

MARATHON KIDS, INC.  
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS

MAY 31, 2023

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(A Nonprofit Corporation)

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# Allman & Associates, Inc.

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## INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Marathon Kids, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Marathon Kids, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Marathon Kids, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Marathon Kids, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Allman & Associates, Inc.*

Austin, Texas  
November 9, 2023

MARATHON KIDS, INC.  
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

AS OF MAY 31, 2023

**Assets**

Current Assets:	
Cash and cash equivalents	\$ 232,178
Investments	1,378,498
Accounts receivable	2,312
Contribution receivable	24,000
Inventory	18,648
Prepaid expenses and other assets	<u>104,053</u>
Total Current Assets	1,759,689
Prepaid expenses	56,666
Security deposit	6,321
Property and equipment, net of accumulated depreciation	492,689
Intangible assets	<u>200,000</u>
Total Assets	<u><u>\$ 2,515,365</u></u>
<b>Liabilities and Net Assets</b>	
Current Liabilities:	
Accounts payable	\$ 17,751
Accrued interest	1,670
Deferred revenue	244,758
Long-term debt, current portion	<u>25,000</u>
Total Current Liabilities	289,179
Long-term debt, net of current portion	<u>25,000</u>
Total Liabilities	<u>314,179</u>
Net Assets:	
Without donor restrictions	<u>2,201,186</u>
Total Net Assets	<u>2,201,186</u>
Total Liabilities and Net Assets	<u><u>\$ 2,515,365</u></u>

See accompanying auditors' report and notes to financial statements.

MARATHON KIDS, INC.  
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STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MAY 31, 2023

**Net Assets Without Donor Restrictions:**

Revenues and Support:

Contributions	\$ 936,379
Registrations	148,912
Sponsorships	51,324
In-kind contributions	423,959
Return on investments	(33,851)
Fees for service	87,242
Membership dues	26,900
Other revenues	940

Total Revenues 1,641,805

Net assets released from restrictions 275,000

Total Revenues and Support 1,916,805

Expenses:

Marathon Kids Program	1,807,904
General and administrative	149,363
Fundraising	192,871

Total Expenses 2,150,138

Change in net assets without donor restrictions (233,333)

**Net Assets With Donor Restrictions:**

Contributions	-
Net assets released from restrictions	(275,000)

Change in net assets with donor restrictions (275,000)

Total change in net assets (508,333)

Net assets, beginning of year 2,709,519

Net assets, end of year \$ 2,201,186

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, 2023

Expense Category	Marathon Kids Program	General and Administrative	Fundraising	Totals
Banking and automation fees \$	3,007	\$ 217	\$ 430	\$ 3,654
Office expenses	22,540	81,018	3,219	106,777
Rent	57,965	2,760	8,281	69,006
Telephone	2,552	122	365	3,039
Computer and IT	105,678	5,032	17,331	128,041
Insurance	5,866	279	838	6,983
Event and program expense	531,515	-	-	531,515
Marketing and promotion	203,075	-	-	203,075
Professional fees	82,501	6,234	53,875	142,610
Payroll taxes	59,943	3,357	7,427	70,727
Employee benefits	51,346	3,592	7,318	62,256
Salaries and wages	670,107	34,102	92,100	796,309
Miscellaneous	-	10,455	-	10,455
Interest	-	1,633	-	1,633
Depreciation	11,809	562	1,687	14,058
Total Expenses	<u>\$ 1,807,904</u>	<u>\$ 149,363</u>	<u>\$ 192,871</u>	<u>\$ 2,150,138</u>

See accompanying auditors' report and notes to financial statements.

MARATHON KIDS, INC.  
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2023

Cash Flows From Operating Activities:	
Change in Net Assets	\$ (508,333)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	14,058
Dividends reinvested, net of fees	(22,588)
Realized and unrealized (gains) losses on investments	56,944
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	26,713
Decrease (increase) in inventory	(1,253)
Decrease (increase) in prepaid expenses and other assets	18,819
Increase (decrease) in accounts payable	(10,852)
Increase (decrease) in deferred revenue	244,758
Net Cash Flows From Operating Activities	<u>(181,734)</u>
Cash Flows From Investing Activities:	
Purchases of property and equipment	(94,389)
Purchases of investments	(128,794)
Proceeds from sales/maturities of investments	128,794
Net Cash Flows Used by Investing Activities	<u>(94,389)</u>
Cash Flows From Financing Activities:	
Payments on long-term debt	<u>(20,000)</u>
Net Decrease in Cash and Cash Equivalents	(296,123)
Cash and Cash Equivalents at beginning of year	<u>528,301</u>
Cash and Cash Equivalents at end of year	<u>\$ 232,178</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, 2023

**1. Organization**

Marathon Kids, Inc. (the Organization) incorporated in the State of Texas on February 26, 2004 and merged with another Texas non-profit organization, Austin Runners Club effective June 1, 2022. The Organization's mission is to transform lives through running and build active communities for people of all ages, abilities, and backgrounds. Through the Marathon Kids youth program, the Organization enables children at schools across the country to improve their health and fitness through running. The Organization also supports the local Austin running community with races and a membership program. The Organization is funded primarily through contributions, fees for service, membership, and race registrations.

**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 the 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.  
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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

**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. Significant estimates are used in the functional allocation of expenses and depreciation.

**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.

MARATHON KIDS, INC.  
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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

**2. Summary of Significant Accounting Policies (continued)**

**Receivables**

Receivables consists of contributions, registrations, sponsorships, and fees for service. 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.

**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 as support 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, shoe-tags socks and hats) 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. General and administrative expenses support the overall direction of the Organization.

**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.

MARATHON KIDS, INC.  
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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

**2. Summary of Significant Accounting Policies (continued)**

**Income Taxes (continued)**

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, 2023. The Organization is subject to income tax audits for the previous three years. 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, 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, 2023, the Organization's cash balance was completely insured by FDIC. 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 September 2020, the FASB issued ASU 2020-07, *Not-for Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 is effective for annual period beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The Organization adopted ASU 2020-07 with no significant changes in presentation or disclosures.

MARATHON KIDS, INC.  
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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

**2. Summary of Significant Accounting Policies (continued)**

**Change in Not-for-Profit Accounting Standards**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization leases office space under a lease through August 31, 2023. The Organization has elected to apply the short-term lease exception. The office space lease is not recorded on the statement of financial position and office rental is recognized on a straight-line basis over the lease term.

**3. Investments**

Investments comprised the following at May 31, 2023:

Bank sweep	\$	48,120
Money market funds		81,759
Fixed income mutual funds		48,250
Equities		694,878
Bond funds		130,011
Equity funds		232,514
Exchange traded funds		142,966
Total Investments	\$	<u>1,378,498</u>

Return on investments comprised the following for the year ended May 31, 2023:

Interest and dividends	\$	29,938
Interest on savings		405
Realized and unrealized gains (losses)		(56,944)
Investment expense		(7,250)
Total Return on Investments	\$	<u>(33,851)</u>

MARATHON KIDS, INC.  
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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

**4. Property and Equipment**

At May 31, 2023, property and equipment consisted of the following:

Furniture and equipment	\$ 51,188
Website development and software	1,413,084
Total Property and Equipment	<u>1,464,272</u>
Less accumulated depreciation	<u>(971,583)</u>
Total Property and Equipment, Net	<u>\$ 492,689</u>

For the year ended May 31, 2023, depreciation expense was recorded in the amount of \$14,058.

**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, 2023.

**6. Long-Term Debt**

A promissory note was signed on May 25, 2022 in the amount of \$70,000 with an interest rate of 2.76%. The promissory note is entered into in support of acquiring the rights and supporting assets of the 2022, 2023 and 2024 Zilker Relays race. The rights were acquired for \$170,000 with a cash payment of \$100,000 made during the year ended May 31, 2022 and is recorded in prepaid expenses on the statement of financial position and the remainder of \$70,000 as the promissory note. The promissory note terms of payment are for a \$20,000 payment after the 2022 Zilker Relays race and a \$25,000 payment after both 2023 and 2024 Zilker Relays race. The \$20,000 payment was made during the year ended May 31, 2023 with \$18,367 as note payment and \$1,633 as interest expense. The promissory note balance at May 31, 2023 is \$51,670.

MARATHON KIDS, INC.  
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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

**7. Net Assets with Donor Restrictions**

During the year ended May 31, 2023, net assets with donor restrictions totaling \$275,000 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, 2023, 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 \$108,959 for the year ending May 31, 2023, and is included in in-kind revenue on the statement of activities and marketing and promotion on the statement of functional expenses.

During in the year ending May 31, 2023, the Organization received an in-kind gift as part of the merger of the Austin Runners Club (ARC) (See Note2). The Organization received contracts, preferred vendors and trademarks of ARC that have been utilized for the purpose of executing programs related to races and events. The fair market of the in-kind donations was \$315,000 for the year ending May 31, 2023, and is included in in-kind revenue on the statement of activities and event and program expenses 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.

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.

Retirement plan expense for the year ended May 31, 2023 totaled \$12,250.

MARATHON KIDS, INC.  
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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

**10. 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.

Lease expense for the year ended May 31, 2023 was \$69,006. The future minimum lease payments for the year ended May 31, 2024 is \$17,321.

**11. 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, 2023 by level within the fair value measurement hierarchy.



MARATHON KIDS, INC.  
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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

**11. Fair Value Measurements and Disclosures (continued)**

Description	Amount	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable inputs (Level 3)
Bank sweep	\$ 48,120	\$ -	\$ 48,120	\$ -
Money market funds	81,759	-	81,759	-
Fixed income mutual funds	48,250	48,250	-	-
Equities	694,878	694,878	-	-
Bond funds	130,011	130,011	-	-
Equity funds	232,514	232,514	-	-
Exchange traded funds	142,966	142,966	-	-
Total Investments	<u>\$ 1,378,498</u>	<u>\$ 1,248,619</u>	<u>\$ 129,879</u>	<u>\$ -</u>
Note Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,670</u>

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, 2023:

Beginning balance	\$ 70,000
Proceeds from note payable	-
Principal repayments	(18,330)
Ending balance	<u>\$ 51,670</u>

**12. Merger of Austin Runners Club**

Effective June 1, 2022, the Organization entered into an “Agreement and Plan of Merger” with the Austin Runners Club, a non-profit corporation formed in 1974. The parties have determined that their mutual interests and the interests of the greater non-profit community will be best served by combining the operational activities of both organizations under the non-profit certificate of the Organization and dissolving the non-profit entity of the Austin Runners Club.

At the effective date, the Organization received Austin Runners Club assets of approximately \$259,842 of cash and \$3,882 of inventory recorded on the statement of activities in contributions revenue and \$315,000 of in-kind contribution detailed in Note 8.

MARATHON KIDS, INC.  
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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

**13. 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	\$ 232,178
Short-term investments	1,378,498
Accounts receivable	2,312
Contribution receivable	<u>24,000</u>
Financial assets available for general expenditures within one year	<u>\$ 1,636,988</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.

**14. 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 9, 2023, the date the financial statements were available for issuance, and there were no subsequent events to disclose.