

ROAD RUNNERS CLUB OF AMERICA, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2016 AND 2015



**Halt Buzas &
Powell, LTD**

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Road Runners Club of America, Inc.
Arlington, VA

We have audited the accompanying financial statements of Road Runners Club of America, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2016, and the related statement of activities 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 from 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 the Organization as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Organization as of December 31, 2015, were audited by other auditors whose report dated March 8, 2016, expressed an unmodified opinion on those statements.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The December 31, 2016 schedule of functional expenses (pages 18-19) is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The December 31, 2015 schedule of functional expenses (pages 20-21) was subjected to the auditing procedures applied in the December 31, 2015 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the December 31, 2015 financial statements as a whole.

Halt, Buzas & Powell, Ltd.

Alexandria, Virginia
February 27, 2017

ROAD RUNNERS CLUB OF AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current assets:		
Cash	\$ 959,687	\$ 941,701
Accounts receivable	2,500	7,873
Prepaid expenses	24,071	15,113
Loan receivable	-	35,592
Total current assets	986,258	1,000,279
Investments	1,458,935	1,392,353
Property and equipment, net	75,259	73,301
Deposits	4,738	4,738
Total assets	\$ 2,525,190	\$ 2,470,671
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 88,175	\$ 40,322
Accrued expenses	5,111	4,063
Deferred membership dues	265,428	275,185
Deferred coaching certifications	89,329	150,322
Deferred sponsorships	3,280	7,290
Deferred licensing income	29,431	-
Deferred rent	3,652	1,362
Total current liabilities	484,406	478,544
Deferred rent, non-current	4,585	8,237
Total liabilities	488,991	486,781
Net assets:		
Unrestricted	946,543	903,669
Unrestricted-board designated	406,370	406,370
Total unrestricted net assets	1,352,913	1,310,039
Temporarily restricted	47,852	47,002
Permanently restricted	10,000	10,000
Total net assets	1,410,765	1,367,041
Total liabilities and net assets	\$ 1,899,756	\$ 1,853,822

See accompanying notes to the financial statements.

ROAD RUNNERS CLUB OF AMERICA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Insurance program	\$ 1,737,267	\$ -	\$ -	\$ 1,737,267
Membership dues and fees	611,160	-	-	611,160
Coaching certifications	469,624	-	-	469,624
Contribution revenue	25,135	73,601	-	98,736
Sponsorships	91,779	-	-	91,779
Investment income	73,144	481	-	73,625
Special programs	59,938	-	-	59,938
In-kind contributions	51,820	-	-	51,820
Other income	18,955	-	-	18,955
Publications	1,822	-	-	1,822
Net assets released from restrictions:				
Satisfaction of donor restrictions	<u>73,232</u>	<u>(73,232)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>3,213,876</u>	<u>850</u>	<u>-</u>	<u>3,214,726</u>
Expenses:				
Program services:				
Insurance program	1,893,714	-	-	1,893,714
Coaching certification	380,564	-	-	380,564
General programs	262,506	-	-	262,506
Championship events and state programs	137,399	-	-	137,399
Kids Run the Nation	100,032	-	-	100,032
RunPro and Roads Scholars	<u>80,178</u>	<u>-</u>	<u>-</u>	<u>80,178</u>
Total program services	<u>2,854,393</u>	<u>-</u>	<u>-</u>	<u>2,854,393</u>
Support services:				
General and administrative	174,713	-	-	174,713
Fundraising	94,146	-	-	94,146
Board services	<u>47,750</u>	<u>-</u>	<u>-</u>	<u>47,750</u>
Total support services	<u>316,609</u>	<u>-</u>	<u>-</u>	<u>316,609</u>
Total expenses	<u>3,171,002</u>	<u>-</u>	<u>-</u>	<u>3,171,002</u>
Change in net assets	42,874	850	-	43,724
Net assets, beginning of year	<u>1,310,039</u>	<u>47,002</u>	<u>10,000</u>	<u>1,367,041</u>
Net assets, end of year	<u>\$ 1,352,913</u>	<u>\$ 47,852</u>	<u>\$ 10,000</u>	<u>\$ 1,410,765</u>

See accompanying notes to the financial statements.

ROAD RUNNERS CLUB OF AMERICA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Insurance program	\$ 1,669,862	\$ -	\$ -	\$ 1,669,862
Membership dues and fees	615,645	-	-	615,645
Coaching certifications	436,808	-	-	436,808
Contribution revenue	47,447	58,635	-	106,082
In-kind contributions	59,666	-	-	59,666
Sponsorships	57,308	-	-	57,308
Other income	21,562	-	-	21,562
Investment income	14,668	150	-	14,818
Publications	4,002	-	-	4,002
Special programs	1,750	-	-	1,750
Net assets released from restrictions:				
Satisfaction of donor restrictions	<u>97,022</u>	<u>(97,022)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>3,025,740</u>	<u>(38,237)</u>	<u>-</u>	<u>2,987,503</u>
Expenses:				
Program services:				
Insurance program	1,779,237	-	-	1,779,237
Coaching certification	371,370	-	-	371,370
General programs	205,287	-	-	205,287
Championship events and state programs	199,425	-	-	199,425
RunPro and Roads Scholars	154,919	-	-	154,919
Kids Run the Nation	<u>76,722</u>	<u>-</u>	<u>-</u>	<u>76,722</u>
Total program services	<u>2,786,960</u>	<u>-</u>	<u>-</u>	<u>2,786,960</u>
Support services:				
General and administrative	100,922	-	-	100,922
Board services	43,007	-	-	43,007
Fundraising	<u>77,563</u>	<u>-</u>	<u>-</u>	<u>77,563</u>
Total support services	<u>221,492</u>	<u>-</u>	<u>-</u>	<u>221,492</u>
Total expenses	<u>3,008,452</u>	<u>-</u>	<u>-</u>	<u>3,008,452</u>
Change in net assets	17,288	(38,237)	-	(20,949)
Net assets, beginning of year	<u>1,292,751</u>	<u>85,239</u>	<u>10,000</u>	<u>1,387,990</u>
Net assets, end of year	<u>\$ 1,310,039</u>	<u>\$ 47,002</u>	<u>\$ 10,000</u>	<u>\$ 1,367,041</u>

See accompanying notes to the financial statements.

ROAD RUNNERS CLUB OF AMERICA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ <u>43,724</u>	\$ <u>(20,949)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	24,632	16,148
Unrealized (gain) loss on investments	(36,180)	60,722
Bad debt expense	23,282	-
Realized gains on investments	(16,496)	(38,969)
Decrease (increase) in assets:		
Accounts receivable	5,373	8,690
Prepaid expenses	(8,958)	2,235
Increase (decrease) in liabilities:		
Accounts payable	47,853	4,973
Accrued expenses	1,048	(4,169)
Deferred revenue	(36,744)	33,191
Deferred rent	(1,362)	543
Total adjustments	<u>2,448</u>	<u>83,364</u>
Net cash provided by operating activities	<u>46,172</u>	<u>62,415</u>
Cash flows from investing activities:		
Purchases of investments	(298,949)	(581,945)
Proceeds from sales of investments	285,043	552,798
Purchases of property and equipment	(26,590)	(63,962)
Issuance of loan receivable	-	(49,731)
Proceeds from payments on loan receivable	<u>12,310</u>	<u>14,139</u>
Net cash used in investing activities	<u>(28,186)</u>	<u>(128,701)</u>
Net increase (decrease) in cash	17,986	(66,286)
Cash, beginning of year	<u>941,701</u>	<u>1,007,987</u>
Cash, end of year	<u>\$ 959,687</u>	<u>\$ 941,701</u>

See accompanying notes to the financial statements.

ROAD RUNNERS CLUB OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Organization

The Road Runners Club of America, Inc. is a non-stock, not-for-profit Virginia corporation whose principal purpose is to promote and encourage long distance running as a competitive sport and as a means of healthy exercise. The Organization also provides information on running through newsletters, booklets, clinics, meetings, handbooks, and educational programs, and acts to promote and conduct races and other running activities through its member clubs.

2. Summary of significant accounting policies

Basis of presentation

The Organization's financial statements are presented in accordance with generally accepted accounting principles for nonprofit organizations. Under those principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets represent resources that are not subject to donor imposed stipulations and are available for operations at management's discretion. Included in unrestricted net assets are board designated net assets in the amount of \$406,370 at December 31, 2016 and 2015. These funds may be used for implementation of the Organization's strategic plan and any activities approved by the Board. During the years ended December 31, 2016 and 2015, no board designated funds were used.

Temporarily Restricted Net Assets represent resources restricted by donors as to purpose or by the passage of time.

Permanently Restricted Net Assets represent resources whose use by the Organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of the Organization. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

ROAD RUNNERS CLUB OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

Use of estimates

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

Fair value measurements

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs used to measure fair value are categorized as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3 - unobservable inputs which are typically based on the Organization's own assumptions, as there is little, if any, related market activity.

ROAD RUNNERS CLUB OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets or liabilities held by the Organization at December 31, 2016 and 2015.

Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on income derived from activities related to its exempt purpose. This code section enables the Organization to accept donations that qualify as charitable contributions to the donor. The Organization is subject to income taxes on taxable income from unrelated business activities. For the years ended December 31, 2016 and 2015, the Organization did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

The Organization is not aware of any activities that would jeopardize their tax-exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If material omissions of income exist, tax returns may be subject to examination for up to six years. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in the accompanying financial statements. As of December 31, 2016 and 2015, the Organization had no uncertain tax positions which should be recognized as a liability.

Accounts receivable

Accounts receivable are due in less than one year and stated at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At December 31, 2016 and 2015, management estimates that all receivables are fully collectible, therefore, no allowance for doubtful accounts has been recognized.

ROAD RUNNERS CLUB OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Investments

Investments are reported at fair value and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted temporarily or permanently by donor restrictions or law. The Organization invests in a variety of investments that are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements.

Included in the definition of investments are high interest bearing deposit accounts (i.e., money market accounts).

Property and equipment, net

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation and amortization. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Equipment	3 - 5 years
Furniture and fixtures	5 - 7 years
Web development	3 years
Course development	4 years

The Organization's policy is to capitalize major additions and improvements over \$500. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

Deferred rent

Deferred rent is recorded and amortized to the extent the total minimum rental payments allocated to the current period on a straight-line basis exceed, or are less than, the cash payments required. Lease incentives received as part of a lease agreement are recognized on a straight-line basis over the life of the lease as a reduction to rent expense.

ROAD RUNNERS CLUB OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Revenue recognition

Contributions

Contributions are recognized as revenue when received or promised and are recorded net of any current year allowance or discount activity. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

Membership dues and fees

Membership dues and fees are recognized as revenue ratably over the applicable dues period. Membership dues received in advance that are applicable to future periods are included in deferred revenue in the accompanying statements of financial position.

Program service revenue

Insurance program, coaching certification, and publication income are recognized as revenue in the period in which the services are provided. Insurance, coaching certifications, special programs, publications and sponsorships are recognized as revenue when the service is rendered or the event takes place. Fees received relating to future periods are recorded as deferred revenue in the accompanying statements of financial position.

ROAD RUNNERS CLUB OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

In-kind contributions

Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to programs and supporting services based on the program or support services directly benefited. The Organization received in-kind contributions of services valued at \$51,820 and \$59,666 for the years ended December 31, 2016 and 2015, respectively.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Reclassification

For comparative purposes, certain 2015 amounts have been reclassified to conform to the 2016 presentation.

3. Concentrations of credit risk

The Organization maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At December 31, 2016 and 2015, the Organization had bank deposits in excess of FDIC limits of \$569,918 and \$417,791, respectively.

ROAD RUNNERS CLUB OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

4. Investments and fair value measurements

In 2006, a donor-restricted endowment fund was established by the Organization to be held through investments in perpetuity, the earnings of which are to be used for the purpose of developing the Kids Run the Nation Fund. The value of the endowment at December 31, 2016 is \$10,000. Investment income and gains earned are utilized according to the restricted purpose stipulated by the donor and are shown as temporarily restricted income in the statement of activities. For the years ended December 31, 2016 and 2015, the endowment fund earned \$481 and \$150, respectively, in investment income which were reclassified from permanently restricted net assets to temporarily restricted net assets. For the years ended December 31, 2016 and 2015, the Organization reported a return on investment of 4.81% and 1.50%, respectively, from the endowment.

Investments are comprised of the following at December 31:

	<u>2016</u> Cost	<u>2016</u> Fair Value	<u>2015</u> Cost	<u>2015</u> Fair Value
Money market accounts	\$ 293,575	\$ 293,575	\$ 294,518	\$ 294,518
Equities	457,444	573,892	453,271	557,916
Mutual funds	410,024	419,737	436,489	427,473
Real estate investment trusts	50,542	53,544	-	-
Exchange traded funds	<u>115,758</u>	<u>118,187</u>	<u>112,663</u>	<u>112,446</u>
Total investments	<u>\$ 1,327,343</u>	<u>\$ 1,458,935</u>	<u>\$ 1,296,941</u>	<u>\$ 1,392,353</u>

Investment income is comprised of the following for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 20,949	\$ 36,571
Realized gains on investments	16,496	38,969
Unrealized gain (loss) on investments	<u>36,180</u>	<u>(60,722)</u>
Total investment income	<u>\$ 73,625</u>	<u>\$ 14,818</u>

ROAD RUNNERS CLUB OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

The table below presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market accounts	\$ 293,575	\$ -	\$ 293,575
Equities	573,892	-	573,892
Mutual funds	419,737	-	419,737
Real estate investment trusts	-	53,544	53,544
Exchange traded funds	<u>118,187</u>	<u>-</u>	<u>118,187</u>
Total investments	<u>\$ 1,405,391</u>	<u>\$ 53,544</u>	<u>\$ 1,458,935</u>

The table below presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market accounts	\$ 294,518	\$ -	\$ 294,518
Equities	557,916	-	557,916
Mutual funds	427,473	-	427,473
Exchange traded funds	<u>112,446</u>	<u>-</u>	<u>112,446</u>
Total investments	<u>\$ 1,392,353</u>	<u>\$ -</u>	<u>\$ 1,392,353</u>

5. Loan receivable

The Organization advanced funds to cover the cost of publishing and distributing for one of its vendors. The agreement had no fixed term or interest rate. For the year ended December 31, 2015, the loan receivable amounted to \$35,592. In 2016, the remaining \$23,282 of the loan receivable was written off.

ROAD RUNNERS CLUB OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

6. Property and equipment, net

The following is a summary of property and equipment held at December 31:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 39,236	\$ 38,120
Furniture & fixtures	17,123	15,986
Web development	76,862	58,525
Course development	<u>44,248</u>	<u>38,248</u>
Property and equipment	177,469	150,879
Accumulated depreciation and amortization	<u>(102,210)</u>	<u>(77,578)</u>
Total property and equipment, net	<u>\$ 75,259</u>	<u>\$ 73,301</u>

Depreciation and amortization expense for the years ended December 31, 2016 and 2015 was \$24,632 and \$16,148, respectively.

7. Temporarily restricted net assets

Net assets were released from donor restrictions during the years ended December 31, 2016 and 2015 for the following purposes:

	<u>2016</u>	<u>2015</u>
Kids Run the Nation	\$ 40,750	\$ 22,760
Roads Scholars	30,000	67,733
Leadership grant	<u>2,482</u>	<u>6,529</u>
Total net assets released from restrictions	<u>\$ 73,232</u>	<u>\$ 97,022</u>

At December 31, 2016 and 2015, temporarily restricted net assets were available for the following purposes:

	<u>2016</u>	<u>2015</u>
Roads Scholars	\$ 25,775	\$ 26,480
Kids Run the Nation	17,349	13,312
Cherry Blossom	2,400	2,400
Leadership grant	<u>2,328</u>	<u>4,810</u>
Total temporarily restricted net assets	<u>\$ 47,852</u>	<u>\$ 47,002</u>

ROAD RUNNERS CLUB OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

8. Commitments and contingency

Operating leases

In May 2007, the Organization entered into a five year lease for office space which commenced in June 2007. The lease was amended in June 2012 to extend the life of lease an additional five years. In February 2014, the Organization amended the lease agreement to rent additional office space and the lease was extended through March 2019. The lease calls for base monthly payments of \$5,376 with an annual rent escalation of 3%.

In August 2014, the Organization entered into a five year lease for office equipment. The lease calls for monthly payments of \$177.

Rent expense for the year ended December 31, 2016 and 2015 was \$76,076 and \$71,003, respectively.

Aggregate future minimum lease payments are as follows for the years ending December 31:

2017	\$ 68,958
2018	70,410
2019	<u>18,505</u>
Total	<u>\$ 157,873</u>

Hotel commitments

The Organization has contractual commitments with a hotel for a conference which is to be held in April 2018. The agreement contains a cancellation clause that increases as the actual date of the conference approaches. As of February 27, 2017, the potential cancellation fees were estimated to be \$19,429.

ROAD RUNNERS CLUB OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

9. Retirement

The Organization has a 403(b) defined contribution retirement plan available for employees who meet specific age and eligibility requirements. Employees may contribute to the plan through elective deferrals of salary up to the limitation specified by the plan. The Organization makes discretionary matching contributions to the plan based on Board approval.

The Organization contributed \$10,189 and \$9,043 in matching contributions for the years ended December 31, 2016 and 2015, respectively.

10. Subsequent events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 27, 2017, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.

SUPPLEMENTAL INFORMATION

ROAD RUNNERS CLUB OF AMERICA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Insurance program	Coaching certification	General programs	Championship events and state programs	Kids Run the Nation	RunPro and Roads Scholars	Total program services
Salaries	\$ 110,022	\$ 36,674	\$ 55,070	\$ 36,674	\$ 18,337	\$ 25,672	\$ 282,449
Payroll taxes	8,878	2,959	4,439	2,959	1,480	2,072	22,787
Insurance	1,645,207	348	139	279	70	42	1,646,085
Grants	-	-	2,482	-	40,750	-	43,232
Retirement expense	3,057	1,019	1,528	1,019	509	713	7,845
Scholarships	-	-	-	-	-	30,000	30,000
Conferences and meetings	-	-	124,371	-	-	-	124,371
Travel	-	-	3,739	21,627	-	-	25,366
Office expenses	55,326	3,416	1,937	7,679	1,634	391	70,383
Credit card fees	-	-	-	-	-	-	-
Professional fees	10,897	6,724	19,016	4,202	737	677	42,253
Information technology	6,066	5,055	2,022	4,044	1,011	16,973	35,171
Occupancy	21,966	18,305	7,322	14,644	3,661	2,197	68,095
Depreciation	7,389	6,158	2,463	4,926	1,232	739	22,907
Bad debts	-	-	-	-	-	-	-
Marketing	21,895	-	5,635	-	-	-	27,530
Direct expenses	-	298,902	30,838	38,342	30,109	-	398,191
Employee benefits	3,011	1,004	1,505	1,004	502	702	7,728
Total expenses	\$ 1,893,714	\$ 380,564	\$ 262,506	\$ 137,399	\$ 100,032	\$ 80,178	\$ 2,854,393

ROAD RUNNERS CLUB OF AMERICA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	General and administrative	Fundraising	Board services	Total support services	Total expenses
Salaries	\$ 44,009	\$ 33,007	\$ 7,335	\$ 84,351	\$ 366,800
Payroll taxes	3,551	2,663	592	6,806	29,593
Insurance	42	28	28	98	1,646,183
Grants	-	-	-	-	43,232
Retirement expense	1,223	917	204	2,344	10,189
Scholarships	-	-	-	-	30,000
Conferences and meetings	-	-	-	-	124,371
Travel	7,477	3,739	30,810	42,026	67,392
Office expenses	1,590	3,831	292	5,713	76,096
Credit card fees	28,839	14,616	-	43,455	43,455
Professional fees	33,651	4,612	158	38,421	80,674
Information technology	607	404	404	1,415	36,586
Occupancy	5,053	1,464	1,464	7,981	76,076
Depreciation	739	493	493	1,725	24,632
Bad debts	23,282	-	-	23,282	23,282
Marketing	21,895	13,034	-	34,929	62,459
Direct expenses	1,551	14,435	5,769	21,755	419,946
Employee benefits	1,204	903	201	2,308	10,036
Total expenses	<u>\$ 174,713</u>	<u>\$ 94,146</u>	<u>\$ 47,750</u>	<u>\$ 316,609</u>	<u>\$ 3,171,002</u>



ROAD RUNNERS CLUB OF AMERICA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Insurance program	Coaching certification	General programs	Championship events and state programs	RunPro and Roads Scholars	Kids Run the Nation	Total program services
Salaries	\$ 102,213	\$ 51,107	\$ 51,107	\$ 68,142	\$ 17,036	\$ 17,036	\$ 306,641
Payroll taxes	8,230	4,115	4,115	5,486	1,372	1,372	24,690
Insurance	1,621,671	-	-	-	-	-	1,621,671
Grants	-	-	6,529	-	-	22,760	29,289
Scholarships	-	-	-	-	67,733	-	67,733
Conferences and meetings	-	-	55,945	-	-	-	69,245
Travel	-	-	-	13,300	-	-	21,825
Office expenses	4,255	3,982	3,160	21,825	-	2,137	25,356
Credit card fees	-	-	-	11,234	588	-	-
Professional fees	11,154	5,577	5,577	7,436	1,859	1,859	33,462
Information technology	6,852	4,568	4,568	2,284	1,142	1,142	20,556
Occupancy	20,825	10,413	10,413	13,884	3,471	3,471	62,477
Depreciation	4,037	4,037	4,037	1,615	484	484	14,694
Marketing	-	-	20,235	15,935	15,180	21,370	72,720
Direct expenses	-	287,571	39,601	38,284	46,054	5,091	416,601
Total expenses	\$ 1,779,237	\$ 371,370	\$ 205,287	\$ 199,425	\$ 154,919	\$ 76,722	\$ 2,786,960

ROAD RUNNERS CLUB OF AMERICA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	General and administrative	Board services	Fundraising	Total support services	Total expenses
Salaries	\$ 10,221	\$ 6,815	\$ 17,036	\$ 34,072	\$ 340,713
Payroll taxes	823	549	1,372	2,744	27,434
Insurance	2,280	-	-	2,280	1,623,951
Grants	-	-	-	-	29,289
Scholarships	-	-	-	-	67,733
Conferences and meetings	6,677	1,278	-	7,955	77,200
Travel	14,742	31,031	4,072	49,845	71,670
Office expenses	11,712	423	7,643	19,778	45,134
Credit card fees	19,806	-	13,204	33,010	33,010
Professional fees	21,295	743	5,819	27,857	61,319
Information technology	685	457	1,142	2,284	22,840
Occupancy	3,667	1,388	3,471	8,526	71,003
Depreciation	485	323	646	1,454	16,148
Marketing	8,529	-	4,300	12,829	85,549
Direct expenses	-	-	18,858	18,858	435,459
Total expenses	<u>\$ 100,922</u>	<u>\$ 43,007</u>	<u>\$ 77,563</u>	<u>\$ 221,492</u>	<u>\$ 3,008,452</u>