

**New York Road Runners, Inc.**

Financial Statements

March 31, 2022 and 2021



## Independent Auditors' Report

**Board of Directors  
New York Road Runners, Inc.**

### ***Opinion***

We have audited the accompanying financial statements of New York Road Runners, Inc. ("NYRR"), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years 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 NYRR as of March 31, 2022 and 2021, 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.

### ***Basis for Opinion***

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

### ***Responsibility of Management 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; 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 NYRR's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibility 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 auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 the 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 NYRR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about NYRR'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.

*PKF O'Connor Davies, LLP*

August 1, 2022

## New York Road Runners, Inc.

### Statements of Financial Position

	March 31,	
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,524,442	\$ 6,951,047
Restricted cash	1,185,688	1,185,688
Accounts receivable, net	13,240,826	5,542,732
Contribution receivable, net	3,686,812	-
Investments	84,006,450	81,909,919
Prepaid expenses	2,340,450	804,183
Other assets	221,308	213,822
Property and equipment, net	11,025,196	14,031,813
	<u>\$ 136,231,172</u>	<u>\$ 110,639,204</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 17,338,983	\$ 15,706,470
Deferred membership revenue	1,505,050	945,418
Other deferred revenue	34,897,182	17,388,381
PPP loan	-	4,700,000
Total Liabilities	<u>53,741,215</u>	<u>38,740,269</u>
Net Assets		
Without donor restrictions	77,859,976	71,857,871
With donor restrictions	<u>4,629,981</u>	<u>41,064</u>
Total Net Assets	<u>82,489,957</u>	<u>71,898,935</u>
	<u>\$ 136,231,172</u>	<u>\$ 110,639,204</u>

See notes to financial statements

## New York Road Runners, Inc.

### Statements of Activities

	Year Ended March 31, 2022			Year Ended March 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE AND SUPPORT</b>						
Event entry fees, net of credits, refunds and deferrals	\$ 24,607,306	\$ -	\$ 24,607,306	\$ 7,235,342	\$ -	\$ 7,235,342
Sponsorship and TV, net of allowances and credits	28,982,868	-	28,982,868	9,450,220	-	9,450,220
Contributions	2,772,905	11,314,874	14,087,779	1,714,756	1,896,611	3,611,367
Auxiliary revenue, net of refunds	1,312,251	-	1,312,251	36,579	-	36,579
Merchandise revenue	1,624,371	-	1,624,371	7,217	-	7,217
Membership dues, net of expenses of \$135,421 and \$109,598 in 2022 and 2021	1,469,186	-	1,469,186	1,866,128	-	1,866,128
Classes, clinics and other, net of refunds	483,639	-	483,639	100,583	-	100,583
Net assets released from restrictions	6,725,957	(6,725,957)	-	3,258,724	(3,258,724)	-
Total Operating Revenue and Support	<u>67,978,483</u>	<u>4,588,917</u>	<u>72,567,400</u>	<u>23,669,549</u>	<u>(1,362,113)</u>	<u>22,307,436</u>
<b>EXPENSES</b>						
Program Expenses						
Events	53,906,639	-	53,906,639	24,659,353	-	24,659,353
Youth and community services	8,216,764	-	8,216,764	10,517,002	-	10,517,002
Merchandising	164,400	-	164,400	141,547	-	141,547
Classes and training	577,170	-	577,170	645,260	-	645,260
Total Program Expenses	<u>62,864,973</u>	<u>-</u>	<u>62,864,973</u>	<u>35,963,162</u>	<u>-</u>	<u>35,963,162</u>
General and administrative	8,424,128	-	8,424,128	9,629,167	-	9,629,167
Fundraising	1,055,816	-	1,055,816	998,490	-	998,490
Total Expenses	<u>72,344,917</u>	<u>-</u>	<u>72,344,917</u>	<u>46,590,819</u>	<u>-</u>	<u>46,590,819</u>
(Deficiency) Excess of Operating Revenue and Support Over Expenses	<u>(4,366,434)</u>	<u>4,588,917</u>	<u>222,483</u>	<u>(22,921,270)</u>	<u>(1,362,113)</u>	<u>(24,283,383)</u>
<b>NON-OPERATING ACTIVITIES</b>						
Investment return	2,037,582	-	2,037,582	19,082,448	-	19,082,448
Insurance proceeds	-	-	-	32,118,509	-	32,118,509
CARES Act Stimulus revenue	8,330,957	-	8,330,957	-	-	-
Total Non-Operating Activities	<u>10,368,539</u>	<u>-</u>	<u>10,368,539</u>	<u>51,200,957</u>	<u>-</u>	<u>51,200,957</u>
Change in Net Assets	6,002,105	4,588,917	10,591,022	28,279,687	(1,362,113)	26,917,574
<b>NET ASSETS</b>						
Beginning of year	<u>71,857,871</u>	<u>41,064</u>	<u>71,898,935</u>	<u>43,578,184</u>	<u>1,403,177</u>	<u>44,981,361</u>
End of year	<u>\$ 77,859,976</u>	<u>\$ 4,629,981</u>	<u>\$ 82,489,957</u>	<u>\$ 71,857,871</u>	<u>\$ 41,064</u>	<u>\$ 71,898,935</u>

See notes to financial statements

## New York Road Runners, Inc.

### Statement of Functional Expenses Year Ended March 31, 2022

	Program Expenses					General and Administrative	Fundraising	Total
	Events	Youth and Community Services	Merchandising	Classes and Training	Total Program Expenses			
<b>PERSONNEL</b>								
Salaries	\$ 9,793,344	\$ 3,228,845	\$ 140,676	\$ 330,596	\$ 13,493,461	\$ 4,067,803	\$ 624,335	\$ 18,185,599
Benefits	<u>1,868,202</u>	<u>642,902</u>	<u>22,698</u>	<u>66,827</u>	<u>2,600,629</u>	<u>689,896</u>	<u>123,998</u>	<u>3,414,523</u>
Total Personnel	11,661,546	3,871,747	163,374	397,423	16,094,090	4,757,699	748,333	21,600,122
<b>OTHER THAN PERSONNEL COSTS</b>								
Marathon and weekly events	31,899,985	-	-	3,882	31,903,867	-	94,076	31,997,943
Youth and community events	-	947,630	-	-	947,630	-	-	947,630
Grants and other assistance	10,680	759,409	-	-	770,089	8,934	-	779,023
Advertising and promotion	599,074	192,915	-	15,432	807,421	3,170	18,932	829,523
Professional services	407,781	108,027	-	-	515,808	637,401	22,639	1,175,848
Office expenses	278,589	98,796	824	-	378,209	419,145	18,292	815,646
Information technology	2,126,453	829,097	-	159,348	3,114,898	960,318	9,454	4,084,670
Occupancy	3,225,989	590,432	-	-	3,816,421	667,994	70,315	4,554,730
Travel	44,834	18,163	202	-	63,199	8,324	1,142	72,665
Conference, conventions and meetings	1,053	3,345	-	-	4,398	114	-	4,512
Depreciation and amortization	1,972,678	623,443	-	-	2,596,121	600,026	25,621	3,221,768
Insurance	1,809,487	126,691	-	-	1,936,178	229,250	24,132	2,189,560
Other expenses	<u>3,911</u>	<u>47,069</u>	<u>-</u>	<u>1,085</u>	<u>52,065</u>	<u>131,753</u>	<u>22,880</u>	<u>206,698</u>
	54,042,060	8,216,764	164,400	577,170	63,000,394	8,424,128	1,055,816	72,480,338
Expenses deducted directly from revenues on the statement of activities								
Membership dues	<u>(135,421)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,421)</u>	<u>-</u>	<u>-</u>	<u>(135,421)</u>
Total Expenses	<u>\$ 53,906,639</u>	<u>\$ 8,216,764</u>	<u>\$ 164,400</u>	<u>\$ 577,170</u>	<u>\$ 62,864,973</u>	<u>\$ 8,424,128</u>	<u>\$ 1,055,816</u>	<u>\$ 72,344,917</u>

See notes to financial statements

## New York Road Runners, Inc.

### Statement of Functional Expenses Year Ended March 31, 2021

	Program Expenses							Total
	Events	Youth and Community Services	Merchandising	Classes and Training	Total Program Expenses	General and Administrative	Fundraising	
<b>PERSONNEL</b>								
Salaries	\$ 10,517,374	\$ 4,588,728	\$ 120,932	\$ 462,330	\$ 15,689,364	\$ 4,099,615	\$ 637,162	\$ 20,426,141
Benefits	<u>1,909,853</u>	<u>880,587</u>	<u>20,154</u>	<u>66,233</u>	<u>2,876,827</u>	<u>647,009</u>	<u>103,892</u>	<u>3,627,728</u>
Total Personnel	12,427,227	5,469,315	141,086	528,563	18,566,191	4,746,624	741,054	24,053,869
<b>OTHER THAN PERSONNEL COSTS</b>								
Marathon and weekly events	3,037,041	-	173	107,121	3,144,335	7,008	181	3,151,524
Youth and community events	-	1,001,911	-	-	1,001,911	779	32	1,002,722
Grants and other assistance	45,900	1,405,666	-	-	1,451,566	25,500	-	1,477,066
Advertising and promotion	282,487	141,664	-	300	424,451	-	6,137	430,588
Professional services	335,353	91,256	-	-	426,609	1,962,147	60,000	2,448,756
Office expenses	97,577	68,515	-	-	166,092	361,652	2,129	529,873
Information technology	1,757,875	796,794	288	8,626	2,563,583	834,389	14,027	3,411,999
Occupancy	2,931,832	544,894	-	-	3,476,726	486,428	104,235	4,067,389
Travel	6,247	5,250	-	-	11,497	1,876	47	13,420
Depreciation and amortization	2,229,883	834,265	-	-	3,064,148	584,338	42,272	3,690,758
Insurance	1,616,011	95,148	-	-	1,711,159	126,864	27,185	1,865,208
Other expenses	<u>1,518</u>	<u>62,324</u>	<u>-</u>	<u>650</u>	<u>64,492</u>	<u>491,562</u>	<u>1,191</u>	<u>557,245</u>
	24,768,951	10,517,002	141,547	645,260	36,072,760	9,629,167	998,490	46,700,417
Expenses deducted directly from revenues on the statement of activities								
Membership dues	<u>(109,598)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,598)</u>	<u>-</u>	<u>-</u>	<u>(109,598)</u>
Total Expenses	<u>\$ 24,659,353</u>	<u>\$ 10,517,002</u>	<u>\$ 141,547</u>	<u>\$ 645,260</u>	<u>\$ 35,963,162</u>	<u>\$ 9,629,167</u>	<u>\$ 998,490</u>	<u>\$ 46,590,819</u>

See notes to financial statements

## New York Road Runners, Inc.

### Statements of Cash Flows

	Year Ended March 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 10,591,022	\$ 26,917,574
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	3,221,768	3,690,758
Forgiveness of PPP Loan	(4,700,000)	-
Unrealized and realized gain on investments	(445,508)	(17,854,042)
Discount on contribution receivable	313,188	-
Changes in operating assets and liabilities		
Accounts receivable	(7,698,094)	6,602,447
Contribution receivable	(4,000,000)	-
Prepaid expenses	(1,536,267)	982,533
Other assets	(7,486)	11,517
Accounts payable and accrued expenses	1,632,513	(3,704,057)
Deferred membership revenue	559,632	(613,294)
Other deferred revenue	17,508,801	(23,817,516)
Net Cash from Operating Activities	15,439,569	(7,784,080)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(215,151)	(999,837)
Purchase of investments	(12,959,619)	(25,217,526)
Proceeds from sale of investments	11,308,596	23,918,275
Net Cash from Investing Activities	(1,866,174)	(2,299,088)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP Loan	-	4,700,000
 Net Change in Cash, Cash Equivalents and Restricted Cash	13,573,395	(5,383,168)
 <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>		
Beginning of year	8,136,735	13,519,903
End of year	\$ 21,710,130	\$ 8,136,735
 <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 60,272	\$ 43,954
 <b>NON-CASH FINANCING ACTIVITY</b>		
Forgiveness of PPP Loan	\$ 4,700,000	\$ -

See notes to financial statements



## **New York Road Runners, Inc.**

Notes to Financial Statements  
March 31, 2022 and 2021

### **1. Description of Organization**

New York Road Runners, Inc. (“NYRR”), is a not-for-profit organization dedicated to help and inspire people through running and enhancing the health and well-being of adults and kids of all abilities. NYRR was founded in 1958 as a running club with an initial membership of forty-two members and has since grown into the world’s largest premier running organization. NYRR serves individuals in New York City, the nation and around the world through year-round in person and virtual races, training programs, and free community events and programming.

NYRR Youth and Community Services (“YCS”) provides free programs, events and personnel to youth across hundreds of schools and community centers throughout New York City and the nation and supports students through the Rising New York Road Runners program, fostering physical fitness and character development. NYRR youth programs serve kids in NYC and nationally. NYRR Community Services also provides events to hundreds of seniors through the Striders program and provides free weekly community Open Runs, held in parks across all five boroughs of New York City, to participants of all ages.

The primary sources of revenue for NYRR are event entry fees, corporate sponsorships, membership fees, and contributions. NYRR organizes races throughout the year including the premier race, the New York City Marathon. Contributions to NYRR are tax-deductible to contributors as provided by law. NYRR is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly actual results could differ from those estimates.

#### ***Net Asset Classifications***

NYRR reports information regarding financial position and activities according to two classes of net assets: without and with donor restrictions.

*Without donor restrictions* - Resources that are fully available at the discretion of management and the Board of Directors (the “Board”), for use in activities within NYRR’s charter and mission. The Board may designate a portion of NYRR’s net assets for various purposes.

## New York Road Runners, Inc.

Notes to Financial Statements  
March 31, 2022 and 2021

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

#### ***Net Asset Classifications (continued)***

*With donor restrictions* – represent amounts restricted by donors to be used for specific activities or at some future date. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### ***Change in Presentation – Restricted Contributions***

During 2021, NYRR reviewed the presentation of contributions with donor restrictions and has decided to present them on the gross method instead of the net method, both of which are acceptable accounting presentations.

#### ***Cash and Cash Equivalents***

For the purpose of the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at the time of purchase.

#### ***Restricted Cash***

Restricted cash consists of cash set aside as collateral under the terms of the letter of credit agreement related to a lease agreement. Cash, cash equivalents and restricted cash consists of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 20,524,442	\$ 6,951,047
Restricted cash	<u>1,185,688</u>	<u>1,185,688</u>
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 21,710,130</u>	<u>\$ 8,136,735</u>

#### ***Allowance for Uncollectible Receivables***

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. Management estimated the allowance for doubtful accounts as of March 31, 2022 and 2021 to be \$773,955 and \$833,746. All receivables are expected to be collected in one year.

## **New York Road Runners, Inc.**

Notes to Financial Statements  
March 31, 2022 and 2021

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

#### ***Contribution Receivable***

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using adjusted risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Conditional promises to give are not included as support until the conditions are subsequently met.

#### ***Fair Value Measurements***

NYRR follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Pursuant to U.S. GAAP guidance, alternative investments, where the fair value is measured using the net asset value ("NAV"), are not categorized within the fair value hierarchy.

#### ***Investments Valuation and Income Recognition***

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gains and losses on the sale of investments are computed on the specific identification basis and are included in the determination of the change in net assets.

## **New York Road Runners, Inc.**

Notes to Financial Statements  
March 31, 2022 and 2021

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

#### ***Property and Equipment***

NYRR follows the practice of capitalizing all expenditures for property and equipment with a cost in excess of \$10,000. Property and equipment are carried at cost and depreciated using the straight-line method over their estimated useful lives, which are approximately 3 to 5 years for automobiles, software, furniture and fixtures, and hardware and equipment. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods which are reasonably assured, or the estimated useful life of the asset, generally ranging from three to twenty years. Gain or loss from disposition is reflected in the statements of activities in the period of disposition. The cost of maintenance and repairs is charged to expense as incurred, whereas significant renewals and betterments are capitalized

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of March 31, 2022 and 2021, and in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management estimate of the recoverability of these assets.

#### ***Leases***

Leases are classified as operating or capital leases in accordance with the terms of the underlying agreements. Capital leases are recorded at the lower of the fair value of the assets or the present value of the minimum lease payments and are amortized over the lease term or estimated useful life of the assets, whichever is shorter, unless the lease provides for transfer of title or includes a bargain purchase option, in which case the lease is amortized over the estimated useful life of the asset. Operating lease payments are charged to rental expenses.

#### ***Revenue Recognition***

Event entry fees are recognized in the period in which the race occurs. Event entry fees and other fees paid in advance are classified as other deferred revenue. During 2020, revenues derived from sponsors were recognized upon completion of the related event. During 2021, due to the cancellation of certain events, sponsorship agreements were modified and revenue was recognized in accordance with these amendments. Sponsor revenues billed in advance are classified as other deferred revenue. Sales of merchandise are recognized when the product is shipped. Auxiliary revenue is recorded when the related service or sale takes place. Membership dues are recognized on a straight line basis as revenue during the applicable membership period. Membership dues received in advance are classified as deferred membership revenue. Royalty income is recognized when it is earned. Insurance proceeds are recognized when receipt is probable. Account receivable as of April 1, 2020 totaled \$12,145,179 and other deferred revenue as of April 1, 2020 totaled \$41,205,897.

## **New York Road Runners, Inc.**

Notes to Financial Statements  
March 31, 2022 and 2021

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

#### ***Contributions of Goods and Services***

Substantial goods and services are contributed to NYRR. Those contributions that are susceptible to objective measurement or valuation are included in the accompanying financial statements, at fair value on the date of receipt. NYRR has recorded contributions of goods and services which amounted \$4,845,955 and \$1,704,582 for the years ended March 31, 2022 and 2021. Contributions of goods and services from various entities which cannot be valued and are distributed at events throughout the year are not recorded in the financial statements.

#### ***Volunteers***

From time to time volunteers support the programs and functions of NYRR. These contributions do not meet the criteria for recognition of contributed services, and therefore, their value is not reflected in these financial statements.

#### ***CARES Act Stimulus Revenue***

During fiscal year 2022, NYRR recorded revenue related to the Employee Retention Tax Credit (the "ERTC") in the amount of \$3,570,055. The ERTC, established as part of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES" Act), allows eligible employers to receive a payroll tax credit based on certain qualifications. The calculation of the credit varies based on the applicable calendar year and the amount of qualified wages paid during a qualifying period. NYRR believes it has met the qualifications of the ERTC program and has filed the necessary forms to claim the ERTC. The full amount of the credit is included in accounts receivable on the 2022 statement of financial position and in CARES Act stimulus revenue on the 2022 statement of activities.

During fiscal year 2022, NYRR recognized revenue associated with the forgiveness of a Paycheck Protection Program Loan ("PPP Loan") (including interest) in the amount of \$4,760,902, and it is included in CARES Act stimulus revenue in the statement of activities.

#### ***Functional Allocation of Expenses***

The financial statements report categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses have been charged to programs and supporting services based on direct allocation where identified. While, indirect expenses such as (operations, information technology and depreciation and amortization expense) were charged based on management's estimation of the program or support area that benefited from the expenditures. The following expenses are allocated based on headcount: occupancy, facility expenses and insurance.

#### ***Advertising***

Advertising costs are expensed as incurred.

## New York Road Runners, Inc.

Notes to Financial Statements  
March 31, 2022 and 2021

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

#### ***Operating Measure***

NYRR has elected to present an operating measure in its statements of activities. Accordingly, items affecting operations are segregated from those not affecting operations. All gains and losses on investments, insurance proceeds, and CARES Act stimulus revenue are treated as non-operating.

#### ***Accounting for Uncertainty in Income Taxes***

Management recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that NYRR had no uncertain tax positions that would require financial statement recognition or disclosure. NYRR is no longer subject to examinations by the applicable jurisdictions for periods prior to March 31, 2019.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is August 1, 2022.

### 3. Concentration of Credit Risk

NYRR maintains cash in bank accounts which at times may exceed federally insured limits. This potentially subjects NYRR to a concentration of credit risk. NYRR has not experienced any losses in such accounts. Concentrations of credit risk with respect to receivables are generally diversified due to the broad base of customers. NYRR invests its assets in a variety of public and private securities such as common stocks, fixed income securities, and hedge funds. The investible assets are broadly diversified both globally and within underlying sectors and strategies. NYRR routinely assesses the diversification and financial strength of its cash and investment portfolio with the assistance of an independent investment consultant.

### 4. Contribution Receivable

Contribution receivable at March 31 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 500,000	\$ -
Receivable in two to five years	2,000,000	-
Receivable in more than five years	<u>1,500,000</u>	<u>-</u>
	4,000,000	-
Discount to present value	<u>(313,188)</u>	<u>-</u>
	<u>\$ 3,686,812</u>	<u>\$ -</u>

## New York Road Runners, Inc.

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### 4. Contribution Receivable *(continued)*

At March 31, 2022, 100% of gross receivables are due from one donor. A present value discount rate of 2.4% has been calculated using discount factors that approximate the risk and expected timing of future contribution payments.

### 5. Investments

The following are major categories of investments measured at fair value on a recurring basis at March 31, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	2022			Total
	Level 1	Level 2	Investments Valued Using NAV (*)	
Equities				
Large cap	\$ 30,008,179	\$ -	\$ -	\$ 30,008,179
International	5,788,245	-	-	5,788,245
EAFE equity	4,708,525	-	-	4,708,525
Emerging markets	5,105,377	-	-	5,105,377
Mid cap	1,300,509	-	-	1,300,509
Short term	2,362,389	-	-	2,362,389
Real estate	1,284,719	-	-	1,284,719
Corporate bonds	-	24,727,167	-	24,727,167
Hedge funds	-	-	4,685,383	4,685,383
Private equity	-	-	657,085	657,085
Real estate funds	-	-	1,617,943	1,617,943
Total Investments at Fair Value	<u>\$ 50,557,943</u>	<u>\$ 24,727,167</u>	<u>\$ 6,960,411</u>	82,245,521
Cash and cash equivalents, at cost				1,760,929
Total Investments				<u>\$ 84,006,450</u>

## New York Road Runners, Inc.

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### 5. Investments (continued)

	2021			Total
	Level 1	Level 2	Investments Valued Using NAV (*)	
Equities				
Large cap	\$ 27,283,913	\$ -	\$ -	\$ 27,283,913
International	7,130,477	-	-	7,130,477
EAFE equity	5,000,967	-	-	5,000,967
Emerging markets	5,563,901	-	-	5,563,901
Mid cap	1,210,287	-	-	1,210,287
Short term	2,066,055	-	-	2,066,055
Real estate	1,091,575	-	-	1,091,575
Corporate bonds	-	25,119,039	-	25,119,039
Hedge funds	-	-	4,596,502	4,596,502
Private equity	-	-	518,591	518,591
Real estate funds	-	-	1,368,951	1,368,951
Total Investments at Fair Value	<u>\$ 49,347,175</u>	<u>\$ 25,119,039</u>	<u>\$ 6,484,044</u>	80,950,258
Cash and cash equivalents, at cost				959,661
Total Investments				<u>\$ 81,909,919</u>

(\*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

Information regarding alternative investments measured at fair value using the practical expedient at March 31, 2022 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds (see "a" below)	\$ 4,685,383	\$ -	Quarterly	45 days
Private equity (see "b" below)	657,085	-	Quarterly	95 days
Real estate (see "c" below)	<u>1,617,943</u>	-	Quarterly	95 days
	<u>\$ 6,960,411</u>	<u>\$ -</u>		

- a. This category includes investments in hedge funds that seek to preserve the purchasing power of invested capital to generate consistent, long-term returns across market cycles. In order to produce these returns, the hedge funds lower the standard deviation of returns through a diversified portfolio management approach.
- b. This category includes investments in stabilized active adult, apartment, industrial, life science lab, manufactured housing, medical office, single family rental, self-storage, and student housing properties that are generally valued using either a discounted cash flow technique (for stabilized properties, including development projects) or a direct capitalization technique (for stabilized properties). Two significant unobservable inputs used in the discounted cash flow technique are discount rate and exit capitalization rate. A significant increase in either the discount rate or the exit capitalization rate in isolation would result in a significantly lower fair value measurement.
- c. The investment objective is to realize capital appreciation through the direct and indirect investment in real estate through a REIT.



## New York Road Runners, Inc.

Notes to Financial Statements  
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### 5. Investments (continued)

The composition of investment return as reported in the statements of activities for the years ended March 31, is as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 1,842,928	\$ 1,414,744
Realized gain	1,603,466	1,938,059
Unrealized (loss) / gain	(1,157,958)	15,915,983
Investment fees	<u>(250,854)</u>	<u>(186,338)</u>
Total Return on Investments	<u>\$ 2,037,582</u>	<u>\$ 19,082,448</u>

### 6. Line of Credit

NYRR has a revolving line of credit available for use. During fiscal year 2022, the line remained at a \$20,000,000 limit. The line of credit will expire, unless earlier terminated or extended, on September 30, 2022. All loans under this line of credit are subject to the requirement that for 30 consecutive days prior to the expiration there shall be no loans outstanding. The line of credit bears interest at a variable interest rate of LIBOR (London Inter-bank Offered Rate) plus .95%. This line of credit is secured by NYRR's investments which includes but is not limited to security accounts, security entitlements, securities and financial assets. There were no amounts outstanding under the line of credit at March 31, 2022 and 2021.

### 7. Property and Equipment

Property and equipment at March 31 consisted of the following:

	<u>2022</u>	<u>2021</u>
Automobiles	\$ 932,324	\$ 932,324
Leasehold improvements	12,098,552	12,097,127
Furniture and fixtures	1,501,685	1,489,587
Hardware and equipment	1,018,297	1,018,297
Software	11,604,679	11,265,345
Work in progress	-	137,706
	<u>27,155,537</u>	<u>26,940,386</u>
Less accumulated depreciation and amortization	<u>(16,130,341)</u>	<u>(12,908,573)</u>
	<u>\$ 11,025,196</u>	<u>\$ 14,031,813</u>

## New York Road Runners, Inc.

Notes to Financial Statements  
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### 8. Net Assets With Donor Restrictions

Net assets with donor restrictions are for the YCS division and include both time and purpose restricted amounts. The activity for the years ended March 31, are as follows:

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 41,064	\$ 1,403,177
Contributions	11,314,874	1,896,611
Released	<u>(6,725,957)</u>	<u>(3,258,724)</u>
Ending balance	<u>\$ 4,629,981</u>	<u>\$ 41,064</u>

### 9. Retirement Plans

NYRR maintains a defined contribution retirement plan for all eligible employees. Employer contributions to the plan were approved by the Board at 6% of an employee's base salary. In fiscal years 2022 and 2021, NYRR's contributions amounted to approximately \$701,000 and \$834,000.

In addition, NYRR has a separate deferred compensation plan established under Section 457(b) of the Internal Revenue Code for certain senior staff. The 457(b) plan can be funded by employer contributions and employee deferrals. In fiscal years 2022 and 2021, NYRR's contributions amounted to \$0.

### 10. Contingencies

From time to time NYRR is involved in legal actions. NYRR believes that the liabilities, if any, that may result from such actions will not have a materially adverse effect on NYRR's financial position.

### 11. Operating Lease Commitments

On August 1, 2015, NYRR signed a 10 year lease for the 320 West 57<sup>th</sup> Street building to be known as the "Running Center". The Running Center will offer group training programs and private coaching services for runners of all levels, as well as classes and clinics throughout the year. An irrevocable stand-by letter of credit in the amount of approximately \$405,000 was delivered to the landlord in lieu of cash security for the Running Center.

On April 1, 2017, NYRR signed a 10 year lease for a warehouse located on Zegrega Avenue, Bronx, New York.

On March 1, 2019, NYRR signed a 15 year lease for its new corporate offices located at 156 West 56<sup>th</sup> Street, New York, New York. An irrevocable stand-by letter of credit in the amount of approximately \$781,000 was delivered to the landlord in lieu of cash security.

## New York Road Runners, Inc.

Notes to Financial Statements  
March 31, 2022 and 2021

### 11. Operating Lease Commitments *(continued)*

Under U.S. GAAP all rental payments, including fixed rent increases less any rental abatements, are to be recognized on a straight-line basis over the term of the lease. The difference between rent expense and the actual lease payments in the amount of \$2,764,599 and \$2,661,002 at March 31, 2022 and 2021 is included within accounts payable and accrued expenses in the accompanying statements of financial position. Rent expense for each of the years ended March 31, 2022 and 2021 approximated \$3,504,000.

The future annual minimum lease payments are payable as follows for the years ending March 31:

2023	\$ 3,763,491
2024	3,802,536
2025	4,018,706
2026	4,128,115
2027	3,513,109
Thereafter	<u>21,344,725</u>
	<u>\$ 40,570,682</u>

### 12. Paycheck Protection Program

On April 13, 2020, NYRR received loan proceeds in the amount of \$4,700,000 under the Paycheck Protection Program ("PPP Loan"). The PPP, established as part of the CARES Act, provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP Loan bears an interest rate of 1% per annum. All or a portion of the PPP Loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act as amended by the Economic Aid Act, over a period of either eight or twenty-four weeks from the date the loan proceeds are received (the "Covered Period").

The PPP loan principal of \$4,700,000 and interest of \$60,902 was forgiven in full by the Small Business Administration (the "SBA") on August 6, 2021. The PPP loan forgiveness is recognized as non-operating revenue on the 2022 statement of activities within CARES Act stimulus revenue.

## New York Road Runners, Inc.

Notes to Financial Statements  
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### 13. Availability and Liquidity of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 20,524,442	\$ 6,951,047
Restricted cash	1,185,688	1,185,688
Accounts receivable, net	13,240,826	5,542,732
Contribution receivable, net	3,686,812	-
Investments	84,006,450	81,909,919
	<u>122,644,218</u>	<u>95,589,386</u>
Less contractual or donor imposed restricted amounts:		
Restricted by letter of credit	1,185,688	1,185,688
Contribution receivable, net - Due in the future years	3,186,812	-
Restricted by donor with purpose restriction	1,443,169	41,064
	<u>5,815,669</u>	<u>1,226,752</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 116,828,549</u>	<u>\$ 94,362,634</u>

NYRR's working capital and cash flows are primarily driven by the revenue streams of event entry fees, sponsorship and development efforts. Accounts receivable are expected to be collected within sixty days. In addition, as part of its liquidity management, NYRR invests cash in excess of normal operating requirements in various investments in accordance with NYRR's strategic investment policy statement.

NYRR manages its liquidity by developing annual operating and capital budgets that provide sufficient funds for operations and general expenditures. Monthly review of actual to budget performance at department and consolidated levels are performed and formal quarterly reforecasts are completed reflecting any necessary adjustments.

## New York Road Runners, Inc.

Notes to Financial Statements  
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### 14. COVID - 19

During fiscal year 2021, NYRR's operations and financial performance had been affected by the coronavirus outbreak, which had spread globally and had adversely affected economic conditions throughout the world. In response to restrictions issued by state and local governments regarding large public gatherings, as a precautionary measure to limit the spread of the COVID-19 virus, NYRR was forced to cancel many races and limited participant capacity in other races based on social distancing, which significantly reduced revenue. NYRR received insurance proceeds as settlement for claims related to 6 canceled events, including the major races (NYC Half, Brooklyn Half, Queens 10K, Bronx 10M and Staten Island Half) and the TCSNYC Marathon. For the major canceled races, NYRR offered entrants the choice to receive refunds of the entry fees paid or receive non-complimentary guaranteed entrance into the 2021 or 2022 race. For the TCSNYC Marathon, NYRR offered entrants the choice to receive refunds of the entry fee or receive complimentary guaranteed entrance into the 2021, 2022 or 2023 edition of the NYC Marathon at their choice. For all other canceled races, NYRR offered entrants the option of a refund of the entry fees paid or receive credit for a complimentary entrance into a future NYRR weekly race. Entry fees received for those entrants that selected non-complimentary and complimentary entry to a future race have been classified as other deferred revenue on the statements of financial position.

During fiscal year 2022, NYRR's operations and financial performance were again affected by the coronavirus outbreak. NYRR was forced to cancel certain races (including major races; the Brooklyn Half and Queens 10K) at the beginning of the fiscal year. In June, NYRR was able to execute mid capacity races progressing towards full capacity by the end of the fiscal year. However, the TCSNYC Marathon held in November was executed at half capacity. NYRR did not receive insurance proceeds for any race cancelations in fiscal year 2022 as new insurance policies specifically excludes losses related to the pandemic.

The refunds and deferrals of event entry fees and sponsorship credits and allowances given in 2022 and 2021 are not reported as an expense, but are rather recorded as an offset to the related revenue in the statements of activities as follows:

	<u>2022</u>	<u>2021</u>
Event entry fee - credits and refunds	\$ 2,683,272	\$20,157,728
Event entry fee - deferrals	99,405	8,858,824
Sponsorship and TV - allowances and credits	6,152,485	17,438,248
Auxiliary revenue - refunds	75,160	267
Classes - refunds	-	57,031
	<u>\$ 9,010,322</u>	<u>\$46,512,098</u>

**New York Road Runners, Inc.**

Notes to Financial Statements  
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**15. Risks and Uncertainties**

The ongoing Coronavirus pandemic resulted in substantial volatility in the global economy. The pandemic had an adverse effect on the results of operations. However, management had implemented measures to partially mitigate this impact. The extent to which there is any additional impact to NYRR's future operations will depend on new developments, which are highly uncertain and cannot be predicted. As a result, management cannot estimate, with any certainty, the impact of any new pandemic developments to NYRR's future results of operations, cash flows, or financial condition.

\* \* \* \* \*