 23,231</u>	 <u>\$ 669,534</u>

**PEDALS FOR PROGRESS,
A NEW JERSEY NON PROFIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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 6,628 bicycles, 176 sewing machines to 11 nonprofit agencies in 8 developing countries in 2008. The organization sponsored 93 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 and real property and supporting services donations as determined by the Board of Trustees was \$597,053 and \$459,163 for 2008 and 2007 respectively. The in kind contributions for 2008 included a donation of 73 acres of industrial property independently appraised at \$240,000. This significant contribution is the single largest donation of an asset to be used directly by the organization for its exempt purposes since inception.

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>2008</u>	<u>2007</u>
Bicycle Parts, Accessories, Tires and		
Sewing Machines	\$ 950	\$ 7,727
Adult and Children's Bicycles	-	6,180
	<u>\$ 950</u>	<u>\$ 13,907</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 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. As of December 31, 2008 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 3,953 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 \$36,720 and \$40,920 for 2008 and 2007 respectively. This amount is included as part of in kind personal and real property and supporting services donations.

**PEDALS FOR PROGRESS,
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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 2008 and 2007 was \$12,645 and \$9,897 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>2008</u>	<u>2007</u>
Money Market Funds and Savings Accounts	\$ 48,002	\$ 82,761
Checking Accounts	3,233	8,024
Total Cash	<u>\$ 51,235</u>	<u>\$ 90,785</u>

PROPERTY AND EQUIPMENT

Property and Equipment consists of the following:

	<u>2008</u>	<u>2007</u>
Land (donated in 2008)	\$ 244,512	\$ -
Furniture and Equipment (including donated property)	48,898	48,898
Less Accumulated Depreciation	(44,425)	(41,858)
Net Property and Equipment	<u>\$ 248,985</u>	<u>\$ 7,040</u>
Depreciation Expense	<u>\$ 2,567</u>	<u>\$ 2,685</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 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.

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 2008 and 2007, 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, 2008 and 2007, the loan balance was \$69,487 and \$30,000 respectively.

	<u>2008</u>	<u>2007</u>
Unrestricted	\$ 266,470	\$ 41,052
Loan Due to Restricted	(69,487)	(30,000)
Total Net Unrestricted	<u>196,983</u>	<u>11,052</u>
Donor Restricted Capital Campaign for a Permanent Facility	34,700	70,680
Loan Due from Unrestricted	69,487	30,000
Total Restricted	<u>104,187</u>	<u>100,680</u>
Total Net Assets	<u>\$ 301,170</u>	<u>\$ 111,732</u>