

Financial Statements

Achilles International, Inc.
December 31, 2016

Contents

Financial Statements

Independent Auditor's Report.....	1-2
Statement of financial position	3
Statement of activities and expenses	4
Statement of cash flows	5
Notes to financial statements	6-8
Independent Auditor's report on supplementary Information.....	9
Supplementary information: Statement of Functional Expenses for the year ended December 31, 2016 with comparative totals for 2015	10
Supplementary information: Schedules in support of Statement of Activities and Expenses	11

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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 financial statements of Achilles International, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "S. Nole CPA". The signature is written in a cursive, flowing style.

**Sam J. Nole
Certified Public Accountant
New York, New York
May 9, 2017**

Achilles International, Inc.
Statements of Financial Position
December 31, 2016 and 2015

ASSETS			
	<u>2016</u>		<u>2015</u>
Cash	\$ 588,266	\$	583,659
Contributions receivable	160,144		110,000
Inventory	9,848		29,536
Prepaid expenses	0		34,826
Property and equipment (net of appreciation \$353,334, \$307,894)	<u>121,427</u>		<u>169,083</u>
TOTAL ASSETS	\$ <u>879,685</u>	\$	<u>927,104</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accrued expenses	\$ 2,275	\$	2,375
Loans payable	<u>0</u>		<u>1,018</u>
	2,275		3,393
COMMITMENTS AND CONTIGENCIES (see notes)			
NET ASSETS			
Unrestricted	877,410		923,711
Temporarily restricted	0		0
Permanently restricted	<u>0</u>		<u>0</u>
Total net assets	<u>877,410</u>		<u>923,711</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>879,685</u>	\$	<u>927,104</u>

See accompanying notes to financial statements

Achilles International, Inc.
Statements of Activities and Expenses
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
SUPPORT		
Contributions and grants	\$ 2,315,821	\$ 2,343,989
Special events:		
Income	346,935	263,650
Less: related direct costs	(89,107)	(56,319)
Net special event income	<u>257,828</u>	<u>207,331</u>
Total support and revenues	2,573,649	2,551,320
EXPENSES		
Program expenses – Schedule I	2,314,687	2,323,573
Management and general expenses – Schedule II	179,333	209,413
Fundraising expenses – Schedule III	<u>125,930</u>	<u>125,194</u>
Total expenses	<u>2,619,950</u>	<u>2,658,180</u>
Net increase (decrease) in assets	(46,301)	(106,860)
NET ASSETS – BEGINNING OF YEAR	<u>923,711</u>	<u>1,030,571</u>
NET ASSETS – END OF YEAR	\$ <u>877,410</u>	\$ <u>923,711</u>

See accompanying notes to financial statements

Achilles International, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/ (decrease) in net assets	\$ (46,301)	\$ (106,860)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	48,000	45,440
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(50,144)	(75,000)
(Increase) decrease in inventory	19,688	18,125
(Increase) decrease in prepaid expenses	34,826	8,000
Increase (decrease) in accrued expenses	(100)	0
Net cash provided by (used by) operating Activities	5,969	(110,295)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(344)	(5,773)
Net cash provided/ (used) by operating activities	(344)	(5,773)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	0	4,735
Repayments of loans	(1,018)	(3,717)
Net cash provided/ (used) by financing activities	(1018)	1,018
Net increase (decrease) in cash	4,607	(115,050)
CASH – BEGINNING	<u>583,659</u>	<u>698,709</u>
CASH - ENDING	\$ <u>588,266</u>	\$ <u>583,659</u>

See accompanying notes to financial statements

Achilles International, Inc.
Notes to Financial Statements
December 31, 2016

Note 1 - Summary of Significant Accounting Policies

The Organization

Achilles International, Inc. (the Organization), a not-for-profit organization, was incorporated in the State of New York on August 23, 1984. The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements include any uncertain tax positions. The Organization primarily receives its support from contributions and grants.

The primary purpose of the Organization is to enable people with disabilities to compete in mainstream athletics with a focus on distance/marathon running. The Organization seeks to accomplish its purpose through its three major program areas, which include the following: Marathons and Freedom Team – sponsoring athletes with disabilities and Freedom Team of Wounded Vets members who participate in marathons and races; Achilles Kids – helping kids with disabilities become stronger and healthier by providing them with the opportunity to exercise regularly and compete with other runners; and Hope and Possibility Race – a five mile race through central park for adults combined with races for children with and without disabilities for the purpose of celebrating life, community, achievement and the power of the human spirit.

Basis of Accounting

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

Basis of Presentation

In accordance with Generally Accepted Accounting Principles (GAAP) the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Contributed Services

Some individuals volunteer their time to perform a variety of tasks that assist the Organization. The value of the contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the recognition criteria in accordance with GAAP.

Achilles International, Inc.
Notes to Financial Statements
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit, with an original maturity of three months or less. As of December 31, 2016 and 2015, the Organization did not have any resources that were considered cash equivalents.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries based on estimated time and other expenses are allocated based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Revenue Recognition

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of furniture and equipment is computed by the straight-line method over estimated useful lives ranging from three to seven years. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

Inventory

Inventory consists of books, medals, running shoes, and t-shirts that are to be used for the Organization's programs. Inventory is stated at the lower of cost or market and is determined using a periodic inventory method.

Achilles International, Inc.
Notes to Financial Statements
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable receivables.

Note 2 - Property and Equipment

Property and equipment by major class consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Office equipment	\$ 67,758	\$ 67,414
Program equipment	381,873	381,873
Furniture & fixtures	18,130	18,130
Vehicles	<u>55,000</u>	<u>55,000</u>
	522,761	522,417
Less: Accumulated depreciation	<u>(401,334)</u>	<u>(353,334)</u>
	<u>\$ 121,427</u>	<u>\$ 169,083</u>

Note 3 - Commitments and Contingencies

The Organization maintains its cash in various accounts with major financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. The balances of the accounts may exceed the insured limits at times during the years ended December 31, 2016 and 2015.

Note 5 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through May 9, 2017, which is the date the financial statements were available to be issued.

Note 6 - Long Term Lease

The organization renewed its lease for a period of five (5) years which expired 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>
2016	16,856


The organization recorded rent, occupancy and utilities in the total amount of \$67,051. This amount was allocated as follows: Program Service Expense: \$59,675 and Management and General Expense in the amount of \$7,376. Management is currently finishing rent renewal terms for its current space.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

I have audited the financial statements of Achilles International, Inc. as of and for the years ended December 31, 2016 and 2015, and have issued our report thereon dated May 9, 2017, which contained an unmodified opinion on those financial statements. My audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of support of activities and expenses are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Sam J. Nole
Certified Public Accountant
New York, New York
May 9, 2017

Achilles International, Inc.
Schedules
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Schedule I		
PROGRAM EXPENSES		
Marathons	\$ 1,411,839	\$ 1,368,606
Achilles Kids	372,854	343,803
The Freedom Team	372,242	461,281
Hope and Possibility Race	<u>157,752</u>	<u>149,883</u>
Total program expenses	\$ <u>2,314,687</u>	\$ <u>2,323,573</u>
Schedule II		
MANAGEMENT AND GENERAL EXPENSES		
Accounting	\$ 2,000	\$ 2,940
Administrative expenses	8,613	34,299
Depreciation	6,807	6,816
Insurance	24,886	18,071
N.Y. State filing fee	275	275
Office expenses	48,789	69,583
Professional fees	3,690	2,940
Salaries, compensation and employee benefits	64,325	53,986
Travel and meetings	<u>19,948</u>	<u>20,503</u>
Total management and general expenses	\$ <u>179,333</u>	\$ <u>209,413</u>
Schedule III		
FUNDRAISING EXPENSES		
Salaries, compensation and employee benefits	\$ 117,881	\$ 116,971
General other expenses	<u>8,049</u>	<u>8,223</u>
Total fundraising expenses	\$ <u>125,930</u>	\$ <u>125,194</u>