

MARATHON KIDS, INC.
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

MAY 31, 2015 AND 2014

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(A Nonprofit Corporation)

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INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report.....	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Marathon Kids, Inc.

We have audited the accompanying financial statements of the Marathon Kids, Inc. (a nonprofit corporation), which comprise the statements of financial position as of May 31, 2015 and 2014, 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.

Auditors' 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 audits 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, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Allman & Associates, Inc.

Austin, Texas
October 1, 2015

MARATHON KIDS, INC.
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

AS OF MAY 31, 2015 AND 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 513,831	\$ 910,401
Investments	828,182	797,596
Accounts receivable	142,700	20,000
Contributions receivable	129,126	116,578
Inventory	548,340	-
Prepaid expenses and other assets	265,040	15,099
Property and equipment	59,150	21,966
Intangible assets	200,000	200,000
	\$ 2,686,369	\$ 2,081,640
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 60,567	\$ 76,296
Deferred revenue	343,790	-
	404,357	76,296
Net Assets		
Unrestricted	1,343,672	1,266,767
Temporarily restricted	938,340	738,577
	2,282,012	2,005,344
Total Net Assets	2,282,012	2,005,344
Total Liabilities and Net Assets	\$ 2,686,369	\$ 2,081,640

See accompanying auditors' report and notes to financial statements.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MAY 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions	\$ 100,316	\$ 1,736,676	\$ 1,836,992
Return on investments	37,626	-	37,626
Other revenues	20,736	-	20,736
	158,678	1,736,676	1,895,354
Net assets released from restriction	1,536,913	(1,536,913)	-
Total Support and Other Revenues	1,695,591	199,763	1,895,354
Expenses			
Program services	1,241,417	-	1,241,417
General and administrative	105,986	-	105,986
Fundraising	271,283	-	271,283
	1,618,686	-	1,618,686
Total Expenses	1,618,686	-	1,618,686
Change in net assets	76,905	199,763	276,668
Net assets, beginning of year	1,266,767	738,577	2,005,344
Net assets, end of year	\$ 1,343,672	\$ 938,340	\$ 2,282,012

See accompanying auditors' report and notes to financial statements.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MAY 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Contributions	\$ 724,487	\$ 1,177,582	\$ 1,902,069
Return on investments	98,771	-	98,771
Other revenues	3,837	-	3,837
	827,095	1,177,582	2,004,677
Net assets released from restrictions	1,109,738	(1,109,738)	-
Total Support and Other Revenues	1,936,833	67,844	2,004,677
Expenses:			
Program Services	1,352,212	-	1,352,212
General & Administrative	129,025	-	129,025
Fundraising	326,598	-	326,598
	1,807,835	-	1,807,835
Change in net assets	128,998	67,844	196,842
Net assets, beginning of year	1,137,769	670,733	1,808,502
Net assets, end of year	\$ 1,266,767	\$ 738,577	\$ 2,005,344

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, 2015

<u>Expense Category</u>	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Banking & automation fees	\$ 5,040	\$ 3,361	\$ 1,927	\$ 10,328
Office expenses	5,466	2,901	2,599	10,966
Rent	28,688	4,703	13,638	47,029
Telephone	4,279	701	2,034	7,014
Printing & postage	1,117	183	531	1,831
Computer & IT	35,291	560	1,625	37,476
Insurance	9,441	1,547	4,489	15,477
Event & program expense	609,776	-	-	609,776
Marketing & promotion	20,773	-	-	20,773
Professional fees	-	18,978	5,400	24,378
Professional development	9,895	-	14,271	24,166
Payroll taxes	35,026	5,742	16,652	57,420
Employee benefits	34,811	5,707	16,550	57,068
Salaries & wages	432,757	60,118	187,261	680,136
Depreciation	9,057	1,485	4,306	14,848
	<u>\$ 1,241,417</u>	<u>\$ 105,986</u>	<u>\$ 271,283</u>	<u>\$ 1,618,686</u>

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, 2014

<u>Expense Category</u>	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Banking & automation fees	\$ 4,542	\$ 1,136	\$ 3,057	\$ 8,735
Office expenses	7,393	1,849	4,976	14,218
Rent	26,066	6,516	17,544	50,126
Telephone	2,826	707	1,902	5,435
Printing & postage	1,382	345	930	2,657
Computer & IT	8,361	2,090	5,627	16,078
Insurance	7,511	7,510	-	15,021
Event & program expense	839,387	-	-	839,387
Marketing & promotion	77,791	-	-	77,791
Professional fees	-	14,635	-	14,635
Professional development	-	-	38,844	38,844
Payroll taxes	25,605	6,401	17,235	49,241
Employee benefits	25,493	6,373	17,158	49,024
Salaries & wages	315,941	78,985	212,652	607,578
Depreciation	9,914	2,478	6,673	19,065
	<u>\$ 1,352,212</u>	<u>\$ 129,025</u>	<u>\$ 326,598</u>	<u>\$ 1,807,835</u>

See accompanying auditors' report and notes to financial statements.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MAY 31, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 276,668	\$ 196,842
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	14,848	19,065
Dividends reinvested	(17,846)	(16,906)
Realized and unrealized (gains) losses on investments	(19,398)	(81,865)
Contribution of inventory	(548,340)	-
Contribution of prepaid expenses	(250,000)	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(122,700)	(17,115)
Decrease (increase) in contributions receivable	(12,548)	379,135
Decrease (increase) in prepaid expenses and other assets	59	3,916
Increase (decrease) in accounts payable	(15,729)	(56,779)
Increase (decrease) in deferred revenue	343,790	-
	(351,196)	426,293
Net Cash Flows From Operating Activities		
Cash Flows From Investing Activities:		
Purchases of property and equipment	(52,032)	-
Purchases of investments	241,264	(284,886)
Proceeds from sales/maturities of investments	(234,606)	143,624
	(45,374)	(141,262)
Net Cash Flows From Investing Activities		
Cash Provided by Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(396,570)	285,031
Cash and Cash Equivalents at beginning of year	910,401	625,370
Cash and Cash Equivalents at end of year	\$ 513,831	\$ 910,401
Supplemental data:		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

See accompanying auditors' report and notes to financial statements.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2015 AND 2014

1. Organization

Marathon Kids, Inc. (Organization) was incorporated in the State of Texas on February 26, 2004. Marathon Kids, Inc. is a six month running/walking, nutrition and gardening program designed to provide a resonating, elegantly simple fitness and nutrition vehicle for kindergartners through fifth graders and their families. The mission of the Organization is to improve the health of children by providing them the motivation, tools and support to live happier and healthier lifestyles.

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. Expenses are recorded in the accounting period incurred, regardless of when cash is disbursed.

Financial Statement Presentation

The Organization's financial statement presentation follows the guidance of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 982-205, *Not-for-Profit Entities: Presentation of Financial Statements*. Under these standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets

Unrestricted net assets consist of net assets that are not subject to donor-imposed restrictions. Unrestricted net assets result from operating revenues, unrestricted contributions, unrestricted dividend and interest income, less expenses incurred in operations and for administrative functions.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of net assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specific event. When the donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor-imposed stipulations that are maintained permanently. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes. The Organization had no permanently restricted net assets as of May 31, 2015 and 2014.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2015 AND 2014

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 statements of cash flows, the Organization considers all checking accounts, savings account, 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 statements 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 temporarily restricted net assets to unrestricted net assets at that time.

Inventory

Inventories are stated at the lower of cost (average cost) or market. At May 31, 2015, the Organization's inventory consisted of 144,450 youth and adult size shirts (See Note 8).

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2015 AND 2014

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

Expenses are categorized by function in the statements of activities as either (1) program services, (2) general and administrative, or (3) fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management's estimate of time and resources devoted to each function.

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, 2015 and 2014. 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.

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 (\$250,000). As of May 31, 2015 and 2014, the Organization's uninsured cash balances totaled \$240,838 and \$677,933, respectively. The Organization has not experienced any losses in any of these accounts in the past.

The Organization is subject to market risk related to its investments. The Organization's investments are exposed to various risks, such as interest rate, market and credit risks.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2015 AND 2014

3. Investments

Investments comprised the following at May 31,

	2015	2014
Equity securities	\$ 503,266	\$ 483,899
Money market funds	36,988	20,538
Fixed income mutual funds	91,782	90,648
Exchange traded funds	196,146	178,077
Fixed income agency securities	-	24,434
Total Investments	<u>\$ 828,182</u>	<u>\$ 797,596</u>

Return on investments comprised the following at May 31,

	2015	2014
Interest and dividends	\$ 18,228	\$ 16,906
Realized and unrealized gains (losses)	19,398	81,865
Total Return on Investments	<u>\$ 37,626</u>	<u>\$ 98,771</u>

4. Contributions Receivable

The contributions receivable at May 31, 2015 and 2014 were considered fully collectible. Therefore, no allowances have been recorded in these financial statements. Due to the immaterial amount of discount calculated as of May 31, 2015 and 2014, no discounts to present value are reflected in these financial statements.

Contributions receivable comprised the following as of May 31,

	2015	2014
Contributions receivable, gross	\$ 129,126	\$ 116,578
Allowance for doubtful accounts	-	-
Discount to present value	-	-
Contributions receivable	<u>\$ 129,126</u>	<u>\$ 116,578</u>

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2015 AND 2014

4. Contributions Receivable (continued)

At May 31, 2015, collections of contributions receivable were expected as follows:

Less than one year	\$	129,126
One to five years		<u>-</u>
Contributions receivable, gross	\$	<u><u>129,126</u></u>

5. Property and Equipment

At May 31, 2015 and 2014, property and equipment consisted of the following:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 41,685	\$ 41,685
Website development and software	91,268	39,236
Vehicle	<u>25,769</u>	<u>25,769</u>
Total Property and Equipment	158,722	106,690
Less accumulated depreciation	<u>(99,572)</u>	<u>(84,724)</u>
Total Property and Equipment, Net	<u><u>\$ 59,150</u></u>	<u><u>\$ 21,966</u></u>

For the years ended May 31, 2015 and 2014, depreciation expense was recorded in the amount of \$14,848 and \$19,065, respectively.

6. 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, 2015 and 2014.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2015 AND 2014

7. Temporarily Restricted Net Assets

Temporarily restricted net assets comprised the following at May 31,

	<u>2015</u>	<u>2014</u>
Texas program sponsorships	\$ -	\$ 585,881
California program sponsorships	-	55,000
Research and evaluation	-	14,255
Maryland program sponsorships	-	20,000
Wellness Team Initiative	-	63,441
Rebranding and expansion	<u>938,340</u>	<u>-</u>
Temporarily restricted net assets	<u>\$ 938,340</u>	<u>\$ 738,577</u>

During the years ended May 31, 2015 and 2014, temporarily restricted net assets totaling \$1,536,913 and \$1,109,738, respectively, were released to unrestricted net assets because of the satisfaction of purpose restrictions.

8. In-Kind Contributions

The Organization received donated professional services, facilities, goods and advertising to benefit the Organization in general, as well as various program events held around the country. Management has estimated the value of these in-kind contributions to be \$6,581 and \$55,990 for the years ended May 31, 2015 and 2014, respectively. These amounts have been included as contributions on the statements of activities, with the corresponding expenses being recognized as well.

In May 2015, the Organization entered into a grant agreement with NIKE USA, Inc. that included a combination of in-kind brand support, cash and NIKE product. The in-kind donation includes a new brand identity and visual center for the Organization, photography assets, and refreshed program materials that leverage the new brand voice, visual center and photo assets. The fair market value of the in-kind donation is \$250,000 and is included in prepaid expenses and other assets on the statements of financial position and as contributions on the statements of activities. The NIKE product that has been donated includes 144,450 youth and adult size shirts to create a consistent experience for all kids in the program. The wholesale value of the NIKE product donation is \$548,340 and is included in inventory on the statements of financial position and as contributions on the statements of activities.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2015 AND 2014

8. In-Kind Contributions (continued)

The Organization also received substantial donated service hours by unpaid volunteers who assist with the Organization's programs and fund raising 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 years ended May 31, 2015 and 2014 totaled \$7,656 and \$8,504, respectively.

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.

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.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2015 AND 2014

10. Fair Value Measurements and Disclosures (continued)

The fair value of the Organization's cash, accounts and contributions 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, 2015 and 2014 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)
2015				
Money market funds	\$ 36,988	\$ -	\$ 36,988	\$ -
Equity securities	503,266	503,266	-	-
Fixed income mutual fund	91,782	91,782	-	-
Exchange traded funds	196,146	196,146	-	-
	<u>\$ 828,182</u>	<u>\$ 791,194</u>	<u>\$ 36,988</u>	<u>\$ -</u>
2014				
Money market funds	\$ 20,538	\$ -	\$ 20,538	\$ -
Equity securities	483,899	483,899	-	-
Fixed income mutual fund	90,648	90,648	-	-
Exchange traded funds	178,077	178,077	-	-
Fixed income agency securities	24,434	-	24,434	-
	<u>\$ 797,596</u>	<u>\$ 752,624</u>	<u>\$ 44,972</u>	<u>\$ -</u>

11. Deferred Revenue

During the year ended May 31, 2015, the Organization entered into a project in the amount of \$1,857,847 for a period from May 1, 2015 through April 30, 2019. Prior to May 31, 2015, the Organization received the first installment of \$389,190. Costs paid on the project through May 31, 2015 was \$45,400. The difference of \$343,790 is in the statements of financial position as deferred revenue.

MARATHON KIDS, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2015 AND 2014

12. Leases

In October 2013, the Organization renewed their existing lease agreement for office space in Austin, Texas. The lease term runs from November 2013 through January 2017. Base rent escalates from an initial rate of \$3,871 per month to \$4,085 per month at the end of the term. Additional rent might be payable over the term for actual building operating expenses over a certain dollar threshold.

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

<u>Year</u>	<u>Amount</u>
2016	\$ 48,445
2017	32,679
	<u>\$ 81,124</u>

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 has evaluated subsequent events through the issuance date of the audit report, October 1, 2015, and there were no subsequent events to be disclosed.