

**CHICAGO RUN**  
**FINANCIAL STATEMENTS**  
**For the Years Ended**  
**June 30, 2020 and 2019**

# **CHICAGO RUN**

## **Annual Financial Report**

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Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

### **Independent Auditor's Report**

To the Board of Directors  
Chicago Run  
Chicago, IL

We have audited the accompanying financial statements of Chicago Run (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Run as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, Chicago Run adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, collectively "ASC 606" and ("ASU") No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as of and for the year ended June 30, 2020. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

*Desmond & Ahern, Ltd*

January 7, 2021  
Chicago, IL

**CHICAGO RUN**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of June 30, 2020 and 2019**

	2020	2019
<b><u>Assets</u></b>		
Current Assets		
Cash and equivalents	\$ 1,136,955	\$ 1,153,134
Certificate of deposits	238,364	118,000
Contributions receivable	331,566	233,257
Program fees receivable	11,501	26,751
Inventory	42,564	39,257
Event deposit	250	5,200
Prepaid expenses	7,639	14,553
Total current assets	<u>1,768,839</u>	<u>1,590,152</u>
Property and Equipment (at cost)		
Leasehold improvements	60,764	60,764
Software	51,510	47,910
Total property and equipment	<u>112,274</u>	<u>108,674</u>
Less accumulated depreciation	<u>(83,117)</u>	<u>(75,443)</u>
Net property and equipment	<u>29,157</u>	<u>33,231</u>
Contributions receivable, net current portion	<u>200,000</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 1,997,996</u></b>	<b><u>\$ 1,623,383</u></b>
<b><u>Liabilities and Net Assets</u></b>		
Current Liabilities		
Accounts payable	\$ 11,539	\$ 4,075
Accrued payroll	15,432	4,579
Paycheck protection loan	121,312	-
Deferred revenue	81,009	-
Total current liabilities	<u>229,292</u>	<u>8,654</u>
Net Assets		
Without donor restrictions	1,112,555	1,259,862
With donor restrictions	656,149	354,867
Total net assets	<u>1,768,704</u>	<u>1,614,729</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,997,996</u></b>	<b><u>\$ 1,623,383</u></b>

See independent auditor's report and notes to financial statements.

**CHICAGO RUN**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>Public Support and Revenue</u></b>						
Contributions						
Individuals	\$ 140,073	\$ -	\$ 140,073	\$ 123,702	\$ -	\$ 123,702
Foundations and corporations	358,645	625,000	983,645	387,997	204,300	592,297
Government grants	-	-	-	38,455	150,567	189,022
In-kind donations - other	122,727	-	122,727	41,439	-	41,439
Donated facilities	50,000	-	50,000	50,000	-	50,000
Total contributions	671,445	625,000	1,296,445	641,593	354,867	996,460
Special Events						
Contributions and sponsorship	10,167	-	10,167	160,726	-	160,726
In-kind food and beverages	-	-	-	96	-	96
Special events revenue	7,425	-	7,425	61,925	-	61,925
Auction revenue	180	-	180	17,003	-	17,003
Less in-kind direct benefits to donors	-	-	-	(96)	-	(96)
Less cost of direct benefits to donors	(13,932)	-	(13,932)	(32,628)	-	(32,628)
Net revenues from special events	3,840	-	3,840	207,026	-	207,026
Program fees	40,400	-	40,400	47,700	-	47,700
Miscellaneous	3,552	-	3,552	777	-	777
Net assets released from restrictions - satisfaction of program restrictions	323,718	(323,718)	-	239,310	(239,310)	-
satisfaction of time restriction	-	-	-	15,000	(15,000)	-
Total public support and revenue	1,042,955	301,282	1,344,237	1,151,406	100,557	1,251,963
<b><u>Expenses</u></b>						
Program services	693,626	-	693,626	713,074	-	713,074
Management and general	291,572	-	291,572	149,328	-	149,328
Fundraising	205,064	-	205,064	147,047	-	147,047
Total expenses	1,190,262	-	1,190,262	1,009,449	-	1,009,449
<b>Change in net assets</b>	(147,307)	301,282	153,975	141,957	100,557	242,514
<b>Net assets, beginning of year</b>	1,259,862	354,867	1,614,729	1,117,905	254,310	1,372,215
<b>Net assets, end of year</b>	<u>\$ 1,112,555</u>	<u>\$ 656,149</u>	<u>\$ 1,768,704</u>	<u>\$ 1,259,862</u>	<u>\$ 354,867</u>	<u>\$ 1,614,729</u>

See independent auditor's report and notes to financial statements.

**CHICAGO RUN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**

	Chicago Runners	Running Mates	Lace Up	Total Program Services	Management and General	Fundraising	Total
<b><u>Functional Expenses</u></b>							
Salaries	\$ 180,949	\$ 192,686	\$ 34,652	\$ 408,287	\$ 123,102	\$ 139,344	\$ 670,733
Payroll taxes and fringe benefits	29,958	33,384	4,879	68,221	12,617	13,744	94,582
Total salaries, taxes and fringe benefits	210,907	226,070	39,531	476,508	135,719	153,088	765,315
Coach and coordinator stipends	1,375	23,869	-	25,244	-	-	25,244
Race entry fees	-	16,245	-	16,245	-	-	16,245
Fun run events	18,228	-	-	18,228	-	-	18,228
Contracted services	4,169	8,890	123	13,182	-	571	13,753
Professional fees	1,468	927	141	2,536	131,762	941	135,239
Staff development and recruitment	2,958	588	-	3,546	569	-	4,115
Participant transportation	-	8,569	-	8,569	-	-	8,569
Travel and meetings	3,214	3,165	-	6,379	1,270	1,354	9,003
Events and field trips	-	1,353	-	1,353	-	-	1,353
Occupancy and utilities	3,146	2,642	351	6,139	766	859	7,764
Rent	19,372	16,783	1,851	38,006	6,114	5,880	50,000
Insurance	3,404	3,255	847	7,506	612	913	9,031
Incentives	28,102	-	-	28,102	-	5,000	33,102
Indoor fitness program	1,114	-	-	1,114	-	-	1,114
School tool kits	30	1,032	-	1,062	-	-	1,062
Participant snacks and gear	-	3,262	-	3,262	-	-	3,262
Supplies	723	647	66	1,436	1,132	235	2,803
Equipment and software	2,997	789	16	3,802	8,454	8,146	20,402
Printing	622	441	260	1,323	499	50	1,872
Postage and delivery	-	-	-	-	655	56	711
Special events and fundraising appeals	-	-	-	-	-	26,905	26,905
Membership dues and subscriptions	189	374	10	573	472	88	1,133
Miscellaneous	1,636	18,425	3,381	23,442	2,792	129	26,363
Depreciation	3,110	2,612	347	6,069	756	849	7,674
<b>Total Expenses</b>	<b>\$ 306,764</b>	<b>\$ 339,938</b>	<b>\$ 46,924</b>	<b>\$ 693,626</b>	<b>\$ 291,572</b>	<b>\$ 205,064</b>	<b>\$ 1,190,262</b>

See independent auditor's report and notes to financial statements.

**CHICAGO RUN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2019**

	Chicago Runners	Running Mates	Lace Up	Total Program Services	Management and General	Fundraising	Total
<b><u>Functional Expenses</u></b>							
Salaries	\$ 131,822	\$ 142,527	\$ 29,420	\$ 303,769	\$ 65,405	\$ 85,954	\$ 455,128
Payroll taxes and fringe benefits	23,451	25,920	5,572	54,943	5,859	9,413	70,215
Total salaries, taxes and fringe benefits	155,273	168,447	34,992	358,712	71,264	95,367	525,343
Coach and coordinator stipends	-	38,302	2,757	41,059	-	-	41,059
Race entry fees	-	21,086	821	21,907	-	-	21,907
Fun run events	46,738	-	-	46,738	-	-	46,738
Contracted services	25,886	10,171	25	36,082	594	2,793	39,469
Professional fees	-	-	-	-	61,428	-	61,428
Staff development and recruitment	7,775	279	53	8,107	80	424	8,611
Participant transportation	-	18,206	225	18,431	-	-	18,431
Travel and meetings	9,664	5,137	239	15,040	4,441	916	20,397
Events and field trips	-	1,729	59	1,788	-	-	1,788
Occupancy and utilities	2,318	1,729	288	4,335	296	540	5,171
Rent	22,216	17,210	2,918	42,344	2,659	4,997	50,000
Telephone	2,145	1,173	195	3,513	(2,930)	391	974
Insurance	2,810	1,818	369	4,997	1,004	681	6,682
Incentives	70,845	5,782	-	76,627	-	1,374	78,001
Indoor fitness program	2,719	316	-	3,035	-	-	3,035
School tool kits	-	948	-	948	-	-	948
Participant snacks and gear	-	3,012	14	3,026	-	-	3,026
Supplies	530	413	66	1,009	978	117	2,104
Equipment and software	2,420	759	190	3,369	667	4,106	8,142
Printing	205	572	-	777	-	-	777
Postage and delivery	-	-	-	-	690	-	690
Special events and fundraising appeals	-	-	-	-	-	34,456	34,456
Membership dues and subscriptions	214	212	2	428	809	5	1,242
Miscellaneous	876	12,660	500	14,036	6,887	38	20,961
Depreciation	3,618	2,699	449	6,766	461	842	8,069
<b>Total Expenses</b>	<b>\$ 356,252</b>	<b>\$ 312,660</b>	<b>\$ 44,162</b>	<b>\$ 713,074</b>	<b>\$ 149,328</b>	<b>\$ 147,047</b>	<b>\$ 1,009,449</b>

See independent auditor's report and notes to financial statements.



**CHICAGO RUN**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2020 and 2019**

	2020	2019
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received		
Contributions	\$ 825,409	\$ 723,270
Special event	84,849	211,026
Program fees	55,650	38,949
Other income	3,552	777
Payments for wages and other operating activities	(982,987)	(928,367)
Net cash (used) provided by operating activities	(13,527)	45,655
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of certificates of deposits	(120,364)	(118,000)
Purchase of equipment	(3,600)	-
Net cash used by investing activities	(123,964)	(118,000)
<b><u>Cash Flows provided by Financing Activities</u></b>		
Proceeds from paycheck protection loan	121,312	-
Net cash provided by financing activities	121,312	-
<b>Net (decrease)increase in cash</b>	(16,179)	(72,345)
<b>Cash and equivalents, beginning of year</b>	1,153,134	1,225,479
<b>Cash and equivalents, end of year</b>	<u>\$ 1,136,955</u>	<u>\$ 1,153,134</u>
<b><u>Reconciliation of Change in Net Assets to Net</u></b>		
<b><u>Cash Provided by Operating Activities</u></b>		
Change in net assets	\$ 153,975	\$ 242,514
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	7,674	8,069
Decrease (increase) in:		
Contributions receivable	(298,309)	(181,752)
Program fees receivable	15,250	(8,751)
Inventory	(3,307)	121
Prepaid expenses	11,864	(8,147)
Increase (decrease) in:		
Accounts payable	7,464	3,276
Accrued payroll	10,853	(5,675)
Deferred revenue	81,009	(4,000)
<b>Net cash (used)provided by operating activities</b>	<u>\$ (13,527)</u>	<u>\$ 45,655</u>

See independent auditor's report and notes to financial statements.

**CHICAGO RUN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies**

**Organization**

Chicago Run is a nonprofit organization that provides young people from Pre-K through high school with inclusive running and physical activity programs. We empower young people with equitable access to physical activity and use running as a catalyst to transform lives. Through the power of sport, we build resilience to stress and trauma and develop social and emotional skills. We primarily focus programming in under-resourced communities with limited access to physical activity and play. During the years ending June 30, 2020 and 2019, in partnership with Chicago Public Schools, the Organization served approximately 15,298 and 18,000 children and youth, respectively, in 53 and 60 schools, respectively, throughout the city. During the years ending June 30, 2020 and 2019, 82% and 85% of program participants, respectively, qualified for the Federal Free/Reduced Lunch program.

**Income Tax Status**

The Organization was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private Foundation under Section 509(a)(1). The tax-exempt purpose of the Organization and the nature in which it operates is described above. Management believes the Organization continues to operate in compliance with its tax-exempt purpose. Thus, no provision for income tax has been provided for in the financial statements. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they have been filed.

The Organization has adopted the requirements for accounting for uncertain tax positions and management has determined that the Organization was not required to record a liability related to uncertain tax positions as of June 30, 2020.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with the accounting principles generally accepted in the United States of America ("GAAP").

**Basis of Presentation**

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions, as required by Generally Accepted Accounting Principles. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Items that affect this net asset category principally consist of gifts without restrictions, including those designated by the Board, fees for service and related expenses associated with the core activities of the Organization.

**CHICAGO RUN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met, endowment gifts, pledges, and investment returns on endowment funds. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available for program operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the revenues, expenses, gains, losses and other changes in net assets during the year. Actual results could differ from those estimates.

Contributions Receivable

Contributions receivable are recorded at fair value and recognized as revenue in the period in which the grant pledge is made. The Organization reviews grants receivable and determines the need for an allowance for doubtful accounts based on management's experience and information. As of June 30, 2020 and 2019, no allowance for uncollectible accounts was deemed necessary.

Cash and Equivalents

Cash and equivalents consist of bank deposits in federally insured accounts. The accounts may at times exceed the federally insured limit of \$250,000. The Organization has never experienced any such losses in these accounts.

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity or anticipated liquidation of three months or less and all certificates of deposit to be cash equivalents. No interest or taxes were paid during the year ended June 30, 2020 and 2019.

Inventory

Inventory consists of incentives and NIKE footwear and gear to provide to program participants and is stated at cost using the first-in, first-out method.

**CHICAGO RUN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

**Property and Equipment**

Expenditures for property and equipment, and items which substantially increase the useful lives of existing assets, are capitalized at cost. The Organization capitalizes all expenditures and contributions of property and equipment valued over \$1,000. Any donated property and equipment are recorded at their estimated fair value when received. Depreciation is computed on the straight-line method at rates designed to depreciate the costs of assets over the estimated useful lives of depreciable assets currently ranging from 3 to 10 years.

**Program Fees Receivables, Revenue and Allowance**

Program service fee receivables and revenue consists of fees charged to schools participating in the Organization's programs. An allowance for any uncollectable fees is determined by the age of the receivables and the likelihood of collection. Accounts are written off in the year they are deemed uncollectible. During the years ending June 30, 2020 and 2019, management has deemed all receivables to be collectible and therefore an allowance has not been established.

**Support and Revenue**

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. At June 30, 2020, the Organization has no refundable advances for agreements with measurable barriers and right of returns for amounts received but conditions have not been met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that only limit the use of the funds or donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. It is the Organization's policy to immediately liquidate donations of common stock.

The Organization reports gifts of land, buildings, and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During 2020 and 2019, no such gifts of land, buildings, or equipment were received.

**CHICAGO RUN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial 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. During the years ended June 30, 2020 and 2019, the Organization received \$112,727 and \$3,463, respectively, of donated professional services meeting these criteria.

There are also a substantial number of volunteers who donate their time towards the activities and success of the Organization, the value of which is not required to be disclosed in the financial statements.

In-Kind Contributions and Donated Facilities

In addition to receiving cash contributions, the Organization may receive in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase donation revenue by a like amount. For the years ended June 30, 2020 and 2019 the Organization received in-kind donations valued at \$10,000 and \$37,976, respectively and in-kind direct benefit donations of \$0 and \$96, respectively. Furthermore, the Organization received donated facilities valued at \$50,000 for each of the years ended June 30, 2020 and 2019.

Certain Vulnerabilities and Concentrations

During the years ended June 30, 2020 and 2019, the Organization received 51% and 43% of its funding from two sources and three sources, respectively. Furthermore, the Organization received 24% from two fundraising events in 2019. Any negative change in the economy could have an impact on future contributions and fundraising efforts.

Functional Allocation of Expenses

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

The financial statements report certain categories of expenses that are attributable to one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, fringe benefits, depreciation and occupancy, which are allocated on the basis of estimates of time.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

**CHICAGO RUN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated subsequent events through January 7, 2021, which is the date the statements were available to be issued. No subsequent events have been identified that are required to be disclosed.

Not-for-Profit Financial Statement Presentation

During fiscal 2020, the Organization adopted Accounting Standards Update (“ASU”) No. 2014-09 – *Revenue from Contracts with Customers, collectively “ASC 606”* which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The Organization’s revenue does not fall within the scope of ASC 606.

During the fiscal 2020 year the Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, which requires that an entity evaluate whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional. Management believes the standard improves the usefulness and understandability of the Organization’s financial reporting.

No reclassification of 2019 net assets were necessary by the adoption of ASU No. 2014-09 or ASU No. 2018-08 by the Organization as of June 30, 2020.

**Note 2 – Financial Assets and Liquidity**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

During the years ended June 30, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

**CHICAGO RUN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**Note 2 – Financial Assets and Liquidity (cont.)**

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end:		
Cash and equivalents	\$ 1,136,955	\$ 1,153,134
Contributions receivable	331,566	233,257
Program fees receivable	<u>11,501</u>	<u>26,751</u>
Total financial assets, at year-end	1,480,022	1,413,142
Less:		
Net assets with donor restrictions	<u>(656,149)</u>	<u>(354,867)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 823,873</u>	<u>\$ 1,058,275</u>

The Organization manages its liquidity and reserves following three guiding principles: 1) operating within a prudent range of financial soundness and stability; 2) maintaining adequate liquid assets to fund near-term operating needs; and 3) maintaining sufficient reserves to provide reasonable assurance that programming is continued, and obligations will be adequately discharged in the future. During the year ended June 30, 2020 the level of liquidity and reserves was managed within the policy requirements.

**Note 3 – Contributions Receivable**

Contributions receivable are as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 331,566	\$ 233,257
Due in 1 - 5 years	<u>200,000</u>	<u>-</u>
	<u>\$ 531,566</u>	<u>\$ 233,257</u>

**Note 4 – Conditional Promise**

During 2015, the Organization received a conditional promise to give of future use of facilities for a period of eight years, through January 31, 2023. The contribution is recorded on a quarterly basis, as a ninety-day termination clause precludes recognition of an unconditional promise to give. The Organization recorded \$50,000 of donated facilities in 2020 and 2019 (see Note 1).

**CHICAGO RUN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**Note 5 – Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes or period at June 30:

	2020	2019
Time restricted	\$ 400,000	\$ 75,000
Running mates program	256,149	275,567
Summer Program	-	4,300
	<u>\$ 656,149</u>	<u>\$ 354,867</u>

**Note 6 – Paycheck Protection Loan**

In May 2020, the Organization received loan proceeds in the amount of \$121,312 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization has elected to follow ASC 470 and record the entire amount of the loan as debt and accrue interest in accordance with the interest method under ASC Subtopic 835-30, *Imputation of Interest* until the debt is extinguished, which is in accordance with FASB ASC 405-20, when the debtor has been “legally released” as the primary obligor or the debtor satisfies the outstanding balance of the debt. Once the debt is extinguished, the liability would be eliminated and a gain on extinguishment of debt will be recorded. The Organization has accrued \$202 of interest for the year ended June 30, 2020. As of June 30, 2020, the Organization is not able to determine the amount that will be forgiven.

**Note 7 – Contingency**

The Organization’s operations could be significantly impacted by the novel coronavirus pandemic after the Organization’s fiscal year end of June 30, 2020. Management is maintaining operations to the extent possible, however some operations will be affected. The value of several of the Organization’s assets could be affected by this crisis. It is not possible to reasonably estimate the effect of this crisis on the Organization or whether it would be material to the Organization's financial statements at June 30, 2020.