

MARATHON KIDS, INC.
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

MAY 31, 2020

MARATHON KIDS, INC.
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

MAY 31, 2020

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report.....	1
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6

Allman & Associates, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

9600 GREAT HILLS TRAIL
SUITE 150W
AUSTIN, TX 78759
(512) 502-3077
FAX: 888-512-7990
WWW.ALLMANCPAS.COM

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Marathon Kids, Inc.
Austin, Texas

We have audited the accompanying financial statements of Marathon Kids, Inc. (a nonprofit corporation), which comprise the statement of financial position as of May 31, 2020, 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.

Auditors' 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 auditors' 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 above present fairly, in all material respects, the financial position of Marathon Kids, Inc. as of May 31, 2020, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Allman & Associates, Inc.

Austin, Texas
November 6, 2020

MARATHON KIDS, INC.
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

AS OF MAY 31, 2020

Assets

Current Assets:	
Cash and cash equivalents	\$ 1,189,688
Investments	1,160,581
Accounts receivable	29,300
Inventory	180,035
Prepaid expenses and other assets	<u>19,016</u>
Total Current Assets	2,578,620
Property and equipment, net of accumulated depreciation	309,530
Intangible assets	<u>200,000</u>
Total Assets	<u><u>3,088,150</u></u>

Liabilities and Net Assets

Current Liabilities:	
Accounts payable	18,410
Note payable, current portion	<u>52,536</u>
Total Current Liabilities	70,946
Note payable, long-term portion	<u>105,864</u>
Total Liabilities	<u>176,810</u>
Net Assets:	
Without donor restrictions	2,388,680
With donor restrictions	<u>522,660</u>
Total Net Assets	<u>2,911,340</u>
Total Liabilities and Net Assets	<u><u>\$ 3,088,150</u></u>

See accompanying auditors' report and notes to financial statements.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MAY 31, 2020

Net Assets Without Donor Restrictions:

Revenues:

Contributions	\$ 845,719
Return on investments	94,479
Fees for service	129,306
Other revenues	22,163

Total Revenues 1,091,667

Net assets released from restrictions 901,764

Total revenues without donor restrictions 1,993,431

Expenses:

Marathon Kids Program	1,577,893
General and administrative	158,824
Fundraising	302,361

Total Expenses 2,039,078

Change in net assets without donor restrictions (45,647)

Net Assets With Donor Restrictions:

Contributions	579,842
Net assets released from restrictions	(901,764)

Change in net assets with donor restrictions (321,922)

Total change in net assets (367,569)

Net assets, beginning of year 3,278,909

Net assets, end of year \$ 2,911,340

See accompanying auditors' report and notes to financial statements.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 2020

Expense Category	Marathon Kids Program	General and Administrative	Fundraising	Totals
Banking and automation fees	\$ 8,586	\$ 1,681	\$ 2,436	\$ 12,703
Office expenses	13,723	5,050	5,088	23,861
Rent	43,592	8,048	15,425	67,065
Telephone	3,060	565	1,082	4,707
Computer and IT	73,240	1,025	1,964	76,229
Insurance	7,583	1,400	2,683	11,666
Event and program expense	477,322	-	33,850	511,172
Marketing and promotion	135,901	-	25,343	161,244
Professional fees	30,871	23,946	-	54,817
Payroll taxes	34,184	20,390	12,576	67,150
Employee benefits	36,664	11,057	8,042	55,763
Salaries and wages	536,332	85,662	193,872	815,866
Depreciation	176,835	-	-	176,835
	<u>\$ 1,577,893</u>	<u>\$ 158,824</u>	<u>\$ 302,361</u>	<u>\$ 2,039,078</u>

See accompanying auditors' report and notes to financial statements.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2020

Cash Flows From Operating Activities:	
Change in Net Assets	\$ (367,569)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	176,835
Dividends reinvested, net of fees	(12,345)
Realized and unrealized (gains) losses on investments	(81,756)
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	(2,132)
Decrease (increase) in contributions receivable	416,800
Decrease (increase) in inventory	203,835
Decrease (increase) in prepaid expenses and other assets	218
Increase (decrease) in accounts payable	<u>6,730</u>
Net Cash Flows From Operating Activities	<u>340,616</u>
Cash Flows From Investing Activities:	
Purchases of property and equipment	(107,432)
Purchases of investments	<u>(51,660)</u>
Net Cash Flows Used by Investing Activities	<u>(159,092)</u>
Cash Flows From Financing Activities:	
Proceeds from long-term debt	<u>158,400</u>
Net Increase in Cash and Cash Equivalents	339,924
Cash and Cash Equivalents at beginning of year	<u>849,764</u>
Cash and Cash Equivalents at end of year	<u>\$ 1,189,688</u>
Supplemental data:	
Income taxes paid	<u>\$ -</u>
Interest paid	<u>\$ -</u>

See accompanying auditors' report and notes to financial statements.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

1. Organization

Marathon Kids, Inc. (the Organization) incorporated in the State of Texas on February 26, 2004. Marathon Kids helps to enable each child participant, regardless of fitness level, to run up to the equivalent of four marathons incrementally during the school year. Kids set goals, track progress, and are rewarded at each milestone. The mission of the Organization is through running, showing kids they can achieve more than they ever thought possible and putting them on the path to healthier lives. The Organization is funded primarily through contributions and fees for service.

2. Summary of Significant Accounting Policies

Basis of Accounting

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 (GAAP) applicable to not-for-profit organizations. Under the accrual basis, revenues are recognized in the accounting period in which they are earned and become measurable. Contributions and fees for service are considered to be available for use without donor restrictions unless specifically restricted by the donor. Contributions reported that are restricted for future periods or for specific purposes are considered restricted and increase net assets with donor restrictions. Expenses are recorded in the accounting period incurred, regardless of when cash is disbursed.

Financial Statement Presentation

Financial statement presentation follows the recommendation of the “Financial Statements of Not-For-Profit Organizations” section of the Accounting Standards Codification (ASC). Under the ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as applicable.

- a) *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Organization.
- b) *Net assets with donor restrictions* – Net assets subject to donor (or certain 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.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

2. Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all checking accounts, savings accounts, money market funds and certificates of deposit purchased with initial maturities of three months or less to be cash equivalents, unless designated for investment purposes.

Investments

The Organization records investments using the guidance of FASB ASC 985-320, *Not-for-Profit Entities: Investments – Debt and Equity Securities*. Investments are stated at their readily determinable fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, generally five to seven years for furniture and equipment, three to five years for software and website development, and ten years for vehicles. Donations of property and equipment are recorded as support at their estimated values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Receivables

The Organization records accounts receivable on the accrual basis. Upon determining that a receivable is uncollectible, that receivable is written off and charged to bad debt expense. There is no allowance for doubtful accounts recorded in the financial statements.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Unconditional grants and contributions received are recorded at fair value on the date of the award as with or without restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon expiration of time restriction or when purpose restrictions have been met. If restrictions are met in the same year as donation received, donation is recorded in net assets without donor restrictions. When both with or without restricted resources are available for use, it is the Organization's policy to use resources with restrictions first, then resources without restrictions as needed. Fees for services are recognized when the services are completed.

Inventory

Inventories (t-shirts, dog tags, shoelaces, shoe-tags and bracelets) are stated at the lower of cost (average cost) or market.

Functional Allocation of Expenses

The costs of providing the various programs and activities of the Organization have been summarized on a functional basis in the statement of activities. The statement of functional expenses reports the natural classification detail of expenses by function. Expenses that can be identified with a specific program or relate to a specific source of revenue are allocated directly to that program. Indirect expenses have been allocated based on management's estimates.

Income Taxes

The Organization is generally exempt from federal income taxes under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). Furthermore, the Organization is a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes has been included in these financial statements.

The Organization has adopted the recognition requirements for uncertain income tax positions as required by GAAP, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Organization has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial position, changes in net assets or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at May 31, 2020. The Organization is subject to income tax audits for the previous three years which are open. There are currently no income tax audits for any tax periods in progress.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

2. Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to credit risk consist of cash and cash equivalents, and investments. All depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the FDIC up to the maximum deposit insurance amount of \$250,000. As of May 31, 2020, the Organization's uninsured cash balance totaled \$939,868. The Organization has not experienced any losses in any of these accounts in the past.

The Organization's investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statement of financial position.

Change in Not-for-Profit Accounting Standards

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09's core principle requires an entity to recognize revenue in a manner that depicts the transfer of goods and/or services to a customer in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods and/or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 has been deferred one year to annual periods beginning after December 15, 2019 for entities that are resource recipients and for annual periods beginning after December 15, 2020 for entities that are resource providers, with early adoption permitted. ASU 2014-09 will be applied on a modified prospective basis, applied to agreements that were either not completed, or were entered into, after December 31, 2019.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance concerning, 1) the determination whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) whether a contribution received is conditional. ASU 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients and for annual periods beginning after December 15, 2019 for entities that are resource providers, with early adoption permitted. ASU 2018-08 has been applied on a modified prospective basis, applied to agreements that were either not completed, or were entered into, after December 31, 2018.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

3. Investments

Investments comprised the following at May 31, 2020:

Equity securities	\$	699,359
Money market funds		48,799
Fixed income mutual funds		135,557
Equity funds		138,383
Exchange traded funds		112,108
Fixed income agency securities		20,179
REIT funds		6,196
Total Investments	\$	<u>1,160,581</u>

Return on investments comprised the following for the year ended May 31, 2020:

Interest and dividends	\$	18,449
Interest on savings		378
Realized and unrealized gains (losses)		81,756
Investment expense		(6,104)
Total Return on Investments	\$	<u>94,479</u>

4. Property and Equipment

At May 31, 2020, property and equipment consisted of the following:

Furniture and equipment	\$	44,888
Website development and software		<u>1,032,383</u>
Total Property and Equipment		1,077,271
Less accumulated depreciation		<u>(767,741)</u>
Total Property and Equipment, Net	\$	<u>309,530</u>

For the year ended May 31, 2020, depreciation expense was recorded in the amount of \$176,835.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

5. Intangible Assets

In March 2013, the Organization entered into an agreement for the purchase and acquisition of all intellectual and other property rights related to the “Marathon Kids” brand, including but not limited to trade names, trademarks, URLs, goodwill or other tangible or intangible property associated with the brand. The Organization agreed to pay a total of \$200,000 to be paid as follows: \$100,000 on the execution of the agreement and two additional payments of \$50,000 each on the first and second anniversaries of the executed settlement. As of May 31, 2015, the amount has been paid in full. Accounting standards require that the Organization assess the fair value of the intangible assets on an annual basis. The Organization has determined that the value of \$200,000 for the intangible asset was not impaired at May 31, 2020.

6. Note Payable

During the year ended May 31, 2020, the Organization received a Paycheck Protection Program (PPP) loan under the Cares Act and an Economic Injury Disaster (EID) loan through the United States Small Business Administration (SBA). The Organization accounts for these loans received as a financial liability in accordance with the FASB ASC Topic 470, *Debt*, and accrued interest in accordance with the interest method under ASC Subtopic 835-30. The Organization would reduce the liability by the amount forgiven and record a gain on extinguishment once the loan is partly or wholly forgiven and legal release is received.

A promissory note for the PPP loan was signed on May 6, 2020 in the amount of \$158,400 with a deferment period of six months and interest rate after deferment period of 1% fixed per annum. Per the promissory note, the Organization shall apply to the bank for loan forgiveness. If the SBA confirms full and complete forgiveness of the unpaid balance of the loan, and reimburses the bank for the total outstanding balance, principal and interest, the Organization’s obligation under the loan will be deemed fully satisfied and paid in full. If the SBA does not confirm forgiveness of the loan, or only partly confirms forgiveness of the loan, or the Organization fails to apply for forgiveness, the Organization will be obligated to repay to the bank the total outstanding balance remaining under the loan, including principal and interest. In this case, the bank will establish the terms for repayment of the loan balance in a separate letter, which will set forth the loan balance, the amount of each monthly payment, the interest rate, the terms of the loan, and the maturity date of two years from the funding date of the loan. At May 31, 2020, no payment had been made and the balance due is \$158,400. Current portion of amount due is \$52,536 and the remaining amount of \$105,864 is due during the year ended May 31, 2022.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

7. Net Assets with Donor Restrictions

Net assets with donor restrictions comprised the following at May 31, 2020:

Marathon Kids Program and Leadership Academy	\$	500,000
TAG! donations		13,500
Miscellaneous		<u>9,160</u>
Net assets with donor restrictions	\$	<u>522,660</u>

During the year ended May 31, 2020, net assets with donor restrictions totaling \$901,764 were released to net assets without donor restrictions because of the satisfaction of purpose restrictions.

8. In-Kind Contributions

During the year ending May 31, 2020, the Organization received in-kind advertising for Google Ads and from a local television station. The fair market value of the in-kind donations was \$108,910, for the year ending May 31, 2020, and is included in contributions revenue on the statement of activities and marketing and promotion on the statement of functional expenses.

The Organization also received substantial donated service hours by unpaid volunteers who assist with the Organization's programs and fundraising activities. These services have not created nor enhanced nonfinancial assets, nor required specialized skills that would typically need to be purchased if not provided by donation. Therefore, in accordance with GAAP, the value of these services has not been recorded in these financial statements.

9. Retirement Plan

In July 2009, the Organization established a Savings Incentive Match Plan for Employees (SIMPLE) Plan. Employees who are reasonably expected to receive at least \$5,000 in compensation for the current year and have completed one year of service are eligible to participate in the Plan beginning in the first January after the completion of one year of employment. The Organization matches contributions to the Plan up to 3% of eligible compensation. Retirement plan expense for the year ended May 31, 2020 totaled \$12,585.

Effective January 1, 2014, the Organization amended the SIMPLE Plan to allow employees to participate after the completion of six months of employment. The Organization continues to match contributions to the Plan up to 3% of eligible compensation.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

10. Fair Value Measurements and Disclosures

The requirements of Fair Value Measurements and Disclosures of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price). Fair Value Measurements and Disclosures also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Inputs – Unobservable inputs for the asset or liability.

The fair value of the Organization’s cash, accounts receivable, prepaid expenses, and accounts payable, approximates the carrying amounts of such instruments due to their short maturity.

The following table represents assets and liabilities reported on the statement of financial position at their fair value as of May 31, 2020 by level within the fair value measurement hierarchy.

Description	Amount	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable inputs (Level 3)
Money market funds	\$ 48,799	\$ -	\$ 48,867	\$ -
Equity securities	699,359	699,359	-	-
Fixed income mutual funds	135,557	135,557	-	-
Fixed income agency securities	20,179	20,179	-	-
Equity funds	138,383	138,383	-	-
Exchange traded funds	112,108	112,108	-	-
REIT funds	6,196	6,196	-	-
Total Investments	<u>\$ 1,160,581</u>	<u>\$ 1,111,782</u>	<u>\$ 48,867</u>	<u>\$ -</u>
Note Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,400</u>

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

10. Fair Value Measurements and Disclosures (continued)

The following is a reconciliation of assets and liabilities for which significant unobservable inputs (level 3) were used in determining fair value at May 31, 2020:

Beginning balance	\$	-
Proceeds from note payable		158,400
Principal repayments		-
Ending balance	\$	<u>158,400</u>

11. Leases

The Organization entered into a lease for office space in Austin, Texas with a lease term from May 15, 2018 through August 31, 2023. Base rent escalates from an initial rate of \$5,401 per month to \$5,774 per month at the end of the term.

The total future minimum lease payments required under this agreement are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 66,584
2022	67,687
2023	68,819
2024	17,321
Total	<u>\$ 220,411</u>

Lease expense for the year ended May 31, 2020 was \$67,065.

12. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,189,688
Short-term investments	1,160,581
Accounts receivable	29,300
Less net assets with donor restrictions	<u>(522,660)</u>
Financial assets available for general expenditures within one year	<u>\$ 1,856,909</u>

The Organization does not have a formal liquidity policy, but intends to meet cash needs through contributions, fees for service, and meeting budget expectations.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

13. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. Management evaluated subsequent events through the date of November 6, 2020.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact future activities of the Organization. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The Organization has canceled multiple events and have seen a reduction in contributions. However, the related financial impact of these and other disruptions cannot be reasonably estimated at this time.