

PEDALS FOR PROGRESS, A NJ NON PROFIT ORG

(a Non Profit Corporation)

FINANCIAL STATEMENTS

(Tax Basis)

SEPTEMBER 30, 2020 and 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
PEDALS FOR PROGRESS, A NJ NON PROFIT ORG
86 EAST MAIN STREET
HIGH BRIDGE, NJ 08829

We have reviewed the accompanying financial statements of PEDALS FOR PROGRESS, A NJ NON PROFIT ORG (a Non profit corporation), which comprises the statements of assets, liabilities and fund balances -tax basis as of September 30, 2020 and 2019 and the related statements of public support, revenues, expenses and changes in fund balances-tax basis for the years then ended, and the related notes to the financial statements-tax basis. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the tax basis of accounting the Corporation uses for income tax purposes; this includes determining that the basis of accounting the Corporation uses for income tax purposes is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the basis of accounting the Corporation uses for income tax purposes. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the basis of accounting the Corporation uses for income tax purposes.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the basis of accounting the Corporation uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

November 19, 2020

Nicholas B Boxter, CPA
Whitehouse NJ 08888

member American Institute of CPAs New Jersey Society of CPAs New York State Society of CPAs

PEDALS FOR PROGRESS, A NJ NON PROFIT ORG
(a Non Profit Corporation)
STATEMENTS OF ASSETS, LIABILITIES AND FUND
BALANCES-Tax Basis
as of September 30, 2020 and 2019

ASSETS		<u>2020</u>	<u>2019</u>
CURRENT ASSETS			
Cash	\$	20,288	\$ 9,242
Accounts receivable		1,650	0
Inventory		38,158	34,264
Investments (market value)		32,751	29,062
Deferred PPP related expenses (NOTE 5)		<u>19,700</u>	<u>0</u>
Total Current Assets		<u>112,547</u>	<u>72,568</u>
PROPERTY AND EQUIPMENT (NOTE 1)			
Furniture and fixtures		52,251	52,251
Machinery & equipment		<u>4,058</u>	<u>4,058</u>
		56,309	56,309
Less: Accumulated Depreciation		<u>(55,068)</u>	<u>(54,081)</u>
Net Property and Equipment		<u>1,241</u>	<u>2,228</u>
TOTAL ASSETS	\$	<u>113,788</u>	\$ <u>74,796</u>
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES			
Accounts payable	\$	<u>0</u>	\$ <u>0</u>
Total Current Liabilities		<u>0</u>	<u>0</u>
Long-term liabilities(NOTE 5)		<u>19,700</u>	<u>0</u>
Total Long-Term Liabilities		<u>19,700</u>	<u>0</u>
Total Liabilities		<u>19,700</u>	<u>0</u>
FUND BALANCE			
Fund Balance		<u>94,088</u>	<u>74,796</u>
Total Fund Balance		<u>94,088</u>	<u>74,796</u>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>113,788</u>	\$ <u>74,796</u>

See Independent Accountant's Review Report and notes to the financial statements.

PEDALS FOR PROGRESS, A NJ NON PROFIT ORG

(a Non Profit Corporation)

STATEMENTS OF PUBLIC SUPPORT, REVENUES, EXPENSES AND CHANGES IN FUND BALANCES-Tax Basis for the years ended September 30, 2020 and 2019

	Year Ended		Year Ended	
	<u>Sep. 30,</u>	<u>%</u>	<u>Sep. 30,</u>	<u>%</u>
	<u>2020</u>		<u>2019</u>	
Public Support and Revenues				
Public Support				
Contributions	\$ 146,521	53.54	\$ 150,826	43.73
Donated material(NOTE 2)	113,769	41.57	171,216	49.64
Program revenue	<u>13,378</u>	<u>4.89</u>	<u>22,878</u>	<u>6.63</u>
Total Public Support	<u>273,668</u>	<u>100.00</u>	<u>344,920</u>	<u>100.00</u>
Revenues				
Investment income	<u>6,211</u>	<u>2.27</u>	<u>1,428</u>	<u>0.41</u>
Total Revenues	<u>6,211</u>	<u>2.27</u>	<u>1,428</u>	<u>0.41</u>
Total Public Support and Revenues	<u>279,879</u>	<u>102.27</u>	<u>346,348</u>	<u>100.41</u>
Expenses				
Program Services				
Officer's salary	45,000	16.44	45,000	13.05
Salaries	40,119	14.66	33,759	9.79
Payroll taxes	6,824	2.49	6,391	1.85
PPP related expense (NOTE 5)	(19,700)	(7.20)	0	0.00
Collections	5,816	2.13	11,979	3.47
Donated items shipped (NOTE 2)	109,875	40.15	168,199	48.76
Retirement contribution (NOTE 3)	11,956	4.37	9,145	2.65
Printing and reproduction	6,018	2.20	7,215	2.09
Shipping	19,649	7.18	30,506	8.84
Travel	<u>1,160</u>	<u>0.42</u>	<u>3,302</u>	<u>0.96</u>
Total Program Services	<u>226,717</u>	<u>82.84</u>	<u>315,496</u>	<u>91.47</u>

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PEDALS FOR PROGRESS, A NJ NON PROFIT ORG

(a Non Profit Corporation)

**STATEMENTS OF PUBLIC SUPPORT, REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES-Tax Basis
for the years ended September 30, 2020 and 2019**

	Year Ended		Year Ended	
	<u>Sep. 30,</u>	<u>%</u>	<u>Sep. 30,</u>	<u>%</u>
	<u>2020</u>		<u>2019</u>	
Support Service				
Annual report	0	0.00	26	0.01
Bank and credit card fees	642	0.23	1,195	0.35
Depreciation	987	0.36	812	0.24
Dues and subscriptions	595	0.22	150	0.04
Insurance	204	0.07	4,967	1.44
Investment expenses	288	0.11	364	0.11
Legal and accounting fees	2,845	1.04	4,093	1.19
Licenses and permits	327	0.12	300	0.09
Payroll service	549	0.20	507	0.15
Office expenses	5,543	2.03	4,630	1.34
Rent and utilities (NOTE 4)	18,923	6.91	19,442	5.64
Subcontractors	<u>1,193</u>	<u>0.44</u>	0	<u>0.00</u>
Total Support Service	<u>32,096</u>	<u>11.73</u>	<u>36,486</u>	<u>10.58</u>
Total Expenses	<u>258,813</u>	<u>94.57</u>	<u>351,982</u>	<u>102.05</u>
Excess of Revenue (Expense)	21,066	<u><u>7.70</u></u>	(5,634)	<u><u>(1.63)</u></u>
Unrealized gain (loss)	(1,774)		43	
Fund Balance-Beginning	<u>74,796</u>		<u>80,387</u>	
Fund Balance-Ending	<u><u>\$ 94,088</u></u>		<u><u>\$ 74,796</u></u>	

See Independent Accountant's Review Report and notes to the financial statements.

PEDALS FOR PROGRESS, A NJ NON PROFIT ORG

(a Non Profit Corporation)

Notes to Financial Statements-Tax Basis as of September 30, 2020 and 2019

NOTE 1-Summary of Significant Accounting Policies

Nature of Operations

Pedals for Progress, a New Jersey Nonprofit Corporation, was established in 1991. The Corporation 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.

Method of Accounting

The accompanying financial statements are prepared on the accounting basis used for the Corporation's federal income tax return. Under generally accepted accounting principles, property and equipment are depreciated over their estimated useful lives and organization costs are expensed rather than capitalized. Accordingly, the financial statements are not intended to present financial position, results of operations, and cash flows in accordance with generally accepted accounting principles.

Property and equipment

Depreciation is computed on the straight-line and accelerated cost recovery methods based upon the estimated useful lives of the assets as follows:

Equipment	5-15 years
Furniture & fixtures	5-15 years

Donated Services

A substantial number of unpaid volunteers have made significant contribution of their time to perpetuate the activities of the Corporation. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Revenue Recognition

All contributions and grants are recognized as income when received.

PEDALS FOR PROGRESS, A NJ NON PROFIT ORG

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Notes to Financial Statements-Tax Basis as of September 30, 2020 and 2019

NOTE 1-continued

Use of estimates

The preparation of financial statements in conformity with tax basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expense Classification

Expenses are charged to each program based on direct expenditures incurred. Program expenses are those related to program activities. Management and general expenses relate to administrative costs associated with the administration of those programs.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management uses the direct write off method for any uncollectible accounts.

Income Tax

The Corporation is a not for profit corporation 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 Corporation 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 financial statements.

Inventory

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

Subsequent Events

Subsequent events have been evaluated through November 19, 2020, the date the financial statements were available to be issued.

NOTE 2-DONATED MATERIALS

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

The revenue from donated materials for the years ended September 30, 2020 and 2019 were \$113,769 and \$171,216 and the expenses from donated materials shipped to developing countries for the years ended September 30, 2020 and 2019 were \$109,875 and \$168,199, respectively.

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**Notes to Financial Statements-Tax Basis
as of September 30, 2020 and 2019**

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**Notes to Financial Statements-Tax Basis
as of September 30, 2020 and 2019**

NOTE 3-RETIREMENT CONTRIBUTION

The Corporation has a non-contributory retirement plan covering substantially all employees who meet the prescribed service requirements. Contributions under the plan are at the discretion of the Board of Trustee. Retirement benefit expenses for the years ended September 30, 2020 and 2019 were \$11,956 and \$9,145, respectively.

NOTE 4-LEASE AGREEMENT

In July 2017, the Corporation entered into a five year lease arrangement for its office facility and space for its storage units. The monthly amount was \$1,300 with the rent expenses for the years ended September 30, 2020 and 2019 were \$16,200 and \$16,050, respectively.

NOTE 5-LONG-TERM LIABILITIES

The Corporation applied for the Paycheck Protection Program (PPP), under the CARES act. This allowed the corporation to obtain a loan from the US Small Business Administration to aid in the uncertainty of the economic conditions brought on by the Coronavirus in the amount of \$19,700. The Act contains provisions for the forgiveness of all or a portion of this PPP loan subject to satisfaction of certain requirements. As of September 30, 2020, forgiveness of the loan had not been obtained; therefore, the loan is recorded as long-term. No collateral was needed.

Based on Rev. Rul. 2020-27, the eligible expenses that were paid for with the PPP loan proceeds are deemed non-deductible in the tax year in which these expenses were paid, as long as the Corporation reasonably expects to receive forgiveness of the loan.