



Financial Statements

Years ended December 31, 2020 and 2019

RANDOM TUESDAY, INC.

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Years ended December 31, 2020 and 2019

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Michael Solakian, CPA

829 Bayshore Boulevard
Tampa, FL 33606 USA

www.solakiancpa.com

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, 2020 and 2019, 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, 2020 and 2019, 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.

June 30, 2021

RANDOM TUESDAY, INC.

Statements of Financial Position

December 31, 2020 and 2019

<i>Assets</i>	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 117,175	1,846
Inventories	64,252	72,101
Prepaid expenses	<u>-</u>	<u>1,638</u>
Total current assets	181,427	75,585
Property and equipment, net of accumulated depreciation	<u>-</u>	<u>1,214</u>
	<u><u>\$ 181,427</u></u>	<u><u>76,799</u></u>
 <i>Liabilities and Net Assets</i> 		
Loan payable to Small Business Administration	\$ 6,000	-
Lines of credit	18,996	52,919
Accounts payable and accrued expenses	55,974	122,216
Deferred registrations	<u>161,272</u>	<u>129,188</u>
Total liabilities	<u>242,242</u>	<u>304,323</u>
Net deficiency:		
Without donor restrictions	<u>(60,815)</u>	<u>(227,524)</u>
Total net deficiency	<u>(60,815)</u>	<u>(227,524)</u>
	<u><u>\$ 181,427</u></u>	<u><u>76,799</u></u>

See accompanying notes to financial statements.

RANDOM TUESDAY, INC.

Statements of Activities

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue and other support:		
Registration fees	\$ 953,007	988,209
Merchandise	244,923	144,744
Federal grant	96,722	-
Contributions and other	<u>17,189</u>	<u>21,495</u>
Total revenue and other support	<u>1,311,841</u>	<u>1,154,448</u>
Expenditures:		
Program	1,023,493	981,713
Management and general	118,343	89,374
Fundraising	<u>3,296</u>	<u>2,888</u>
Total expenditures	<u>1,145,132</u>	<u>1,073,975</u>
Change in net deficiency	166,709	80,473
Net deficiency-beginning of year	<u>(227,524)</u>	<u>(307,997)</u>
Net deficiency-end of year	<u><u>\$ (60,815)</u></u>	<u><u>(227,524)</u></u>

See accompanying notes to financial statements.

RANDOM TUESDAY, INC.

Statements of Functional Expenses

Years ended December 31, 2020 and 2019

	2020				2019			
	<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	\$ 420,650	36,115	1,825	458,590	426,795	36,115	1,179	464,089
Medals and merchandise	269,856	-	-	269,856	227,227	-	-	227,227
Shipping and delivery expense	115,425	-	-	115,425	126,459	-	-	126,459
Donations to charity partners	109,322	-	-	109,322	74,998	-	-	74,998
Professional fees	-	54,132	-	54,132	-	19,184	-	19,184
Payroll taxes	30,907	2,946	146	33,999	36,786	2,946	94	39,826
Conversion and other fees	33,277	-	-	33,277	3,670	-	-	3,670
Occupancy expense	-	19,656	-	19,656	-	19,272	-	19,272
Computer and website expenses	16,514	-	-	16,514	14,464	-	-	14,464
Travel and sales promotion	10,779	-	-	10,779	42,940	-	-	42,940
Advertising	6,930	-	1,325	8,255	14,543	-	1,615	16,158
Utilities	6,741	-	-	6,741	7,152	-	-	7,152
Interest expense	-	2,987	-	2,987	-	6,577	-	6,577
Insurance	-	2,507	-	2,507	-	2,887	-	2,887
Depreciation	1,214	-	-	1,214	-	2,393	-	2,393
Office supplies and expense	968	-	-	968	5,657	-	-	5,657
Paypal fees	910	-	-	910	1,022	-	-	1,022
Total expenses	\$ <u>1,023,493</u>	<u>118,343</u>	<u>3,296</u>	<u>1,145,132</u>	<u>981,713</u>	<u>89,374</u>	<u>2,888</u>	<u>1,073,975</u>

See accompanying notes to financial statements.

RANDOM TUESDAY, INC.

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 166,709	80,473
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,214	2,393
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Inventories	7,849	7,922
Prepaid expenses	1,638	(363)
Increase (decrease) in:		
Accounts payable and accrued expenses	(66,242)	(185,904)
Deferred registrations	32,084	(30,107)
	<u>143,252</u>	<u>(125,586)</u>
Net cash provided by (used in) operating activities		
Cash flows from financing activities:		
Net proceeds (payments) from loans and lines of credit	<u>(27,923)</u>	<u>52,919</u>
	<u>(27,923)</u>	<u>52,919</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in cash and equivalents	115,329	(72,667)
Cash and equivalents – beginning of year	<u>1,846</u>	<u>74,513</u>
Cash and equivalents – end of year	<u>\$ 117,175</u>	<u>1,846</u>
Supplemental cash flow information:		
Cash paid for interest expense	<u>\$ 2,987</u>	<u>6,577</u>

See accompanying notes to financial statements.

RANDOM TUESDAY, INC.

Notes to Financial Statements

December 31, 2020 and 2019

(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 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.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

(Continued)

RANDOM TUESDAY, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition (continued)

The Organization recognizes revenue from registration fees at the conclusion of its events and after all refunds have been determined. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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, and demand deposits with financial institutions. 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.

(Continued)

RANDOM TUESDAY, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

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.

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 June 30, 2021, 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, 2020, 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 2017.

(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 \$19,000 under these lines as of December 31, 2020.

(Continued)

RANDOM TUESDAY, INC.

Notes to Financial Statements

(4) **Paycheck Protection Program and Loan Payable**

During May 2020, the Organization received loan proceeds in the amount of approximately \$96,700 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during a certain time period determined by the lender. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

The Organization intends to use the proceeds for purposes consistent with the PPP, and to use the entire loan amount for qualifying expenses, and consequently expects it will meet the conditions for forgiveness of the loan. The Center has recognized the loan forgiveness as grant revenue in the year ended December 31, 2020 based on substantially meeting the conditions of the forgiveness for that period and based on documented expenditures.

During April 2020, the Organization also received as part of CARES an Economic Injury Disaster Loan of \$6,000 with interest at 3.75% that can be used for working capital and normal operating expenses, such as continuation of health care benefits, rent, utilities, and fixed debt payments. The loan may be repaid at any time within 30 years with no pre-payment penalties.

(5) **Operating Lease**

The Organization leases office space under a noncancelable operating lease expiring in August 2025 for approximately \$1,600 per month plus a 2% annual increase.

Future minimum lease payments as of December 31, 2020 are as follows: 2021, \$19,800; 2022, \$20,200; 2023, \$20,500; 2024, \$20,800; and \$13,900 in 2025. Total rent expense was approximately \$19,700 and \$19,300 for the years ended December 31, 2020 and 2019, respectively.

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

The Organization has approximately \$117,000 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 \$100,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(Continued)

Notes to Financial Statements

(7) **Adoption of and Future Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. generally accepted accounting principles. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective January 1, 2020 using the full retrospective method. The adoption of this ASU did not have a significant impact on the Organization's financial statements, and no changes were required to previously reported revenues.

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 adopted the new standard effective January 1, 2020 and it did not have a significant impact on the Organization's financial statements, and no changes were required to previously reported revenues.

In February 2016, the FASB issued 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.

(8) **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 2021.

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 2021.