



RANDOM TUESDAY, INC.

Financial Statements

Years ended December 31, 2017 and 2016

RANDOM TUESDAY, INC.

Table of Contents

Years ended December 31, 2017 and 2016

	<u>Index</u>
Independent Auditor's Report	
Statements of Financial Position	1
Statements of Activities	2
Statements of Cash Flows	3
Notes to Financial Statements	4 - 8

Independent Auditor's Report

To the Board of Directors
Random Tuesday, Inc.

We have audited the accompanying financial statements of **Random Tuesday, Inc.** (a non-profit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities 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 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 audits. We conducted our audits 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Random Tuesday, Inc.** as of December 31, 2017 and 2016, 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.



Tampa, Florida
March 31, 2018

RANDOM TUESDAY, INC.

Statements of Financial Position

December 31, 2017 and 2016

<i>Assets</i>	<u>2017</u>	<u>2016</u>
Cash and equivalents	\$ 130,715	300,634
Inventories	<u>79,998</u>	<u>64,092</u>
Total current assets	210,713	364,726
Property and equipment, net of accumulated depreciation	<u>6,000</u>	<u>8,393</u>
	<u><u>\$ 216,713</u></u>	<u><u>373,119</u></u>
 <i>Liabilities and Net Assets</i>		
Accounts payable and accrued expenses	\$ 152,469	358,354
Deferred registrations	<u>156,716</u>	<u>-</u>
Total liabilities	<u>309,185</u>	<u>358,354</u>
Net assets (deficiency):		
Without donor restrictions	<u>(92,472)</u>	<u>14,765</u>
Total net assets	<u>(92,472)</u>	<u>14,765</u>
	<u><u>\$ 216,713</u></u>	<u><u>373,119</u></u>

See accompanying notes to financial statements.

RANDOM TUESDAY, INC.

Statements of Activities

Years ended December 31, 2017 and 2016

Revenue and other support:	<u>2017</u>	<u>2016</u>
Registration fees	\$ 1,205,780	1,341,191
Merchandise	136,125	245,702
Contributions	<u>125,271</u>	<u>21,574</u>
Total revenue and other support	<u>1,467,176</u>	<u>1,608,467</u>
Expenditures:		
Donations to charity partners	612,599	855,701
Salaries	381,538	136,475
Medals and merchandise	269,224	368,949
Shipping and delivery expense	168,974	190,590
Payroll taxes	29,429	11,679
Travel and entertainment	24,298	12,494
Rent expense	18,255	9,000
Conversion and other fees	14,311	-
Professional fees	13,728	17,176
Fundraising and development expenses	9,050	6,329
Utilities	7,091	3,496
Office supplies and expense	5,807	11,319
Advertising	5,474	3,261
Computer expenses	5,206	3,161
Paypal fees	4,492	6,018
Insurance	2,544	2,358
Depreciation	<u>2,393</u>	<u>2,393</u>
Total expenditures	<u>1,574,413</u>	<u>1,640,399</u>
Change in net assets	(107,237)	(31,932)
Net assets-beginning of year	<u>14,765</u>	<u>46,697</u>
Net assets (deficiency)-end of year	<u>\$ (92,472)</u>	<u>14,765</u>

See accompanying notes to financial statements.

RANDOM TUESDAY, INC.

Statements of Cash Flows

Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (107,237)	(31,932)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,393	2,393
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Inventories	(15,906)	(35,053)
Increase (decrease) in:		
Accounts payable and accrued expenses	(205,885)	358,354
Deferred registrations	156,716	-
	<u>(169,919)</u>	<u>273,741</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	<u>-</u>	<u>(10,000)</u>
Net cash used in investing activities	<u>-</u>	<u>(10,000)</u>
Net increase (decrease) in cash and equivalents	(169,919)	263,741
Cash and equivalents – beginning of year	<u>300,634</u>	<u>36,893</u>
Cash and equivalents – end of year	<u>\$ 130,715</u>	<u>300,634</u>

See accompanying notes to financial statements.

RANDOM TUESDAY, INC.

Notes to Financial Statements

December 31, 2017 and 2016

(1) Summary of Significant Accounting Policies

Organization and Nature of Activities

Random Tuesday, Inc. (“Organization”) is a not-for-profit organization incorporated in the state of Georgia in 2014. The Organization operates three charitable programs (virtual running clubs) under the not-for-profit umbrella organization Random Tuesday Inc. The Organization moved its headquarters from Georgia to Connecticut in August of 2016.

The three running clubs - Hogwarts Running Club, Chilton Running Club and Whovian Running Club - host virtual runs throughout the year from its offices in Guilford, Connecticut. The three programs have more than 65,000 participants (called “members”) from all 50 states and more than 60 countries around the world.

While there is no promised amount to be donated, approximately 60 to 70% of registration fees are donated directly to a specific direct-impact charity partner for each event. The charity partner for each virtual race is chosen from nominations made by members. The Organization also raises some funds through the sale of event-specific t-shirts and a small online store to help cover overhead costs and maximize donations made to charity partners. The Organization has donated over \$2.0 million to more than 25 unique charities since operations commenced.

Financial Statement Presentation

The Organization follows accounting for not-for-profit organizations as outlined in professional standards. Accordingly, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

The Organization records contributions under professional standards governing accounting for contributions received and contributions made. Contributions received are recorded as with donor restrictions, or without donor restrictions depending on the existence of restrictions as defined in the standards.

(Continued)

RANDOM TUESDAY, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

Contributions (continued)

Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of any time or purpose restrictions.

Cash and Equivalents and Concentration of Credit Risk

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash equivalents.

For purposes of the statement of cash flows, cash and equivalents include cash on hand, demand deposits with financial institutions and money market accounts. The Organization also considers all highly-liquid investments purchased with maturities of 90 days or less to be cash equivalents.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined on the first-in, first-out (FIFO) basis.

Property and Equipment

Property and equipment are recorded at historical cost on the date purchased or fair market value on the date donated. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the related assets.

When assets are retired or otherwise disposed of the cost and related accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is recognized in income. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Individual assets purchased for less than \$1,000 are charged to expense.

Allocation of Expenses

The Organization's expenses are presented on a functional basis, showing basic program activities and support services. The Organization allocates expenses based on the specific work functions of various employees for payroll and related expenses; all other expenses are allocated based upon management's estimate of expenses incurred by functional area.

Donated Materials or Services

Donated materials and services have not been reflected in the accompanying financial statements since the value of such donations is not subject to objective measurements or valuation. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Organization's fund raising campaigns.

(Continued)

RANDOM TUESDAY, INC.

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies (continued)**

Use of Estimates in Preparation of Financial Statements

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

Subsequent Events

Subsequent events have been evaluated through March 31, 2018, which is the date the financial statements were available to be issued.

(2) **Income Taxes**

The Organization is exempt from federal and state income taxes pursuant to the provisions of Section 501(c) (3) of the Internal Revenue Code and has been classified as other than a private foundation. Accordingly, no provision for income taxes is recorded in the financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has analyzed the tax positions, and has concluded that as of December 31, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2014.

(3) **New Accounting Pronouncement**

The Financial Accounting Standards Board issued Accounting Standards Codification 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), effective for periods beginning after December 15, 2017. Several changes to nonprofit reporting include:

- Improvements to the presentation and disclosures for net assets classes from the previous three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two classes (without donor restrictions and with donor restrictions).
- Allowing free choice between the direct and indirect methods in presenting cash flows.
- Providing better information about functional expenses and disclosures about how expenses are allocated to management and general.

(Continued)

RANDOM TUESDAY, INC.

Notes to Financial Statements

(3) New Accounting Pronouncement (continued)

- Unifying the reporting of investment returns.
- Enhancements to information provided about the liquidity and availability of financial resources.

The new standard aims to improve reporting the liquidity and availability of resources. Qualitative information will be required to be disclosed on how the organization manages its liquid available resources and its liquidity risk to meet cash needs for general expenditures within one year of the year-end date.

Early application of the above changes is permitted and the Organization has decided to implement them for the year ended December 31, 2017.

(4) Liquidity and Availability of Resources

The Organization has approximately \$130,700 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash and equivalents. All of these financial assets are generally without donor restrictions that make them available for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash and equivalents, on hand to meet one year of normal operating expenses, which are, on average, approximately \$900,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments.

(5) Functional Classification of Expenses

The functional classification of expenses for the years ended December 31 is as follows:

	<u>2017</u>	<u>2016</u>
Program	\$ 1,476,415	1,533,433
Management and general	74,929	89,069
Fundraising	<u>23,069</u>	<u>17,897</u>
	<u>\$ 1,574,413</u>	<u>1,640,399</u>