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LET ME RUN, INC.

Financial Statements for the
Years Ended June 30, 2019 and 2018
and Independent Auditors' Report



GreerWalker



GreerWalker

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Let Me Run, Inc.:

We have audited the accompanying financial statements of Let Me Run, Inc. (the "Organization") which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses 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 generally accepted accounting principles 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits 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 auditors' judgment, including 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 Organization'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 Organization's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Let Me Run, Inc. as of June 30, 2019 and 2018, and the change in net assets and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

Greer Walker LLP

Certified Public Accountants

October 14, 2019

Charlotte, NC

GreerWalker LLP | GreerWalker Wealth Management LLC | GreerWalker Corporate Finance LLC

Charlotte Office The Carillon | 227 West Trade St., Suite 1100 | Charlotte, NC 28202 | USA | Tel 704.377.0239

Greenville Office Wells Fargo Center | 15 South Main St., Suite 800 | Greenville, SC 29601 | USA | Tel 864.752.0080

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LET ME RUN, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 331,270	\$ 389,739
Unconditional promises to give	31,388	17,092
Prepaid expenses	41,828	10,327
Total current assets	<u>404,486</u>	<u>417,158</u>
PROPERTY:		
Signage	19,763	18,592
Equipment	2,234	1,224
Total	<u>21,997</u>	<u>19,816</u>
Less accumulated depreciation	<u>16,946</u>	<u>11,915</u>
Property, net	<u>5,051</u>	<u>7,901</u>
OTHER ASSETS:		
Website development, net	<u>7,460</u>	<u>5,869</u>
TOTAL	<u>\$ 416,997</u>	<u>\$ 430,928</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	\$ 50,632	\$ 35,676
Deferred revenue	17,850	-
Total current liabilities	<u>68,482</u>	<u>35,676</u>
NET ASSETS:		
Without donor restrictions	242,815	284,766
With donor restrictions	105,700	110,486
Total net assets	<u>348,515</u>	<u>395,252</u>
TOTAL	<u>\$ 416,997</u>	<u>\$ 430,928</u>

See notes to financial statements.

LET ME RUN, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:						
Program tuition and fees, net of scholarships granted	\$ 593,270	\$ -	\$ 593,270	\$ 497,036	\$ -	\$ 497,036
Contribution revenue	271,233	119,235	390,468	254,445	161,923	416,368
5k revenue	119,531	-	119,531	88,734	-	88,734
Other income	16,920	-	16,920	11,936	-	11,936
Reclassifications:						
Contributions released from time/purpose restrictions	124,021	(124,021)	-	109,861	(109,861)	-
Total revenues and support	<u>1,124,975</u>	<u>(4,786)</u>	<u>1,120,189</u>	<u>962,012</u>	<u>52,062</u>	<u>1,014,074</u>
EXPENSES:						
Program services:						
Fall/Spring season	924,948	-	924,948	672,105	-	672,105
Camp program	3,128	-	3,128	2,359	-	2,359
Management and general	166,386	-	166,386	127,626	-	127,626
Development and public relations	72,464	-	72,464	77,164	-	77,164
Total expenses	<u>1,166,926</u>	<u>-</u>	<u>1,166,926</u>	<u>879,254</u>	<u>-</u>	<u>879,254</u>
CHANGE IN NET ASSETS	(41,951)	(4,786)	(46,737)	82,758	52,062	134,820
NET ASSETS, BEGINNING OF YEAR	<u>284,766</u>	<u>110,486</u>	<u>395,252</u>	<u>202,008</u>	<u>58,424</u>	<u>260,432</u>
NET ASSETS, END OF YEAR	<u>\$ 242,815</u>	<u>\$ 105,700</u>	<u>\$ 348,515</u>	<u>\$ 284,766</u>	<u>\$ 110,486</u>	<u>\$ 395,252</u>

See notes to financial statements.

LET ME RUN, INC.STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Year Ended June 30, 2019					Year Ended June 30, 2018				
	Program		Management and General	Development and Public Relations	Total	Program		Management and General	Development and Public Relations	Total
	Season Program	Summer Camp				Season Program	Summer Camp			
Salaries and related expenses	\$487,071	\$ 2,037	\$ 111,475	\$ 45,289	\$ 645,872	\$358,144	\$ 908	\$ 89,647	\$ 48,999	\$ 497,698
5k Race expense	128,476	-	-	-	128,476	79,632	-	-	-	79,632
Team supplies and branded merchandise	87,528	398	-	50	87,976	74,573	381	-	-	74,954
Payroll taxes	53,432	-	4,486	875	58,793	27,601	70	6,909	3,776	38,356
Professional fees	29,790	-	22,828	564	53,182	23,698	11	5,107	616	29,432
Marketing expense	27,629	128	30	12,150	39,937	38,736	60	102	16,619	55,517
Shipping and fulfillment	34,372	-	68	82	34,522	22,942	-	26	105	23,073
Other expenses	4,408	-	10,636	10,007	25,051	2,366	-	8,155	2,759	13,280
Rent expense	15,365	70	5,343	1,422	22,200	10,721	39	3,874	1,716	16,350
Regional/Associate expenses	16,603	495	14	348	17,460	11,421	890	-	465	12,776
Training and materials	17,284	-	-	-	17,284	8,773	-	-	-	8,773
Curriculum	13,119	-	-	-	13,119	7,602	-	-	-	7,602
Insurance	9,292	-	1,130	75	10,497	5,602	-	3,828	-	9,430
Depreciation and amortization expense	-	-	10,376	-	10,376	-	-	9,978	-	9,978
Online processing expenses	579	-	-	1,602	2,181	294	-	-	2,109	2,403
Total	<u>\$924,948</u>	<u>\$ 3,128</u>	<u>\$ 166,386</u>	<u>\$ 72,464</u>	<u>\$1,166,926</u>	<u>\$672,105</u>	<u>\$ 2,359</u>	<u>\$ 127,626</u>	<u>\$ 77,164</u>	<u>\$ 879,254</u>

See notes to financial statements.

LET ME RUN, INC.STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (46,737)	\$ 134,820
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	10,376	9,978
Changes in operating assets and liabilities:		
Unconditional promises to give	(14,296)	3,086
Prepaid expenses	(31,501)	(3,251)
Accounts payable and other liabilities	14,956	27,426
Deferred revenue	17,850	-
Net cash provided by (applied to) operating activities	<u>(49,352)</u>	<u>172,059</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property	<u>(9,117)</u>	<u>(5,589)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(58,469)	166,470
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>389,739</u>	<u>223,269</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 331,270</u>	<u>\$ 389,739</u>

See notes to financial statements.

LET ME RUN, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations - Let Me Run, Inc. (the "Organization") is a not for profit organization that created a seven-week running program for pre-teen and teenage boys, led by trained coaches from the local community. The boys exercise and participate in fun activities, which help them learn how to express themselves, reach personal goals, and improve their overall wellness. At the end of the program, the boys celebrate their hard work with a 5k road race.

New Accounting Pronouncement - On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset clarification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU is effective for annual periods beginning after December 15, 2017. The Organization has adjusted the presentation of these financial statements accordingly such that the temporarily restricted net asset class has been renamed net assets with donor restrictions and the unrestricted net asset class has been renamed net assets without donor restrictions.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Financial Statement Presentation - The net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

Net assets with donor restrictions - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met or restrictions stipulating that the amounts be maintained by the Organization in perpetuity.

As of June 30, 2019 and 2018, net assets with donor restrictions were composed of time restricted promises to give and purpose restricted contributions.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash deposits with financial institutions that, at times, may exceed federally insured limits.

Revenue Recognition - Tuition and fees is recognized as revenue over the period in which instruction or educational service is provided.

The Organization recognizes contributions that are given unconditionally in the period the contributions are received or promised, whichever is earlier.

Contributions containing donor-imposed restrictions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a time or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the period in which the support is recognized.

Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value. As of June 30, 2019 all pledges are expected to be collected within one year.

Property - Property is recorded at cost, if purchased, and at estimated fair market value at the date of receipt, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The Organization capitalizes expenditures for property and equipment over \$500.

Donated Services - A number of volunteers, including members of the Board of Directors and its committees, as well as various volunteer assistants contribute significant amounts of time to the Organization's program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements. The Organization received donated legal services of approximately \$13,000 and \$20,000 for the years ended June 30, 2019 and 2018, respectively, that is recorded as contributions and related expenditures in the accompanying financial statements.

Income Taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization records liabilities for income tax positions taken or expected to be taken when those positions are deemed uncertain to be upheld in an examination by taxing authorities. No liabilities for uncertain income tax positions were recorded as of June 30, 2019 and 2018.

Functional Expense Classification - The Organization's functional expense classification and allocation policy is based on a review of the current organizational structure, and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas. These expenses are allocated based on multiple factors, including the proportion of property used and time spent by employees on program, management and general and fundraising expenses.

Reclassifications - Certain amounts in the 2018 financial statements have been reclassified to conform with 2019 presentation. Such reclassifications had no effect on the previously reported net income.

Subsequent Events - In preparing its financial statements, the Organization has evaluated subsequent events through October 14, 2019, which is the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year at June 30, 2019:

Financial assets at year-end:	
Cash and cash equivalents	\$ 331,270
Unconditional promises to give	31,388
Prepaid expenses	41,828
Total financial assets	<u>404,486</u>
Less amounts not available to be used for general expenditures within one year:	
Restricted by donors with purpose restrictions	<u>105,700</u>
Financial assets not available to be used within one year	<u>105,700</u>
Financial assets available to meet general expenditures within one year	<u>\$ 298,786</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give of \$31,388 and \$17,092 as of June 30, 2019 and 2018, respectively, were all due in less than one year and classified as current.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions available for future periods or purposes as of June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Amounts designated for operations	\$ 82,394	\$ 79,146
Amounts designated for scholarships	<u>23,306</u>	<u>31,340</u>
Total	<u>\$ 105,700</u>	<u>\$ 110,486</u>

Net assets released from restriction as of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Time restricted:		
Contributions restricted for operations	\$ -	\$ 5,500
Contributions restricted for 5k revenue	-	6,875
Contributions restricted for scholarship	<u>-</u>	<u>2,875</u>
	<u>-</u>	<u>15,250</u>
Purpose restricted:		
Contributions restricted for operations	44,252	18,814
Contributions restricted for scholarships	79,769	71,627
Contributions restricted for marketing	<u>-</u>	<u>4,170</u>
	<u>124,021</u>	<u>94,611</u>
Total	<u>\$ 124,021</u>	<u>\$ 109,861</u>

5. LEASE COMMITMENTS

The Organization leases office space from unrelated third parties under agreements classified as operating leases. Lease terms are month to month with 60 days' notice required for termination. Rent expense under these agreements totaled \$22,200 and \$16,350 for the years ended June 30, 2019 and 2018, respectively.

6. RELATED PARTIES

During the years ended June 30, 2019 and 2018, the Organization received contributions from members of the Board of Directors and employees totaling approximately \$12,000 and \$13,000, respectively.

7. CONTINGENCIES

The Organization is involved in various claims or actions arising in the normal course of business. It is management's opinion that the resolution of these matters will not materially affect the Organization's financial position or the results of its operations.