MISSION GAIT

FINANCIAL STATEMENTS

Year Ended December 31, 2021

MISSION GAIT

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SECTION OF THE AICPA

September 18, 2022

INDEPENDENT AUDITORS' REPORT

To the Officers and Directors
of Mission Gait
Richmond, VA

Opinion

We have audited the accompanying financial statements of **Mission Gait** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, cash flows, and functional expenses for the year 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 Mission Gait as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mission Gait and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Mission Gait's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 dure to fraud or error, and to issue an auditors' 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 Mission Gait'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 Mission Gait'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.

Joyner, Kirkham, Keel & Robertson, P.C.

Mission Gait

STATEMENT OF FINANCIAL POSITION

December 31, 2021

ASSETS

CURRENT ASSETS		
Cash	$	703,239
Dividends receivable		330
Investments		1,270,268
Total Current Assets		1,973,837
PROPERTY AND EQUIPMENT (net of accumulated depreciation)		50,350
TOTAL ASSETS	$	2,024,187

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$	3,878
Payroll liabilities		7,406
Accrued rent		546
Total Current Liabilities		11,830
NET ASSETS		
Net assets without donor restrictions		
Undesignated		720,686
Board-designated endowment		1,270,268
Total net assets without donor restrictions		1,990,954
Net assets with donor restrictions - Walking Free program		21,403
Total Net Assets		2,012,357
TOTAL LIABILITIES AND NET ASSETS	$	2,024,187

See accompanying notes

Mission Gait

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Donations	$ 578,395	$ 21,976	$ 600,371
Grants	16,867	-	16,867
Program fees	3,750	-	3,750
Investment return, net	60,021	-	60,021
Total Support and Revenue	659,033	21,976	681,009
NET ASSETS RELEASED FROM RESTRICTIONS	573	(573)	-
EXPENSES			
Program services			
Education and research	133,852	-	133,852
Reintegration	38,677	-	38,677
Walking Free	6,946	-	6,946
Total Program Services	179,475	-	179,475
Supporting services			
General and administrative	20,640	-	20,640
Fundraising	37,708	-	37,708
Total Supporting Services	58,348	-	58,348
Total Expenses	237,822	-	237,822
Increase in Net Assets	421,784	21,403	443,187
NET ASSETS			
Beginning of year	1,569,170	-	1,569,170
End of year	$ 1,990,954	$ 21,403	$ 2,012,357

See accompanying notes

Mission Gait

STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	$ 443,187
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	5,443
Realized and unrealized gain on investments	(53,086)
Change in operating assets and liabilities	
Dividends receivable	(330)
Accounts payable	3,878
Accrued rent	546
Payroll liabilities	7,406
Total Adjustments	(36,143)
Net Cash Provided by Operating Activities	407,044
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(1,648,147)
Proceeds from sales of investments	1,437,486
Net Cash Used in Investing Activities	(210,661)
Net Increase in Cash	196,383
CASH AND CASH EQUIVALENTS	
Beginning of year	506,856
End of year	$ 703,239

See accompanying notes

Mission Gait

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services				Supporting Services			
	Education and Research	Reintegration	Walking Free	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Communications	$ 1,672	$ 483	$ 87	$ 2,242	$ 112	$ 143	$ 256	$ 2,498
Depreciation	609	176	32	816	4,626	-	4,626	5,443
Dues and subscriptions	280	81	15	375	-	-	-	375
Information technology	576	166	30	772	1,269	115	1,384	2,156
Insurance	427	123	22	573	41	68	109	682
Occupancy	19,626	5,671	1,018	26,315	2,411	3,183	5,594	31,909
Payroll expense	78,035	22,548	4,049	104,633	7,250	13,317	20,567	125,200
Postage	61	17	3	81	17	127	145	226
Printing	707	204	37	948	47	1,161	1,208	2,156
Professional fees	23,120	6,681	1,200	31,001	2,961	18,411	21,372	52,373
Supplies	5,819	1,681	302	7,802	1,848	1,144	2,991	10,794
Taxes and licenses	216	62	11	289	58	38	96	385
Travel	2,705	781	140	3,626	-	-	-	3,626
Total Expenses	$ 133,852	$ 38,677	$ 6,946	$ 179,475	$ 20,640	$ 37,708	$ 58,348	$ 237,822

See accompanying notes

Mission Gait

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Nature of Organization*
Mission Gait (the Organization) is a nonprofit corporation created to provide physical therapists the knowledge and skills to help patients with the most complex gait disabilities through education, research, and development of a certification program. The organization assists patients with gait disabilities to reach new goals through community reintegration and has an international rehabilitation initiative to support amputees worldwide.

The majority of the Organization's support is provided by contributions and grants from the public and various businesses. It is always considered reasonably possible that benefactors, grantors, or contributors might be lost in the near term.

b. *Basis of Accounting*
The financial statements of the Organization have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

c. *Financial Statement Presentation*
Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions – Net assets that are contributions subject to donor-imposed restrictions. The Organization may report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

d. *Cash and Cash Equivalents*
Cash and cash equivalents include cash on deposit with banks, cash on hand, and highly liquid investments with original maturity dates of three months or less.

e. *Investments*
Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position to make the information more valuable to financial statement users. Investment transactions are recorded on a settlement date basis. Realized gains and losses are determined by specific identification. Interest and dividends earned on investments are recognized when received and reported in revenue.

Mission Gait

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. *Investments (continued)*
Investments are exposed to several risks, such as interest rate, currency, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Organization's financial statements.

f. *Property and Equipment*
The Organization capitalizes property and equipment over $500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the individual assets.

g. *Program Fees*
The Organization uses the output measure for revenue recognition of program fees revenue. A contract is entered into with a customer for a specific course. The revenue is recognized as performance obligations associated with the delivery of educational services are provided.

h. *Income Tax Status*
The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

i. *Uncertain Tax Positions*
Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

j. *Functional Allocation of Expenses*
The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs attributable to both program and support activities have been allocated by estimated time and effort. Expenses that relate to a specific program or supporting service have been allocated directly.

k. *Use of Estimates*
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Mission Gait

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. *Fair Value Measurements*
In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Organization determines fair value measurements based upon the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices for similar instruments in active markets, quoted prices for similar or identical instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable directly or indirectly.

Level 3 – Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

m. *Subsequent Events*
Management has evaluated subsequent events through September 18, 2022, the date the financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 consisted of the following:

Equipment	$ 3,615
Furniture and fixtures	1,601
Leasehold improvements	67,362
Total Property and Equipment	72,578
Less accumulated depreciation	(22,228)
Net Property and Equipment	$ 50,350

Mission Gait

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – ENDOWMENT

The Organization's endowment consists of a board-designated endowment fund. The purpose of the endowment is to retain the purchasing power of the funds in order to produce an adequate rate of return for both the current and future operating needs of the Organization.

a. *Changes in Endowment Net Assets*
Changes in endowment net assets were as follows for the year ended December 31, 2021:

Endowment assets, beginning of year	$ 1,006,522
Investment return:	
Dividends and interest	17,879
Investment expenses	(11,218)
Realized and unrealized gains (losses), net	53,085
Total investment return	59,746
Contributions	204,000
Endowment net assets, end of year	$ 1,270,268

b. *Return Objectives and Related Spending Policy*
The Finance Committee of the Organization reviews the financial health of the Organization regularly to determine the most prudent investment strategy for maximizing resources to support the mission of the Organization. Annually the Finance Committee makes recommendations to the Board of Directors to establish an approved dollar amount of gifts to be transferred to the investment account and an allowable amount of earnings to be spent on annual operations. These decisions are documented in the meeting minutes of the Board of Directors.

NOTE 4 – OPERATING LEASES

The Organization leases its office space under an operating sublease agreement that commenced September 1, 2017. The lease contains a rent abatement period from September 1, 2017, to April 30, 2018, after which time monthly lease payments began and increase at 2% each year after April 30, 2022. Building rent expense was $28,446 for the year ended December 31, 2021.

The sub-landlord has agreed under the terms of the sublease to provide utilities and wireless internet capabilities. The organization is required to pay their portion of the utilities and internet fees directly to the service providers at a rate of 25% of the amount billed. Utilities expense was $3,463 and internet fees were $2,498 for the year ended December 31, 2021.

Mission Gait

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OPERATING LEASES (Continued)

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of December 31, 2021:

Year Ending December 31,	
2022	$ 24,155
2023	24,638
2024	25,130
2025	25,633
2026	26,146
Thereafter	35,617
Total minimum payments required	$ 161,318

NOTE 5 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure within one year, without donor or other restrictions limiting their use, consisted of cash on deposit with banks of $681,836 and investments of $1,270,268 at December 31, 2021.

NOTE 6 – FAIR VALUE MEASUREMENTS

Assets measured at fair value on a recurring basis at December 31, 2021 are categorized in the tables below based on the lowest level of significant input to the valuation:

		2021		
		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Money market funds	$ 94,285	$ 94,285	$ -	$ -
Stocks	497,020	497,020	-	-
Exchange traded funds	375,689	375,689	-	-
Mutual funds	303,275	303,275	-	-
	$ 1,270,268	$ 1,270,268	$ -	$ -

Mission Gait

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

The following table presents the gain (loss) recorded on assets measured at fair value as of December 31, 2021 recognized as investment return:

	2021
Stocks	33,181
Exchange traded funds	(2,748)
Mutual funds	22,653
Total Gain	$ 53,086

NOTE 7 – CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization maintains its cash balances in local banks. All depositors are secured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor per bank at participating financial institutions in the United States. As of December 31, 2021, the Organization had funds of $453,239 in excess of FDIC limits.

The Organization received approximately 49%, or $302,000, of its contributions and grants from an affiliated donor group for the year ended December 31, 2021.

NOTE 8 – RELATED PARTY TRANSACTIONS

The Organization subleases office space from an S-corporation solely owned by the Chief Executive Officer. The space is leased under a written agreement, which includes a proportionate share of utilities and internet fees. Total payments to the third-party lessor for use of the related party’s office space amounted to $28,466 for the year ended December 31, 2021.

Contributions received by the Organization from board members was $60,300 for the year ended December 31, 2021. Additionally, contributions and grants of $252,000 were received from family members of a director.

NOTE 9 – RETIREMENT PLAN

The Organization maintains a Simple IRA Plan. The Organization contributes a match of up to 3% of participating employee salaries. The employer match was $2,888 for the year ended December 31, 2021.