

**ROAD RUNNERS CLUB OF AMERICA**

**AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**MURRAY, JONSON, WHITE & ASSOCIATES, LTD., PC**  
**Certified Public Accountants**  
**Falls Church, Virginia**

**ROAD RUNNERS CLUB OF AMERICA**

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## INDEPENDENT AUDITORS' REPORT

**To the Board of Directors  
Road Runners Club of America**

We have audited the statements of financial position of the Road Runners Club of America (RRCA) as of December 31, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the RRCA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Road Runners Club of America at December 31, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Murray, Jonson, White & Associates, Ltd., P.C.*

**Certified Public Accountants**

March XX, 2010

**ROAD RUNNERS CLUB OF AMERICA**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31,

**ASSETS**

	<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 416,473	\$ 562,229
Accounts receivable	1,667	1,095
Gift card inventory	5,750	-
Prepaid expenses	8,159	2,516
Loans receivable	<u>11,200</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>	<u>443,249</u>	<u>565,840</u>
 INVESTMENTS - Note 2	 715,492	 582,468
 PROPERTY AND EQUIPMENT - Net - Note 3	 49,600	 8,386
 DEPOSITS	 <u>2,450</u>	 <u>2,450</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,210,791</u></b>	<b>\$ <u>1,159,144</u></b>

**LIABILITIES AND NET ASSETS**

	<u>2009</u>	<u>2008</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 41,895	\$ 15,204
Deferred revenue	<u>447,675</u>	<u>614,211</u>
<b>TOTAL LIABILITIES</b>	<u>489,570</u>	<u>629,415</u>
 <b>NET ASSETS</b>		
Unrestricted	353,768	145,875
Board designated	181,370	181,370
Temporarily restricted	176,083	192,484
Permanently restricted	<u>10,000</u>	<u>10,000</u>
<b>TOTAL NET ASSETS</b>	<u>721,221</u>	<u>529,729</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>1,210,791</u></b>	<b>\$ <u>1,159,144</u></b>

The accompanying notes to financial statements are an integral part of this statement.

**ROAD RUNNERS CLUB OF AMERICA**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31, 2009 and 2008**

**ROAD RUNNERS CLUB OF AMERICA**

**STATEMENTS OF ACTIVITIES  
For the Years Ended December 31,**

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Membership dues and fees	\$ 374,916	\$ -	\$ -	\$ 374,916
Insurance program	678,019	-	-	678,019
Special programs	142,173	-	-	142,173
Publications	2,502	-	-	2,502
Contributions	42,855	56,843	-	99,698
Investment income - Dividends and interest	23,463	1,948	-	25,411
Investment income - Unrealized gain (loss)	107,615	-	-	107,615
Other income	14,558	-	-	14,558
Advertising	2,236	-	-	2,236
Sponsorships	40,533	-	-	40,533
Satisfaction of program restrictions	<u>75,192</u>	<u>(75,192)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<u>1,504,062</u>	<u>(16,401)</u>	<u>-</u>	<u>1,487,661</u>
<b>EXPENSES</b>				
Program services				
Championship events and state programs	111,721	-	-	111,721
General membership	264,101	-	-	264,101
Kids Run the Nation	43,258	-	-	43,258
Insurance program	729,989	-	-	729,989
Roads Scholar grants	<u>41,017</u>	<u>-</u>	<u>-</u>	<u>41,017</u>
<b>TOTAL PROGRAM SERVICES</b>	<u>1,190,086</u>	<u>-</u>	<u>-</u>	<u>1,190,086</u>
Support services				
General and administrative	53,285	-	-	53,285
Board services	39,620	-	-	39,620
Fundraising	<u>13,178</u>	<u>-</u>	<u>-</u>	<u>13,178</u>
<b>TOTAL SUPPORT SERVICES</b>	<u>106,083</u>	<u>-</u>	<u>-</u>	<u>106,083</u>
<b>TOTAL EXPENSES</b>	<u>1,296,169</u>	<u>-</u>	<u>-</u>	<u>1,296,169</u>
<b>CHANGE IN NET ASSETS</b>	207,893	(16,401)	-	191,492
Net assets				
Beginning of year	<u>327,245</u>	<u>192,484</u>	<u>10,000</u>	<u>529,729</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 535,138</u>	<u>\$ 176,083</u>	<u>\$ 10,000</u>	<u>\$ 721,221</u>

The accompanying notes to financial statements are an integral part of this statement.

2008

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 336,015	\$ -	\$ -	\$ 336,015
677,766	-	-	677,766
34,366	-	-	34,366
2,021	-	-	2,021
26,467	85,103	-	111,570
23,819	2,115	-	25,934
(137,874)	-	-	(137,874)
8,806	-	-	8,806
5,393	-	-	5,393
43,045	-	-	43,045
<u>83,747</u>	<u>(83,747)</u>	<u>-</u>	<u>-</u>
<u>1,103,571</u>	<u>3,471</u>	<u>-</u>	<u>1,107,042</u>
97,530	-	-	97,530
107,954	-	-	107,954
47,864	-	-	47,864
686,455	-	-	686,455
<u>41,679</u>	<u>-</u>	<u>-</u>	<u>41,679</u>
<u>981,482</u>	<u>-</u>	<u>-</u>	<u>981,482</u>
52,340	-	-	52,340
45,410	-	-	45,410
<u>11,197</u>	<u>-</u>	<u>-</u>	<u>11,197</u>
<u>108,947</u>	<u>-</u>	<u>-</u>	<u>108,947</u>
<u>1,090,429</u>	<u>-</u>	<u>-</u>	<u>1,090,429</u>
13,142	3,471	-	16,613
<u>314,103</u>	<u>189,013</u>	<u>10,000</u>	<u>513,116</u>
\$ <u>327,245</u>	\$ <u>192,484</u>	\$ <u>10,000</u>	\$ <u>529,729</u>

**ROAD RUNNERS CLUB OF AMERICA**

**STATEMENTS OF CASH FLOWS  
For the Years Ended December 31,**

	<u>2009</u>	<u>2008</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 191,492	\$ 16,613
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	2,652	2,001
(Gain) loss on disposals	584	-
Realized and unrealized (gain) loss on investments	(120,866)	137,874
Donated securities	-	(50,000)
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(572)	6,587
(Increase) decrease in gift card inventory	(5,750)	-
(Increase) decrease in prepaid expenses	(5,643)	(1,118)
(Increase) decrease in loans receivable	(11,200)	-
(Increase) decrease in deposits	-	3,728
Increase (decrease) in accounts payable and accrued expenses	26,691	(6,045)
Increase (decrease) in deferred revenue	<u>(166,536)</u>	<u>155,385</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(89,148)</u>	<u>265,025</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(275,182)	(360,770)
Proceeds from the sale of investments	263,024	209,856
Purchase of property and equipment	<u>(44,450)</u>	<u>(4,307)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(56,608)</u>	<u>(155,221)</u>
Net increase (decrease) in cash and cash equivalents	(145,756)	109,804
Cash and cash equivalents - Beginning of year	<u>562,229</u>	<u>452,425</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 416,473</u>	<u>\$ 562,229</u>
 <b>Supplemental disclosure of cash flow information</b>		
Cash paid during year for:		
Income taxes	\$ <u>2,411</u>	\$ <u>-</u>

The accompanying notes to financial statements are an integral part of this statement.



## ROAD RUNNERS CLUB OF AMERICA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

- (a). **Financial Statement Presentation** - The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.
- (b). **Net Assets - Unrestricted net assets** include general operating net assets and board designated funds. The board designated funds consist of funds that can be used as determined by the Board. The board designated fund was \$181,370 at December 31, 2009 and 2008. Temporarily restricted net assets consist of contributions with donor-imposed purpose restrictions. Temporarily restricted net assets were released from restriction during the years ended December 31, 2009 and 2008 by meeting purpose restrictions imposed by the donor. Permanently restricted net assets consist of contributions with requirements that the principal be invested in perpetuity and only the income expended for designated purposes.
- (c). **Contributions** - The Organization accounts for contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- (d). **Income Tax Status** - RRCA is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (IRC). RRCA is required to pay federal and state taxes on net income generated from unrelated business activities. The Organization's unrelated business activities include advertising, sponsorships, member insurance revenues, and royalties. Income tax expenses were \$0 and \$1,914 for 2009 and 2008, respectively.
- (e). **Cash and Cash Equivalents** - For purposes of the statement of cash flows the Organization considers substantially all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Short-term, highly liquid investments purchased for its investment accounts and handled by investment managers are treated as investments rather than cash equivalents.
- (f). **Accounts Receivable** - Receivables are carried at their estimated collectible amounts and are periodically evaluated for collectibility. All accounts receivable at December 31, 2009 and 2008 are considered collectible.

**ROAD RUNNERS CLUB OF AMERICA**

**NOTES TO FINANCIAL STATEMENTS**

**(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued**

- (g). Investments - All investments in debt and equity securities are carried at fair value, with gains and losses included in a statement of activities. Gains and losses on investments reflected in the accompanying statement of activities include gains and losses realized upon sales and unrealized gains and losses resulting from fluctuations in market values of investments.
- (h). Property and Equipment - Furniture, fixtures, and equipment purchases of \$500 or more are recorded at cost and are depreciated on the straight-line basis over their estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the remaining term of the office lease.
- (i). Deferred Revenue - Membership dues and certain program revenue received in advance are deferred and recognized as revenue in the year in which they are earned.
- (j). Membership Dues and Fees - Membership dues and fees include an allocable portion of amounts billed to member clubs as insurance program revenues since such revenues are intended to support the exempt purpose programs of RRCA as well as the insurance program costs.
- (k). Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (l). Concentration of Credit Risk - Financial instruments which potentially subject the Organization to concentrations of credit risk consist of a demand deposit account with a high credit quality financial institution. At times, such deposits may be in excess of Federal Deposit Insurance. The Organization received contributions totaling \$50,000 from one donor during the year ending December 31, 2008.

**ROAD RUNNERS CLUB OF AMERICA**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**NOTE 2 - INVESTMENTS**

Investments are presented in the financial statements at fair value, which is based on quoted market prices as described below:

**December 31, 2009**

	<b>Quoted Prices in Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Cash and cash equivalents	\$ 911	\$ -	\$ -	\$ 911
Equities	104,116	-	-	104,116
Exchange-traded products	218,221	-	-	218,221
Mutual funds	392,244	-	-	392,244
Fixed income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>\$ <u>715,492</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>715,492</u></b>

**December 31, 2008**

	<b>Quoted Prices in Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Cash and cash equivalents	\$ 32,218	\$ -	\$ -	\$ 32,218
Equities	61,884	-	-	61,884
Exchange-traded products	157,493	-	-	157,493
Mutual funds	256,332	-	-	256,332
Fixed income	<u>74,541</u>	<u>-</u>	<u>-</u>	<u>74,541</u>
	<b>\$ <u>582,468</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>582,468</u></b>

Investments were recorded at fair value as of December 31, 2009 and 2008 based on the following level of hierarchy. Level 1 inputs include quoted market prices in active markets for identical assets. Level 2 inputs include quoted market prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there isn't sufficient activity, and or where price quotations vary substantially either over time or among market makers, or where little information is released publically. Level 3 inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations where there is little, if any, observable market activity for the asset at the measurement date.

Investment management fees of \$4,562 and \$4,170 were netted with investment income for the years ended December 31, 2009 and 2008, respectively.

**ROAD RUNNERS CLUB OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Continued)**

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, consisted of the following:

	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ 70,064	\$ 26,703
Less: Accumulated depreciation	<u>(20,464)</u>	<u>(18,317)</u>
<b>TOTAL</b>	<b>\$ <u>49,600</u></b>	<b>\$ <u>8,386</u></b>

**NOTE 4 - RETIREMENT PLAN**

RRCA has available a 403(b) defined contribution retirement plan for employees who meet specific age and eligibility requirements. Employees may contribute to the plan through elective deferrals of salary up to the limitation specified by the plan. RRCA makes discretionary matching contributions to the plan based on Board approval. RRCA did not make any contributions to the plan during 2009 or 2008.

**NOTE 5 - LEASE COMMITMENTS**

RRCA is obligated under various operating leases for office space and equipment expiring in 2010 through 2014. Rent expense for the years ended December 31, 2009 and 2008 was \$34,876 and \$36,329, respectively. At December 31, 2009, RRCA was obligated under terms of noncancelable leases for the following minimum lease payments:

2010	36,929
2011	35,939
2012	19,872
2013	3,324
2014	<u>2,493</u>
<b>TOTAL</b>	<b>\$ <u>98,557</u></b>

**NOTE 6 - CONTRIBUTED SERVICES**

RRCA receives substantial benefit from donated services provided by members. The value of these donated services has not been reflected in the accompanying financial statements and is not presently determinable.

**NOTE 7 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March XX, 2010 the date which the financial statements were available for issue.