

ACHILLES INTERNATIONAL, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021 AND 2020

ACHILLES INTERNATIONAL, INC.

DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

To The Board of Directors of
Achilles International, Inc.

Opinion

We have audited the accompanying financial statements of Achilles International, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Achilles International, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Achilles International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Achilles International, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Achilles International, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Achilles International Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Port Washington, New York

July 8, 2022

ACHILLES INTERNATIONAL, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 3,421,928	\$ 2,462,272
Contributions Receivable	262,500	13,125
Prepaid expenses	13,362	12,575
Security Deposit	45,183	55,183
Property and equipment, net	<u>73,386</u>	<u>86,668</u>
Total assets	<u><u>\$ 3,816,359</u></u>	<u><u>\$ 2,629,823</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 66,950	\$ 13,858
Deferred Rent	35,360	30,505
Deferred Revenue	<u>150,000</u>	<u>-</u>
Total liabilities	252,310	44,363
Net Assets		
Without donor restrictions	2,447,275	2,347,121
With donor restrictions	<u>1,116,774</u>	<u>238,339</u>
Total net assets	<u>3,564,049</u>	<u>2,585,460</u>
Total liabilities and net assets	<u><u>\$ 3,816,359</u></u>	<u><u>\$ 2,629,823</u></u>

The accompanying notes are an integral part of these financial statements.

ACHILLES INTERNATIONAL, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	FOR THE YEAR ENDED DECEMBER 31, 2021				FOR THE YEAR ENDED DECEMBER 31, 2020			
	Without Donor Restrictions	With Donor Restrictions	Total 2021		Without Donor Restrictions	With Donor Restrictions	Total 2020	
Support and Revenue								
Contributions and Grants	\$ 1,262,664	\$ 1,690,931	\$ 2,953,595	\$ 754,087	\$ 1,012,273	\$ 1,766,360		
Special Events:								
Income	294,085		294,085	370,227	-	370,227		
Less: related direct expense	(43,532)		(43,532)	(29,459)	-	(29,459)		
Net special event income	250,553	-	250,553	340,767	-	340,767		
Interest Income	2,592	-	2,592	3,497	-	3,497		
Total support and revenue	1,515,809	1,690,931	3,206,740	1,098,351	1,012,273	2,110,624		
Expenses								
Program Expense	1,717,060	-	1,717,060	1,459,446	-	1,459,446		
Management and General	314,962	-	314,962	373,074	-	373,074		
Fundraising	439,271	-	439,271	223,209	-	223,209		
Total expenses	2,471,293	-	2,471,293	2,055,729	-	2,055,729		
Change in net assets	(955,484)	1,690,931	735,447	(957,378)	1,012,273	54,895		
Net assets - beginning of year	2,347,121	238,339	2,585,460	2,275,511	-	2,275,511		
Transfer	812,496	(812,496)	-	773,934	(773,934)	-		
Adjustments to net assets	243,142		243,142	255,055		255,055		
Net assets - end of year	\$ 2,447,275	\$ 1,116,774	\$ 3,564,049	\$ 2,347,121	\$ 238,339	\$ 2,585,460		

The accompanying notes are an integral part of these financial statements.
(5)

ACHILLES INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 735,447	\$ 54,895
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Adjustment to net assets	243,142	255,055
Depreciation	17,769	16,839
Changes in operating assets and liabilities		
Contributions Receivable	(249,375)	438,966
Prepaid expenses	(787)	(12,575)
Security deposit	10,000	(55,183)
Accounts payable and accrued expenses	53,092	3,006
Deferred Rent	4,855	30,505
Deferred Revenue	<u>150,000</u>	<u>(37,000)</u>
Net cash provided by operating activities	964,143	694,508
Cash flows from investing activities		
Purchase of property and equipment	<u>(4,487)</u>	<u>(37,472)</u>
Net cash (used) by investing activities	(4,487)	(37,472)
Net increase, in cash	959,656	657,036
Cash and cash equivalents - beginning of year	<u>2,462,272</u>	<u>1,805,237</u>
Cash and cash equivalents - end of year	<u><u>\$ 3,421,928</u></u>	<u><u>\$ 2,462,272</u></u>

ACHILLES INTERNATIONAL, INC.
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021			
	Program Expenses	Management & General	Fundraising	Totals
Personnel Costs:				
Salaries	\$ 702,709	\$ 114,977	\$ 301,379	\$ 1,119,065
Payroll taxes & employee benefits	185,416	22,108	67,074	274,598
Total personnel costs	888,125	137,085	368,453	1,393,663
Direct Expenses:				
Depreciation	11,056	1,580	5,133	17,769
Equipment	17,888	2,557	8,304	28,749
Insurance	4,645	18,582	-	23,227
Miscellaneous	-	28,012	-	28,012
Office supplies & Expenses	-	8,276	-	8,276
Postage & delivery	2,318	1,407	-	3,725
Printing and copying	2,728	390	1,267	4,385
Professional services	26,247	101,167	13,500	140,914
Program expenses-other	542,023	-	-	542,023
Rent and utilities	83,595	11,949	38,810	134,354
Telephone	8,194	1,171	3,804	13,169
Travel and Meetings	130,241	2,786	-	133,027
Total direct expenses	828,935	177,877	70,818	1,077,630
Total expenses	\$ 1,717,060	\$ 314,962	\$ 439,271	\$ 2,471,293

The accompanying notes are an integral part of these financial statements.
(7)

ACHILLES INTERNATIONAL, INC.
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020			
	Program Expenses	Management & General	Fundraising	Totals
Personnel Costs:				
Salaries	\$ 692,019	\$ 262,493	\$ 177,671	\$ 1,132,183
Payroll taxes & employee benefits	135,315	26,481	21,721	183,517
Total personnel costs	827,334	288,974	199,392	1,315,700
Direct Expenses:				
Chapter Events	-	-	-	-
Consultants	-	-	-	-
Depreciation	11,480	5,359	-	16,839
In Kind	756	-	-	756
Equipment	23,600	-	-	23,600
Insurance	3,896	19,235	-	23,131
Miscellaneous	321	6,369	847	7,537
Office supplies & Expenses	43	2,544	-	2,587
Postage & delivery	1,209	927	70	2,205
Printing and copying	2,398	779	393	3,571
Professional services	37,972	34,680	9,388	82,040
Program expenses-other	470,606	700	20	471,326
Rent and utilities	65,798	10,967	10,966	87,731
Telephone	14,031	2,133	2,133	18,298
Travel and Meetings	-	408	-	408
Total direct expenses	632,112	84,100	23,817	740,029
Total expenses	\$ 1,459,446	\$ 373,074	\$ 223,209	\$ 2,055,729

The accompanying notes are an integral part of these financial statements.
(8)

ACHILLES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Achilles International, Inc. (the Organization) was incorporated in 1984, under the laws of the State of New York, as a not-for-profit organization, as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal income taxes and from state and local taxes under comparable laws.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are reported according to two classes of net assets, when applicable: net assets without donor restrictions and net assets with donor restrictions.

Concentrations of Credit Risk

The Organization maintains cash in several bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses with respect to such accounts.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Contributions (including unconditional promises to give) are recorded at fair value when received. Contributions received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings and insured deposit accounts.

ACHILLES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value if donated, less accumulated depreciation and amortization. Donated property and equipment are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Property and equipment are depreciated using a straight-line basis over their estimated useful lives of the assets.

Donated Goods and Services

The Organization recognizes revenues and expenses from contributed services. Volunteers have donated time to the Agency's program services and fund-raising campaigns during the year.

Cost Allocation

The financial statements report certain categories of expense that are attributable to more than one supporting function. These expenses require allocation on a reasonable basis that is consistently applied. Identifiable expenses made in direct fulfillment of the Agency's expressed goals are classified as program expenses. Common expenses are allocated among program, administration and fund raising based on management's estimates including such factors as time expended or space utilized.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ACHILLES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash	\$ 3,421,928	\$ 2,462,272
Receivables	<u>262,500</u>	<u>13,125</u>
Total financial assets	3,684,428	2,475,397
Less those unavailable for general expenditures within one year:	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,684,428</u>	<u>\$ 2,475,397</u>

ACHILLES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2021 and 2020:

	December 31,		
	<u>2021</u>	<u>2020</u>	<u>Useful Life</u>
Office Equipment	\$ 12,441	\$ 7,954	4
Program Equipment	29,290	29,290	4
Furniture & Fixtures	50,538	50,538	5
Capital Improvements	<u>18,938</u>	<u>18,938</u>	7
	111,207	106,720	
Less accumulated			
Depreciation	<u>(37,821)</u>	<u>(20,052)</u>	
	<u>\$ 73,386</u>	<u>\$ 86,668</u>	

Depreciation expense amounted to \$17,769 and \$16,839 for the years ended December 31, 2021 and 2020, respectively.

NOTE 5 - LEASE COMMITMENTS

Rent expense computed on the straight-line basis, totaled \$130,037, and \$131,242, respectively, for the years ended December 31, 2021 and 2020 and is included in occupancy expense in the accompanying financial statements. Achilles International, Inc. recorded a deferred rent liability at December 31, 2021 and 2020 of \$35,360 and \$30,050, respectively.

The Organization leases its premises at 315 West 39th Street, New York NY 10018 under a lease that expires on June 30, 2026. Future minimum rental payments through June 30, 2026, exclusive of escalation charges, are as follows for the years ended December 31st:

ACHILLES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 5 - LEASE COMMITMENTS (Continued)

2022	125,872
2023	131,048
2024	136,380
2025	140,471
Total	<u>\$ 533,771</u>

NOTE 6 - INCOME TAXES

The Organization has no uncertain tax positions as of December 31, 2021 and 2020 in accordance with Accounting Standards Codification ("ASC") Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions. The Organization is no longer subject to federal or state and local income tax examinations by tax authorities for the years ended before December 31, 2018.

NOTE 7 - SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to the date of the statement of financial position through July 8, 2022, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Organization. Such potential impact is unknown at this time. The Organization has determined that no subsequent events requiring disclosure or modification of the financial statements as of the statement of financial position date existed.