

INSPIRATIONAL TRIATHLON RACING
INTERNATIONAL CORP

Financial Statements

for the years ended
September 30, 2020 and 2019

INSPIRATIONAL TRIATHLON RACING
INTERNATIONAL CORP

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Inspirational Triathlon Racing International Corp
East Hampton, New York

We have reviewed the accompanying financial statements of Inspirational Triathlon Racing International Corp (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes for the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Account's Responsibility

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. 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 accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America.

Sabel and Oplinger

Sabel & Oplinger, CPA, PC
Southampton, New York

June 4, 2021

INSPIRATIONAL TRIATHLON RACING
INTERNATIONAL CORP

Statements of Financial Position

	September 30	
	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 280,906	\$ 41,797
Property and Equipment, net	<u>20,398</u>	<u>27,608</u>
Total Assets	<u>\$ 301,304</u>	<u>\$ 69,405</u>
Liabilities and Net Assets		
Current Liabilities		
SBA loans payable	\$ 65,993	\$ -
Accrued expenses payable	1,561	2,764
Payroll liabilities	<u>7,183</u>	<u>6,471</u>
Total Current Liabilities	74,737	9,235
Long-term Liabilities		
SBA loans payable, net of short-term portion	<u>148,507</u>	<u>-</u>
Total Liabilities	<u>223,244</u>	<u>9,235</u>
Net Assets		
Without donor restrictions	<u>78,060</u>	<u>60,170</u>
Total Net Assets	<u>78,060</u>	<u>60,170</u>
Total Liabilities and Net Assets	<u>\$ 301,304</u>	<u>\$ 69,405</u>

See Independent Accountants' Review Report and
Notes to Financial Statements

INSPIRATIONAL TRIATHLON RACING
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Statements of Activities

for the years ended

	September 30	
	<u>2020</u>	<u>2019</u>
Revenues and Support		
Contributions and grants	\$ 540,696	\$ 462,248
Event Income	<u>52,360</u>	<u>65,704</u>
Total Revenues and Support	<u>593,056</u>	<u>527,952</u>
Expenses		
Program expenses	329,317	343,259
Supportive services:		
Administrative and general	97,026	106,502
Fundraising	<u>148,823</u>	<u>77,572</u>
Total Expenses	<u>575,166</u>	<u>527,333</u>
Change in Net Assets	17,890	619
Net Assets, beginning of year	<u>60,170</u>	<u>59,551</u>
Net Assets, end of year	<u>\$ 78,060</u>	<u>\$ 60,170</u>

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Statements of Functional Expenses

for the years ended

Expense	Program	Management	Fundraising	September 30	
	Service Expenses	and General		2020	2019
Salaries and wages	\$ 208,636	\$ 46,513	\$ 72,980	\$ 328,129	\$ 316,003
Payroll taxes	13,102	9,011	3,312	25,425	25,155
Professional fees	-	4,205	-	4,205	3,275
Consultants	13,305	20,941	35,975	70,221	30,572
Advertising	8,350	663	3,091	12,104	8,635
Office expenses	-	4,372	520	4,892	4,336
Computer expenses	17,558	4,322	11,995	33,875	10,574
Employee travel	13,221	87	1,258	14,566	13,556
Insurance	19,426	4,606	18,737	42,769	41,291
Program supplies	8,161	2	560	8,723	29,288
Program expenses	10,064	-	-	10,064	18,014
Facilities and equipment	7,947	-	-	7,947	13,369
Telephone	2,204	249	-	2,453	2,277
Miscellaneous expenses	1,575	613	395	2,583	5,818
Depreciation	5,768	1,442	-	7,210	5,170
Total Functional Expenses	<u>\$ 329,317</u>	<u>\$ 97,026</u>	<u>\$ 148,823</u>	<u>\$ 575,166</u>	<u>\$ 527,333</u>

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Statements of Cash Flows

for the years ended

	September 30	
	2020	2019
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 17,890	\$ 619
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	7,210	5,170
(Increase) Decrease in: Accounts receivable	-	3,500
Increase (Decrease) in: Accrued expenses payable	(1,203)	2,075
Payroll taxes payable	712	2,783
Net Cash Provided by Operating Activities	24,609	14,147
<u>Cash Flows from Investing Activities:</u>		
(Purchase) of fixed assets	-	(18,875)
Net Cash (Used) by Investing Activities	-	(18,875)
<u>Cash Flows from Financing Activities:</u>		
Loan proceeds	214,500	-
Net Cash Provided by Financing Activities	214,500	(18,875)
Net Increase (Decrease) in Cash	239,109	(4,728)
Cash and cash equivalents, beginning of year	41,797	46,525
Cash and cash equivalents, end of year	\$ 280,906	\$ 41,797

See Independent Accountants' Review Report and
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Notes to Financial Statements

September 30, 2020

Note 1 - Nature of Organization

The Inspirational Triathlon Racing International Corp was incorporated in April 2011 as a Not-for-Profit Corporation pursuant to General Corporation law of the State of Delaware. The Organization was organized to develop self-esteem and promote the benefits of a healthy life style in pre-teen and teenage girls.

Note 2 - Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 4, 2021, the date that the financial statements were available to be issued.

Note 3 - Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representations of the Organization's management who are responsible for their integrity and objectivity.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The organization has adjusted the presentation of these statements accordingly.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

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Notes to Financial Statements

September 30, 2020

Note 3 - Continued

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management may make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the revenue and expenses during the reported periods. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The Organization deposits its cash with what it believes to be quality financial institutions. The Organization believes no significant concentration of credit risk exists with respect to its cash.

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Notes to Financial Statements

September 30, 2020

Note 3 - Continued

Accounts Receivable

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to the 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. No accounts have been written off for the year ended September 30, 2020 and 2019.

Property, Equipment and Depreciation

The expenditures for property and equipment are capitalized at cost. Donated assets are capitalized at their fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed Services

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising campaigns. The value of this contributed time is not reported in these financial statements, as it does not meet the criteria for recognition.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis and are based on time.

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Notes to Financial Statements

September 30, 2020

Note 3 - Continued

Summarized Financial Information for 2019

The financial statements include prior year expenses shown by natural expenses on the Statement of Functional Expenses and not by functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with United States generally accepted accounting principles. Accordingly, such information should only be read in conjunction with the Organization's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

Note 4 - Availability and Liquidity

The following represents the organization's financial assets at:

	September 30	
	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 280,906	\$ 41,797
Less financial assets not available to be used within one year:	-	-
Financial assets available to meet the cash needs for general expenditures	\$ 280,906	\$ 41,797

The organization maintains financial assets to meet operating expenses. As part of its liquidity plan, excess cash, if any, is maintained in the checking account for future operating expenses.

Note 5 - Property and equipment are summarized as follows:

	September 30	
	2020	2019
Equipment	\$ 11,176	\$ 11,176
Website	18,875	18,875
Furniture and fixtures	9,778	9,778
Subtotal	39,829	39,829
Less: Accumulated Depreciation	(19,431)	(12,221)
Total	\$ 20,398	\$ 27,608

See Independent Auditors' Report

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Notes to Financial Statements

September 30, 2020

Note 6 - SBA Loans

The Organization received a \$64,500 forgivable loan from the Small Business Administration (SBA) on April 15, 2020. As a result, the Organization has recorded the amount received as a financial liability in accordance with FASB ASC 470. Therefore, the entire loan is included in liabilities on the *Statement of Financial Position* and will remain there until the loan is officially forgiven. At that point, the loan proceeds will be recorded as revenue on the *Statement of Activities*. The loan has been forgiven in 2021.

The Organization received a \$150,000 loan from the SBA in June 2020. The loan is a thirty-year loan with a one-year deferral period and an interest rate of 2.75 percent with monthly payments of \$641. The principal maturities are as follows:

<u>Year</u>	<u>Amount</u>
2021	1,493
2022	3,654
2023	3,756
2024	3,860
2025	3,968
Thereafter	<u>133,269</u>
Total	<u>\$ 150,000</u>
Less current portion	<u>(1,493)</u>
Total - Long-term portion	<u>\$ 148,507</u>

Note 7 - Advertising

The Organization uses advertising to promote its programs and fundraising events. These costs are expensed as incurred and totaled \$8,635 for the year ended September 30, 2020.

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Notes to Financial Statements

September 30, 2020

Note 8 - Tax Exempt Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2) .

There was no unrelated business income for the year ended September 30, 2020. Accordingly, no provision for Federal or State income taxes is required. As of September 30, 2020, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2016 and forward are subject to the usual review by the appropriate taxing authorities.

Note 9 - Subsequent Events

As a result of the current COVID-19 pandemic, economic uncertainties have arisen which are likely to negatively impact fundraising and donations, special events and program income. Other financial impacts could occur though such potential impacts are unknown at this time. These potential losses have not been recognized and are not required to be recognized in these financial statements. The organization has obtained government stimulus funds (see Note 6 for recognition details) and believes it has adequate funds to cover any potential losses due to the pandemic.