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LET ME RUN, INC.

Financial Statements for the
Years Ended June 30, 2018 and 2017
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, 2018 and 2017, 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, 2018 and 2017, 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 29, 2018
Charlotte, NC

GreerWalker LLP | greerwalker.com

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, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 389,739	\$ 223,269
Unconditional promises to give	17,092	20,178
Prepaid expenses	10,327	7,076
Total current assets	<u>417,158</u>	<u>250,523</u>
PROPERTY:		
Signage	18,592	14,003
Equipment	1,224	1,224
Total	<u>19,816</u>	<u>15,227</u>
Less accumulated depreciation	<u>11,915</u>	<u>6,531</u>
Property, net	<u>7,901</u>	<u>8,696</u>
OTHER ASSETS:		
Website development, net	<u>5,869</u>	<u>9,463</u>
TOTAL	<u>\$ 430,928</u>	<u>\$ 268,682</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	<u>\$ 35,676</u>	<u>\$ 8,250</u>
NET ASSETS:		
Unrestricted	284,766	202,008
Temporarily restricted	<u>110,486</u>	<u>58,424</u>
Total net assets	<u>395,252</u>	<u>260,432</u>
TOTAL	<u>\$ 430,928</u>	<u>\$ 268,682</u>

See notes to financial statements.

LET ME RUN, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Year Ended June 30, 2018			Year Ended June 30, 2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT:						
Program tuition and fees, net of scholarships granted	\$ 497,036	\$ -	\$ 497,036	\$ 386,547	\$ -	\$ 386,547
Contribution revenue	254,445	161,923	416,368	218,490	40,830	259,320
5k revenue	88,734	-	88,734	60,600	6,875	67,475
Other income	11,936	-	11,936	8,070	-	8,070
Reclassifications:						
Contributions released from time/purpose restrictions	109,861	(109,861)	-	88,254	(88,254)	-
Total revenues and support	<u>962,012</u>	<u>52,062</u>	<u>1,014,074</u>	<u>761,961</u>	<u>(40,549)</u>	<u>721,412</u>
EXPENSES:						
Program services:						
Fall/Spring season	672,105	-	672,105	505,875	-	505,875
Camp program	2,359	-	2,359	2,825	-	2,825
Management and general	127,626	-	127,626	126,632	-	126,632
Development and public relations	77,164	-	77,164	75,624	-	75,624
Total expenses	<u>879,254</u>	<u>-</u>	<u>879,254</u>	<u>710,956</u>	<u>-</u>	<u>710,956</u>
CHANGE IN NET ASSETS	82,758	52,062	134,820	51,005	(40,549)	10,456
NET ASSETS, BEGINNING OF YEAR	<u>202,008</u>	<u>58,424</u>	<u>260,432</u>	<u>151,003</u>	<u>98,973</u>	<u>249,976</u>
NET ASSETS, END 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>

See notes to financial statements.

LET ME RUN, INC.STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Year Ended June 30, 2018					Year Ended June 30, 2017				
	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:										
Salaries	\$ 358,144	\$ 908	\$ 89,647	\$ 48,999	\$ 497,698	\$ 247,132	\$ 1,260	\$ 82,047	\$ 43,541	\$ 373,980
5k Race expense	79,632	-	-	-	79,632	64,230	-	-	-	64,230
Team supplies and branded merchandise	74,573	381	-	-	74,954	67,578	633	-	-	68,211
Marketing expense	38,736	60	102	16,619	55,517	27,537	56	698	22,303	50,594
Payroll taxes	27,601	70	6,909	3,776	38,356	19,478	99	6,467	3,432	29,476
Professional fees	19,195	-	3,980	-	23,175	12,172	-	4,865	2,576	19,613
Shipping and fulfillment	22,942	-	26	105	23,073	7,132	-	79	79	7,290
Other expenses	6,869	11	9,282	3,375	19,537	3,369	17	11,654	681	15,721
Rent expense	10,721	39	3,874	1,716	16,350	8,918	58	3,774	1,650	14,400
Regional/Associate expenses	11,421	890	-	465	12,776	11,613	650	129	347	12,739
Depreciation and amortization expense	-	-	9,978	-	9,978	-	-	14,153	-	14,153
Insurance	5,602	-	3,828	-	9,430	5,178	-	2,766	-	7,944
Training and materials	8,773	-	-	-	8,773	24,534	-	-	-	24,534
Curriculum	7,602	-	-	-	7,602	7,004	-	-	-	7,004
Online processing expenses	294	-	-	2,109	2,403	-	52	-	1,015	1,067
Total	<u>\$ 672,105</u>	<u>\$ 2,359</u>	<u>\$ 127,626</u>	<u>\$ 77,164</u>	<u>\$ 879,254</u>	<u>\$ 505,875</u>	<u>\$ 2,825</u>	<u>\$ 126,632</u>	<u>\$ 75,624</u>	<u>\$ 710,956</u>

See notes to financial statements.

LET ME RUN, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 134,820	\$ 10,456
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in allowance for bad debt and present value of unconditional promises to give	-	(71)
Depreciation and amortization	9,978	14,153
Changes in operating assets and liabilities:		
Unconditional promises to give	3,086	5,356
Prepaid expenses	(3,251)	(6,671)
Accounts payable and other liabilities	<u>27,426</u>	<u>(14,117)</u>
Net cash provided by operating activities	172,059	9,106
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property	<u>(5,589)</u>	<u>(19,149)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	166,470	(10,043)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>223,269</u>	<u>233,312</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 389,739</u>	<u>\$ 223,269</u>

See notes to financial statements.

LET ME RUN, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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.

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:

Unrestricted net assets - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

Temporarily restricted net assets - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met.

Permanently restricted net assets - Net assets which contain donor-imposed restrictions stipulating that the amounts be maintained by the Organization in perpetuity. There were no permanently restricted net assets as of June 30, 2018 and 2017.

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 temporarily or permanently restricted net assets depending on the nature of the restriction. When a time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets 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 unrestricted net assets 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, 2018 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 Assets - Donated property, marketable securities and other noncash donations are recorded as contributions at their estimated fair market value at the date of donation. Noncash donations of approximately \$2,000 during the year ended June 30, 2018 were recorded as contributions.

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 \$20,000 and \$16,000 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017.

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.

Reclassifications - Certain amounts in the 2017 financial statements have been reclassified to conform with 2018 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 29, 2018, which is the date the financial statements were available to be issued.

2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give of \$17,092 and \$20,178 as of June 30, 2018 and 2017, respectively, were all due in less than one year and classified as current.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets available for future periods or purposes as of June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Amounts designated for operations	\$ 79,146	\$ 5,500
Amounts designated for 5k sponsorships	-	6,875
Amounts designated for marketing	-	4,170
Amounts designated for scholarships	<u>31,340</u>	<u>41,879</u>
Total	<u>\$ 110,486</u>	<u>\$ 58,424</u>

Net assets released from restriction as of June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Time restricted:		
Contributions restricted for operations	\$ 5,500	\$ 10,500
Contributions restricted for 5k revenue	6,875	9,929
Contributions restricted for scholarship	<u>2,875</u>	<u>-</u>
	<u>15,250</u>	<u>20,429</u>
Purpose restricted:		
Contributions restricted for operations	18,814	-
Contributions restricted for scholarships	71,627	35,153
Contributions restricted for marketing	<u>4,170</u>	<u>32,672</u>
	<u>94,611</u>	<u>67,825</u>
Total	<u>\$ 109,861</u>	<u>\$ 88,254</u>

4. 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 \$16,350 and \$14,400 for the years ended June 30, 2018 and 2017, respectively.

5. RELATED PARTIES

During the years ended June 30, 2018 and 2017, the Organization received contributions from members of the Board of Directors and employees totaling approximately \$13,000 and \$11,000, respectively.

6. 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.
