

LET ME RUN, INC.

FINANCIAL STATEMENTS
JUNE 30, 2021

Let Me Run, Inc.

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June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Let Me Run, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Let Me Run, Inc. (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, 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 in the first paragraph present fairly, in all material respects, the financial position of Let Me Run, Inc., as of June 30, 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.

C. DeWitt Foard & Company, P.A.
December 10, 2021

Let Me Run, Inc.
Statement of Financial Position
June 30, 2021

ASSETS

Current Assets:

Cash	\$	403,336
Receivables:		
Pledges receivable, current (net)		11,500
Sales tax receivable		33
Prepaid expenses		46,338

Total Current Assets **461,207**

Fixed Assets:

Signage		22,333
Equipment		2,234
Less accumulated depreciation		(23,282)

Total Fixed Assets **1,285**

Other Assets:

Intangible assets		51,843
Less - accumulated amortization		(39,686)

Total Other Assets **12,157**

TOTAL ASSETS **\$ 474,649**

LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued expenses	\$	18,157
Deferred revenue		5,700
Note payable - Payroll Protection Program "PPP"		216,240

Total Current Liabilities **240,097**

Net Assets:

Without donor restrictions		164,516
With donor restrictions		70,036

Total Net Assets **234,552**

TOTAL LIABILITIES AND NET ASSETS **\$ 474,649**

Let Me Run, Inc.
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	TOTALS
<u>SUPPORT AND REVENUE</u>			
Program tuition and fees, net of \$12,125 scholarships granted	\$ 8,365	\$ -	\$ 8,365
Contributions	120,355	16,400	136,755
In-kind contributions	1,136	-	1,136
Interest income and other	6,779	-	6,779
Net assets released from restriction	16,714	(16,714)	-
<i>Total Support and Revenue</i>	<i>153,349</i>	<i>(314)</i>	<i>153,035</i>
<u>EXPENSES</u>			
Program services:			
Camp	2,528	-	2,528
Fall/Spring Program	94,870	-	94,870
Management and general	95,001	-	95,001
Fundraising	20,747	-	20,747
<i>Total Expenses</i>	<i>213,146</i>	<i>-</i>	<i>213,146</i>
<i>CHANGE IN NET ASSETS</i>	<i>(59,797)</i>	<i>(314)</i>	<i>(60,111)</i>
<i>NET ASSETS, BEGINNING</i>	<i>224,313</i>	<i>70,350</i>	<i>294,663</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 164,516</i>	<i>\$ 70,036</i>	<i>\$ 234,552</i>

Let Me Run, Inc.**Statement of Functional Expenses****Year Ended June 30, 2021**

	Program Services			Management and General	Fundraising	TOTALS
	Camp	Fall and Spring Program	Total Program			
<u>PERSONNEL</u>						
Salaries	\$ 1,000	\$ 58,055	\$ 59,055	\$ 62,513	\$ 11,708	\$ 133,276
Payroll taxes	85	4,949	5,034	5,329	998	11,361
Benefits	24	1,420	1,444	1,529	286	3,259
<i>Total Personnel</i>	<i>1,109</i>	<i>64,424</i>	<i>65,533</i>	<i>69,371</i>	<i>12,992</i>	<i>147,896</i>
<u>OTHER EXPENSES</u>						
Team supplies	80	214	294	-	-	294
Marketing	-	7,820	7,820	-	-	7,820
Shipping and fulfillment	-	7,129	7,129	-	-	7,129
Professional fees	-	1,056	1,056	5,052	-	6,108
Contract services	-	962	962	5,090	208	6,260
Other	-	1,672	1,672	6,038	6,570	14,280
Rent	39	2,287	2,326	2,463	461	5,250
Insurance	-	4,910	4,910	1,616	167	6,693
Regional/Associate expenses	1,300	1,159	2,459	-	-	2,459
Curriculum	-	2,680	2,680	-	-	2,680
Depreciation and amortization	-	-	-	5,371	-	5,371
Training and materials	-	528	528	-	-	528
Online processing	-	29	29	-	349	378
<i>Total Other Expenses</i>	<i>1,419</i>	<i>30,446</i>	<i>31,865</i>	<i>25,630</i>	<i>7,755</i>	<i>65,250</i>
<u>TOTAL EXPENSES</u>	<u>\$ 2,528</u>	<u>\$ 94,870</u>	<u>\$ 97,398</u>	<u>\$ 95,001</u>	<u>\$ 20,747</u>	<u>\$ 213,146</u>

Let Me Run, Inc.
Statement of Cash Flows
Year Ended June 30, 2021

OPERATING ACTIVITIES

Change in net assets	\$ (60,111)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation and amortization	5,371
(Increase) decrease in operating assets:	
Pledges receivable	(267)
Sales tax receivable	(33)
Prepaid expense	614
Increase (decrease) in operating liabilities:	
Accrued expenses	(7,188)
Deferred revenue	(6,160)
<u>Cash Flows from Operating Activities</u>	<u>(67,774)</u>

INVESTING ACTIVITIES

Purchases of fixed assets	(10,015)
<u>Cash Flows from Investing Activities</u>	<u>(10,015)</u>

FINANCING ACTIVITIES

Proceeds from PPP note payable	62,740
<u>Cash Flows from Financing Activities</u>	<u>62,740</u>

NET CHANGE IN CASH	(15,049)
CASH, BEGINNING	418,385
CASH, ENDING	\$ 403,336

Let Me Run, Inc.

Notes to Financial Statements

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Let Me Run, Inc. (the “Organization”) is a not for profit organization incorporated in North Carolina. The Organization is a wellness program that inspires boys to be themselves, be active, and belong. With a comprehensive curriculum that applies the power of running, the program encourages boys to develop their psychological, emotional and social health, in addition to their physical health.

Twice a week for seven weeks, two trained volunteer coaches lead an elementary or middle school team through practice. Designed to amplify confidence, self-expression, and respect for others, each practice includes a lesson from the Let Me Run curriculum that incorporates running, games and activities. Each fall and spring season culminates in a 5k race festival that celebrates the boys’ personal growth.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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 without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in the day-to-day operation of the Organization and those resources invested in fixed assets. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. These net assets may be temporary in nature, which are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time, and net assets that are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2021, the Organization had no funds to be maintained in perpetuity.

Revenue recognition

The Organization adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2014-09, “*Revenue from Contracts with Customers*” (ASU 2014-09), for the year ending June 30, 2021. The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The implementation of Topic 606 had no impact on the accompanying financials.

Let Me Run, Inc.

Notes to Financial Statements

June 30, 2021

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods, or are restricted by the donor for specific purposes, are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), 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.

Typically, the majority of the Organization's revenue is generated from program fees; however, due to the COVID-19 pandemic, most programs were cancelled during the fiscal year ended June 30, 2021. Program fees are recognized as revenue over the period the instruction or educational service is provided. Scholarships provided to the participants are recognized as a reduction from the posted program fees at the time revenue is recognized.

Fixed assets

Fixed assets with a value of \$500 or more are recorded at cost if purchased or fair value if donated. Depreciation expense is recorded using the straight-line method of depreciation over the estimated useful life of the assets, which is assumed to be three years for the signage and equipment.

Intangible assets

Software cost and website development exceeding \$500 of value is recorded at cost if purchased or fair value if donated. Amortization expense is recorded using the straight-line method of amortization over the estimated useful life of the asset, which is three years.

Federal income tax status

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

Donated services and goods

Donated services and goods are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. During the year, the Organization recorded \$1,056 of donated legal services and \$80 of donated goods.

In addition, many individuals, including members of the Board of Directors, volunteer their time and perform a variety of tasks that assist the Organization with program services, management, and fundraising efforts. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

Let Me Run, Inc.

Notes to Financial Statements

June 30, 2021

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Functional expenses

Expenses that are inherently program, management and general, or fundraising, are charged directly to those functions. Personnel expenses are allocated based on management's estimates of time spent. Professional services are allocated based on the type of service incurred. All other expenses are allocated based on an analysis of the various expenses that comprise those costs.

NOTE 2 – PLEDGES RECEIVABLE

Unconditional promises to give are presented net of the allowance for doubtful accounts as calculated by management. Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, and current economic conditions. Management has determined that no allowance is needed for promises to give. The balance of \$11,500 was received shortly after the fiscal year end.

NOTE 3 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in the deferred program and tuition fees paid in advance for the year ended June 30, 2021:

Deferred program and tuition fees, beginning of year	\$ 11,860
Revenue recognized that was included in deferred program and tuition fees at the beginning of year	(1,260)
Refunds due to cancellations	(3,013)
Program and tuition fees recognized as contributions	(6,737)
Membership dues paid and recognized as revenue during the year	(850)
Deferred program and tuition fees from cash received during the year	5,700
Deferred program and tuition fees, end of year	<u>5,700</u>

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Restricted net assets as of June 30, 2021, are comprised of cash and consist of the following:

Purpose-restricted:	
Scholarship	\$ 66,161
Operations	3,875
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 70,036</u>

Let Me Run, Inc.

Notes to Financial Statements

June 30, 2021

NOTE 5 – PAYROLL PROTECTION PROGRAM

The Organization received the first round of the Payroll Protection Program (“PPP”) for \$153,500 during the fiscal year ended June 30, 2020. The amount received was recorded as debt. The Organization also received the second round of PPP for \$62,740 during the year ended June 30, 2021. When notification of forgiveness is received, the Organization will recognize the portion forgiven as a reduction to debt and record it as income. The Organization was notified after year-end that \$142,862 amount was forgiven of the first round. The Organization will repay the remaining portion in one lump sum payment of \$10,638 during the year ending June 30, 2022. Management intends to apply for forgiveness in full for the second round of PPP.

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

Geographic location and funding

The Organization primarily operates in a small geographic area and receives support and revenue from a limited number of sources and is, therefore, sensitive to changes in the local economy.

Cash

The Organization regularly maintains cash balances at financial institutions in excess of FDIC insured limits. At June 30, 2021, the uninsured balance of cash was \$95,219; however, management believes the risk related to the accounts is minimal because of the strong credit rating of the financial institutions.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$414,689 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure, consisting of cash of \$403,336 and pledges and sales tax receivables of \$11,533, which are expected to be collected within one year. Of these financial assets available, \$66,161 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in short-term investments, primarily money market funds.

NOTE 8 – UNCERTAINTY

The COVID-19 pandemic has resulted in significant changes in the local economy, and shut down the Organization’s programs. At this point, the full impact of this pandemic to the Organization is unknown, but management believes that it could negatively impact its support and revenue for the foreseeable future; however, the Organization reinstated their programs for the fiscal year ending June 30, 2022.

Let Me Run, Inc.

Notes to Financial Statements

June 30, 2021

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.