

Financial Statements

Achilles International, Inc.
December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Achilles International, Inc.
New York, New York

I have audited the accompanying statement of financial position of Achilles International, Inc. (a non-profit organization) as of December 31, 2011, and related statement of activities and expenses and statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Achilles International, Inc. as of December 31, 2011 and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Sam J. Nole
Certified Public Accountant
New York, New York
May 14, 2012

Achilles International, Inc.
Statement of Financial Position
December 31, 2011

ASSETS

CURRENT ASSETS

Cash	\$ 326,384
Accounts receivable	17,308
Inventory	55,039
Prepaid expenses	<u>3,500</u>
	<u>402,231</u>

EQUIPMENT

	474,985
Less: Accumulated depreciation	<u>323,867</u>
	<u>151,118</u>

\$ 553,349

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$ 14,968
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UNRESTRICTED FUNDS

538,381

\$ 553,349

See Notes to Financial Statements

Achilles International, Inc.
Statement of Activities and Expenses
For the Year Ended December 31, 2011

SUPPORT	
DONATIONS AND FUNDRAISING	\$ 2,331,101
PROGRAM EXPENSES	<u>1,975,506</u>
Net program revenue	<u>355,595</u>
EXPENSES	
Accounting	2,418
Depreciation	9,217
Employee benefits	12,134
Events and fundraising	73,678
Insurance	7,108
Office expenses	40,215
Rent and utilities	41,459
Salaries	86,303
Taxes – payroll	<u>6,246</u>
Total expenses	<u>278,778</u>
Net increase in assets	76,817
NET ASSETS- BEGINNING OF YEAR	<u>461,564</u>
NET ASSETS – END OF YEAR	\$ <u>538,381</u>

See Notes to Financial Statements

Achilles International, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 76,817
Adjustments to reconcile change in net assets	
To net cash provided by operations:	
Depreciation	92,174
(Increase) decrease in accounts receivable	12,692
(Increase) decrease in inventory	(24,231)
(Decrease) increase in accrued expenses	(3,065)
Net cash provided by (used by) operating activities	<u>154,387</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of equipment	(125,784)
Net increase in cash	28,603
CASH - BEGINNING	<u>297,781</u>
CASH - ENDING	\$ <u>326,384</u>

See Notes to Financial Statements

Achilles International, Inc.
Notes to Financial Statements
December 31, 2011

Note 1 - Significant Accounting Policies

(A) Nature of Organization

ACHILLES INTERNATIONAL, INC is a charitable organization, and was incorporated on August 23, 1984.

The mission is to enable people with disabilities to compete in mainstream athletics, with a focus on distance/marathon running.

ACHILLES INTERNATIONAL, INC. is exempt from Federal Income Tax under the provisions of section 501 (c) (3) f the Internal Revenue Code of 1986, as amended. Contributions received are deductible by the donors in computing their taxable net income in the manner and to the extent provided by Section 170 (B)(1) and (2) of the Internal Revenue Code of 1986, as amended. In addition, there was no unrelated business income for the year ended December 31, 2011 that is subject to federal, state or local income taxes.

Many volunteers participate in the operations and functions of the Achilles International. These services are not recorded as contributions as there is no measurable basis for determination even though they play a significant role in the operations of many of the programs.

(B) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

(C) Financial Statements Presentation

Under Statement of Financial Accounting Standards ("SFAS") No. 117, entitled "*Financial Statements for Not for Profit Organizations*," the Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based on the existence or absence of donor-imposed restrictions.

(D) Contributions and Contributions Receivable

In accordance with SFAS No. 116, entitled "*Accounting for Contributions Received and Contributions Made*," contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are received that are designated for future periods or restricted by the donor for specific purposes are recorded as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Expenses as net assets released from restrictions. Contributions are recorded at their fair value on the date of receipt.

(E) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(F) Depreciation and Amortization

Equipment is stated at cost. The various method of depreciation used is as follows:

<u>Classification</u>	<u>Method</u>	<u>Useful Life</u>
Equipment	Straight-line	3 to 5 years

For the year ended December 31, 2011, the Organization recorded depreciation expense of \$92,174 on these assets.

Note 2 - Description of Grants and Programs

The Achilles International is a worldwide organization that encourages people with disabilities to participate in Marathon running with the general public. People who had difficulty negotiating the distance between light poles, often wind up competing in marathons. Achilles provides training, encouragement and technical expertise to disabled athletes of all abilities. Runners participate with crutches, tethers for the blind, in wheelchairs, on artificial limbs and without aids.

Marathon Expenses:

To enable and assist disabled athletes to run and compete with the general public in Marathons. The organization provides training, encouragement and technical expertise to disabled athletes of all abilities. Runners participate with crutches, tethers for the blind, in wheelchairs, on artificial limbs and without aides.

Achilles Kids:

The organization has a youth program called Achilles Kids, which in association with The New York City Department of Education, trains more than 3,500 children at 142 public and private schools. Achilles Kids is primarily composed of minority children from Inner City neighborhoods and features workouts throughout the year: 2,100 pairs of shoes were given to members who completed a total of 26.2 miles.

Freedom Team:

The organization provides a program for disabled veterans, including many from the wars in Iraq and Afghanistan, with 360 members from the Walter Reed Army Medical Center, Balboa Naval Hospital, and Brooke Army Medical Center. Thirty team members completed the 2011 ING NYC Marathon and ever increasing numbers of Veterans will compete with Achilles in their marathon tour of mainstream races throughout the country.

Hope and Possibility Race

The Hope and Possibility race, established by Achilles in 2002, is held annually in Central Park, New York City. Able-bodied and disabled individuals compete together over a distance of 5 miles. In 2011, over 4,000 runners participated.

The New York Chapter

The New York Chapter meets twice a week in Central Park for workouts. It has a running event once a month as well as social gathering throughout the year. The chapter's many programs within New York City include the following: A Tandem Bike Program in which members participate in the annual Five Borough Bike Tour of New York, a kayak program, a program with traumatic brain injury patients at the Rusk Institute, and a program with the Friedman Diabetes Institute at Beth Israel Medical Center.

Note 3 – Cash Concentration

The Organization maintains bank accounts at Credit Suisse, JP Morgan Chase, NA and TD Bank NA. At no times have these bank accounts been in excess of FDIC insurance limits. As of December 31, 2011, no accounts exceeded FDIC insurance limits.

Note 4 – Long Term Lease

The organization renewed its lease for a period of five (5) years expiring on May 31, 2014. The organization may terminate without penalty after two (2) years and then again, it may also terminate it after four (4) years, again without incurring any penalties.

The following is a schedule by years of future base rental payments required under its operating lease:

<u>Year Ending December 31,</u>	<u>Amount</u>
2012	\$39,964
2013	40,455
2014	16,856