



Financial Statements

Years ended December 31, 2019 and 2018

RANDOM TUESDAY, INC.

Table of Contents

Years ended December 31, 2019 and 2018

| | <u>Index</u> |
|-----------------------------------|---------------------|
| Independent Auditor's Report | |
| Statements of Financial Position | 1 |
| Statements of Activities | 2 |
| Statements of Functional Expenses | 3 |
| Statements of Cash Flows | 4 |
| Notes to Financial Statements | 5 - 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, 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 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

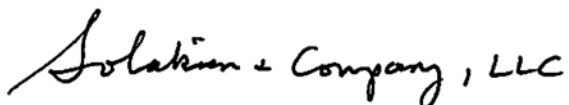
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2019 and 2018, 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.



August 28, 2020

RANDOM TUESDAY, INC.

Statements of Financial Position

December 31, 2019 and 2018

| <i>Assets</i> | <u>2019</u> | <u>2018</u> |
|---|--------------------|--------------------|
| Cash and equivalents | \$ 1,846 | 74,513 |
| Inventories | 72,101 | 80,023 |
| Prepaid expenses | <u>1,638</u> | <u>1,275</u> |
| Total current assets | 75,585 | 155,811 |
| Property and equipment, net of accumulated depreciation | <u>1,214</u> | <u>3,607</u> |
| | <u>\$ 76,799</u> | <u>159,418</u> |
| <i>Liabilities and Net Assets</i> | | |
| Lines of credit | \$ 52,919 | - |
| Accounts payable and accrued expenses | 122,216 | 308,120 |
| Deferred registrations | <u>129,188</u> | <u>159,295</u> |
| Total liabilities | <u>304,323</u> | <u>467,415</u> |
| Net deficiency: | | |
| Without donor restrictions | <u>(227,524)</u> | <u>(307,997)</u> |
| Total net assets | <u>(227,524)</u> | <u>(307,997)</u> |
| | <u>\$ 76,799</u> | <u>159,418</u> |

See accompanying notes to financial statements.

RANDOM TUESDAY, INC.

Statements of Activities

Years ended December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|--------------------|
| Revenue and other support: | | |
| Registration fees | \$ 988,209 | 1,102,543 |
| Merchandise | 144,744 | 366,331 |
| Contributions and other | <u>21,495</u> | <u>23,650</u> |
| Total revenue and other support | <u>1,154,448</u> | <u>1,492,524</u> |
| Expenditures: | | |
| Program | 981,713 | 1,592,086 |
| Management and general | 89,374 | 97,417 |
| Fundraising | <u>2,888</u> | <u>18,546</u> |
| Total expenditures | <u>1,073,975</u> | <u>1,708,049</u> |
| Change in net assets | 80,473 | (215,525) |
| Net deficiency-beginning of year | <u>(307,997)</u> | <u>(92,472)</u> |
| Net deficiency-end of year | <u>\$ (227,524)</u> | <u>(307,997)</u> |

See accompanying notes to financial statements.

RANDOM TUESDAY, INC.

Statements of Functional Expenses

Years ended December 31, 2019 and 2018

| | 2019 | | | | 2018 | | | |
|-------------------------------|-------------------|-----------------------------------|--------------------|---------------------------|------------------|-----------------------------------|--------------------|---------------------------|
| | <u>Program</u> | <u>Management and general</u> | <u>Fundraising</u> | <u>Total expenses</u> | <u>Program</u> | <u>Management and general</u> | <u>Fundraising</u> | <u>Total expenses</u> |
| Salaries | \$ 426,795 | 36,115 | 1,179 | 464,089 | 382,423 | 36,115 | 9,708 | 428,246 |
| Medals and merchandise | 227,227 | - | - | 227,227 | 401,769 | - | - | 401,769 |
| Shipping and delivery expense | 126,459 | - | - | 126,459 | 161,017 | - | 3,286 | 164,303 |
| Donations to charity partners | 74,998 | - | - | 74,998 | 516,054 | - | - | 516,054 |
| Travel and sales promotion | 42,940 | - | - | 42,940 | 74,462 | - | - | 74,462 |
| Payroll taxes | 36,786 | 2,946 | 94 | 39,826 | 31,248 | 2,946 | 735 | 34,929 |
| Occupancy expense | - | 19,272 | - | 19,272 | - | 18,720 | - | 18,720 |
| Professional fees | - | 19,184 | - | 19,184 | - | 26,785 | - | 26,785 |
| Advertising | 14,543 | - | 1,615 | 16,158 | 3,990 | - | - | 3,990 |
| Computer and website expenses | 14,464 | - | - | 14,464 | 6,228 | 1,557 | - | 7,785 |
| Utilities | 7,152 | - | - | 7,152 | 2,609 | - | 4,817 | 7,426 |
| Interest expense | - | 6,577 | - | 6,577 | - | 1,994 | - | 1,994 |
| Office supplies and expense | 5,657 | - | - | 5,657 | 1,967 | 4,171 | - | 6,138 |
| Conversion and other fees | 3,670 | - | - | 3,670 | 3,929 | - | - | 3,929 |
| Insurance | - | 2,887 | - | 2,887 | - | 2,736 | - | 2,736 |
| Depreciation | - | 2,393 | - | 2,393 | - | 2,393 | - | 2,393 |
| Paypal fees | 1,022 | - | - | 1,022 | 6,390 | - | - | 6,390 |
| Total expenses | \$ 981,713 | 89,374 | 2,888 | 1,073,975 | 1,592,086 | 97,417 | 18,546 | 1,708,049 |

See accompanying notes to financial statements.

RANDOM TUESDAY, INC.

Statements of Cash Flows

Years ended December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|--------------------|--------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 80,473 | (215,525) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 2,393 | 2,393 |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in: | | |
| Inventories | 7,922 | (25) |
| Prepaid expenses | (363) | (1,275) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | (185,904) | 155,651 |
| Deferred registrations | <u>(30,107)</u> | <u>2,579</u> |
| Net cash used in operating activities | <u>(125,586)</u> | <u>(56,202)</u> |
| Cash flows from financing activities: | | |
| Net proceeds from lines of credit | <u>52,919</u> | <u>-</u> |
| Net cash provided by financing activities | <u>52,919</u> | <u>-</u> |
| Net decrease in cash and equivalents | (72,667) | (56,202) |
| Cash and equivalents – beginning of year | <u>74,513</u> | <u>130,715</u> |
| Cash and equivalents – end of year | <u>\$ 1,846</u> | <u>74,513</u> |
| Supplemental cash flow information: | | |
| Cash paid for interest expense | <u>\$ 6,577</u> | <u>1,994</u> |

See accompanying notes to financial statements.

RANDOM TUESDAY, INC.

Notes to Financial Statements

December 31, 2019 and 2018

(1) Summary of Significant Accounting Policies

Organization and Nature of Activities

Random Tuesday, Inc. (“Organization”) is a not-for-profit organization incorporated in 2014 that creates global communities, harnessing the power of fandom, to inspire individuals to better themselves and the world around them. The Organization operates the Fanthropy™ Running Clubs (“Clubs”) which are four virtual running programs.

The Clubs (Potterhead Running Club; Whovian Running Club; Fandom Running Club and Chilton Running Club) organize approximately 25 virtual fitness events throughout the year from its offices in Guilford, Connecticut. Participants receive a custom fandom-themed finisher’s medal in exchange for their tax-deductible registration/donation. The Clubs have more than 85,000 participants (“members”) from all 50 states and more than 65 countries around the world. The Organization has donated over \$2.5 million to more than 75 unique charities since operations commenced and has inspired members to log over 13 million miles for their own physical fitness.

While there is no promised amount to be donated, proceeds are donated directly to a specific direct-impact charity partner for each event. The charity partner for each virtual fitness event is selected 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 also organizes multiple “direct impact projects” each year that inspires supporters to donate specific tangible items (i.e. socks, diapers, winter hats) to charities making a direct impact in a specific mission area.

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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, such as when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

Contributions are defined as voluntary, nonreciprocal transfers. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unrestricted contributions, and contributions that are restricted by the donor, for which the restriction expires in the year in which the contributions are recognized, are reported as increases in net assets without donor restrictions.

(Continued)

Notes to Financial Statements

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

Contributions (continued)

All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, the restricted net assets are reclassified to net assets without donor 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 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.

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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 August 28, 2020, which is the date the financial statements were available to be issued.

The Organization has not experienced any significant disruptions in providing its virtual running club services through August 28, 2020. Based on world events it is reasonably possible that the Association's financial position could be adversely affected. The Organization continues to monitor world events as they relate to its services.

(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, 2019, 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 2016.

(3) **Lines of Credit**

The Organization has unsecured lines of credit totaling \$55,000 with two local banks bearing interest at rates ranging from 7.75% to 8.5%. There was a total outstanding balance of approximately \$52,900 under these lines as of December 31, 2019.

(4) **Operating Lease**

The Organization leases office space under a noncancelable operating lease expiring in August 2020 (renewal in process) for \$1,638 per month. Future minimum lease payments as of December 31, 2019 are \$13,104. Total rent expense was approximately \$19,300 and \$18,700 for the years ended December 31, 2019 and 2018, respectively.

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RANDOM TUESDAY, INC.

Notes to Financial Statements

(5) **Liquidity and Availability of Resources**

The Organization has approximately \$2,000 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 month of normal operating expenses, which are, on average, approximately \$80,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(6) **Future Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position with a corresponding liability. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic entities for the reporting period beginning after December 15, 2021. The Organization has not yet evaluated the impact of this statement.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The provisions of ASU 2018-08 are effective for years beginning after December 15, 2019. The Organization has not yet evaluated the impact of this statement.

(7) **Subsequent Events relating to COVID-19**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future operations, and management is actively monitoring the global situation. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the outbreak on its results of operations, financial condition, or liquidity for 2020.

The Organization’s operations are heavily dependent on registration revenue from members. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. As such, its financial condition and liquidity may be negatively impacted in 2020.