

INSPIRATIONAL TRIATHLON RACING
INTERNATIONAL CORP

Financial Statements

for the years ended
September 30, 2022 and 2021

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, 2022 and 2021, 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.

We are required to be independent of Inspirational Triathlon Racing International Corp, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our reviews, 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

July 26, 2023

INSPIRATIONAL TRIATHLON RACING
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Statements of Financial Position

	September 30	
	2022	2021
Assets		
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 183,827	\$ 236,165
Restricted	-	48,995
Total Current Assets	183,827	285,160
Property and Equipment, net	41,633	57,359
Total Assets	\$ 225,460	\$ 342,519
Liabilities and Net Assets		
Current Liabilities		
SBA loans payable - current portion	\$ 3,756	\$ 77,320
Accrued expenses payable	5,931	6,974
Payroll liabilities	310	329
Total Current Liabilities	9,997	84,623
Long-term Liabilities		
SBA loans payable, net of short-term portion	143,630	140,337
Total Liabilities	153,627	224,960
Net Assets		
Without donor restrictions	71,833	68,564
With donor restrictions	-	48,995
Total Net Assets	71,833	117,559
Total Liabilities and Net Assets	\$ 225,460	\$ 342,519

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INSPIRATIONAL TRIATHLON RACING
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Statements of Activities

for the years ended

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>September 30</u>	
			<u>2022</u>	<u>2021</u>
Revenues and Support				
Contributions and grants	\$ 631,722	\$ -	\$ 631,722	\$ 620,701
Event Income	11,679	-	11,679	4,164
Investment income	29	-	29	123
Government grant – SBA PPP	69,580	-	69,580	64,500
Released from Restriction	<u>48,995</u>	<u>(48,995)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>762,005</u>	<u>(48,995)</u>	<u>713,010</u>	<u>689,488</u>
Expenses				
Program expenses	477,751	-	477,751	406,760
Supportive services:				
Administrative and general	146,540	-	146,540	65,664
Fundraising	<u>134,445</u>	<u>-</u>	<u>134,445</u>	<u>177,565</u>
Total Expenses	<u>758,736</u>	<u>-</u>	<u>758,736</u>	<u>649,989</u>
Change in Net Assets	3,269	(48,995)	(45,726)	39,499
Net Assets, beginning of year	<u>68,564</u>	<u>48,995</u>	<u>117,559</u>	<u>78,060</u>
Net Assets, end of year	<u>\$ 71,833</u>	<u>\$ -</u>	<u>\$ 71,833</u>	<u>\$ 117,559</u>

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Statements of Functional Expenses

for the years ended

Expense	Program Service Expenses	Management and General	Fundraising	September 30	
				2022	2021
1 Salaries and wages	\$ 344,755	\$ 83,401	\$ 53,097	\$ 481,253	\$ 422,031
2 Payroll taxes	24,194	12,735	2,882	39,811	35,386
3 Professional fees		4,750		4,750	35,085
4 Consultants	3,349	2,615	70,958	76,922	57,725
5 Advertising	481	410	2,053	2,944	7,241
6 Office expenses	959	4,639	34	5,632	5,254
7 Computer expenses	2,137	4,046	3,686	9,869	8,657
8 Employee travel	14,260	198	1,397	15,855	10,083
9 Insurance	23,856	10,630		34,486	33,005
10 Program supplies	13,666	130		13,796	7,575
11 Program expenses	18,223			18,223	4,909
12 Giving Day expenses				-	6,205
12 Education & Training	16,930	209	338	17,477	
13 Facilities and equipment	12,942	75		13,017	534
14 Telephone	1,999			1,999	2,228
15 Miscellaneous expenses		6,851		6,851	1,662
16 Depreciation		15,851		15,851	12,409
Total Functional Expenses	\$ 477,751	\$ 146,540	\$ 134,445	\$ 758,736	\$ 649,989

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Statements of Cash Flows

for the years ended

	September 30	
	2022	2021
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ (45,726)	\$ 39,499
Adjustments to reconcile the change in net assets to net cash (used) provided by operating activities:		
Depreciation	15,726	12,409
Increase (Decrease) in:		
Accrued expenses payable	(1,043)	5,413
Payroll taxes payable	(19)	(6,854)
Net Cash (Used) Provided by Operating Activities	(31,062)	50,467
<u>Cash Flows from Investing Activities:</u>		
(Purchase) of fixed assets	-	(49,370)
Net Cash (Used) by Investing Activities	-	(49,370)
<u>Cash Flows from Financing Activities:</u>		
Loan proceeds	-	69,580
Principal loan repayments and forgiveness	(70,271)	(66,423)
Net Cash (Used) Provided by Financing Activities	(70,271)	3,157
Net (Decrease) Increase in Cash	(101,333)	4,254
Cash and cash equivalents, beginning of year	285,160	280,906
Cash and cash equivalents, end of year	\$ 183,827	\$ 285,160

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Notes to Financial Statements

September 30, 2022

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 lifestyle 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 July 26, 2023, 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.

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:

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.

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Notes to Financial Statements

September 30, 2022

Note 3 - Continued

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. Cash consists of the following:

	September 30	
	2022	2021
Unrestricted	\$ 183,827	\$ 236,165
Restricted	-	48,995
Total Cash and Cash Equivalents	\$ 183,827	\$ 285,160

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.

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, 2022 and 2021.

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.

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Notes to Financial Statements

September 30, 2022

Note 3 - Continued

Revenue and Revenue Recognition

The organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. The Organization did not receive any in-kind donations for the years ended September 30, 2022 and 2021.

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, 2022

Note 3 - Continued

Summarized Financial Information for 2021

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, 2021, from which the summarized information was derived.

Note 4 - Availability and Liquidity

The following represents the organization's financial assets at:

	September 30	
	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 183,827	\$ 285,160
Less financial assets not available	-	(48,995)
Financial assets available	\$ 183,827	\$ 236,165

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	
	2022	2021
Equipment	\$ 60,546	\$ 60,546
Website	18,875	18,875
Furniture and fixtures	9,778	9,778
Subtotal	89,199	89,199
Less: Accumulated Depreciation	(47,566)	(31,840)
Total	\$ 41,633	\$ 57,359

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Notes to Financial Statements

September 30, 2022

Note 6 - SBA Loans

The Organization received a \$64,500 forgivable loan from the Small Business Administration (SBA) in April of 2020. As a result, the Organization recorded the amount received as a financial liability in accordance with FASB ASC 470. The entire loan was included in liabilities on the *Statement of Financial Position* and remained there until the loan was officially forgiven. The loan was forgiven in 2021 and is included in Contributions and Grants in the *Statements of Activities*. A second PPP loan was received in 2021 for \$69,580 and the entire loan was included in liabilities on the *Statement of Financial Position* and remained there until the loan was officially forgiven in 2022.

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>
2023	3,756
2024	3,860
2025	3,968
2026	4,167
Thereafter	<u>131,635</u>
Total	<u>\$ 147,386</u>
Less current portion	<u>(3,756)</u>
Total - Long-term portion	<u>\$ 143,630</u>

Note 7 - Advertising

The Organization uses advertising to promote its programs and fundraising events. These costs are expensed as incurred and totaled \$2,944 and \$7,241 respectively for the years ended September 30, 2022 and 2021.

Note 8 - Net Assets

Net assets with donor restrictions are as follows:

	<u>September 30</u>	
	<u>2022</u>	<u>2021</u>
Donations received for subsequent year	<u>\$ -</u>	<u>\$ 48,995</u>

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Notes to Financial Statements

September 30, 2022

Note 9 - 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, 2022. Accordingly, no provision for Federal or State income taxes is required. As of September 30, 2022, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2018 and forward are subject to the usual review by the appropriate taxing authorities.

Note 10 - Subsequent Events

As a result of the current COVID-19 pandemic, economic uncertainties have arisen which are likely to negatively impact program services. These potential losses have not been recognized and are not required to be recognized in these financial statements. The organization believes it has adequate funds to cover any potential losses due to the pandemic.