

# RUNNING START

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## FINANCIAL STATEMENTS

For the Year Ended  
December 31, 2018  
and  
Report Thereon

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**Independent Auditor's Report**

To the Board of Directors of  
Running Start

We have audited the accompanying financial statements of Running Start, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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**

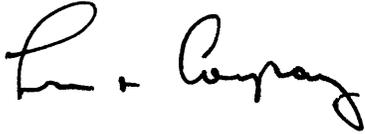
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Running Start as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "L. + Company". The signature is written in a cursive style with a horizontal line underneath the main text.

Washington, D.C.  
May 31, 2020

RUNNING START  
STATEMENT OF FINANCIAL POSITION  
December 31, 2018

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ASSETS

|                                     | <u>2018</u>           |
|-------------------------------------|-----------------------|
| Cash and cash equivalents           | \$ 68,957             |
| Grants and contributions receivable | 238,205               |
| Prepaid expenses                    | 36,878                |
| Property and equipment, net         | 66,469                |
| Security deposit                    | <u>5,852</u>          |
| <br>Total Assets                    | <br><u>\$ 416,361</u> |

LIABILITIES AND NET ASSETS

|   |                       |
|---|-----------------------|
| Accounts payable and accrued expenses     | \$ <u>6,984</u>       |
| <br>Total Liabilities                     | <br>6,984             |
| <br>Net Assets                            |                       |
| <br>Net Assets without donor restrictions | 298,434               |
| Net Assets with donor restrictions        | <u>110,943</u>        |
| <br>Total Net Assets                      | <br><u>409,377</u>    |
| <br>Total Liabilities and Net Assets      | <br><u>\$ 416,361</u> |

The accompanying notes are an integral part of these financial statements.

RUNNING START  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

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|                                       | <u>Without</u><br><u>Restrictions</u> | <u>With</u><br><u>Restrictions</u> | <u>2018</u>       |
|---------------------------------------|---------------------------------------|------------------------------------|-------------------|
| Revenue and Support                   |                                       |                                    |                   |
| Grants and contributions              | \$ 657,912                            | \$ 211,666                         | \$ 869,578        |
| Program fees                          | 132,158                               | -                                  | 132,158           |
| Net assets released from restrictions | <u>100,723</u>                        | <u>(100,723)</u>                   | <u>-</u>          |
| Total Revenue and Support             | <u>890,793</u>                        | <u>110,943</u>                     | <u>1,001,736</u>  |
| Expenses                              |                                       |                                    |                   |
| Program Services                      | <u>689,767</u>                        | <u>-</u>                           | <u>689,767</u>    |
| Supporting Services                   |                                       |                                    |                   |
| General and administrative            | 114,699                               | -                                  | 114,699           |
| Fundraising                           | <u>140,047</u>                        | <u>-</u>                           | <u>140,047</u>    |
| Total Supporting Services             | <u>254,746</u>                        | <u>-</u>                           | <u>254,746</u>    |
| Total Expenses                        | <u>944,513</u>                        | <u>-</u>                           | <u>944,513</u>    |
| Change in Net Assets                  | (53,720)                              | 110,943                            | 57,223            |
| Net Assets, Beginning of Year         | <u>352,154</u>                        | <u>-</u>                           | <u>352,154</u>    |
| Net Assets, End of Year               | <u>\$ 298,434</u>                     | <u>\$ 110,943</u>                  | <u>\$ 409,377</u> |

The accompanying notes are an integral part of these financial statements.

RUNNING START  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2018

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|                               | <u>Program<br/>Services</u> | <u>General and<br/>Administrative</u> | <u>Fundraising</u>    | <u>Total<br/>Supporting<br/>Services</u> | <u>Totals</u>         |
|-------------------------------|-----------------------------|---------------------------------------|-----------------------|--|-----------------------|
| Payroll and related           | \$ 348,267                  | \$ 64,362                             | \$ 56,441             | \$ 120,803                               | \$ 469,070            |
| Conferences and events        | 238,319                     | --                                    | 68,268                | 68,268                                   | 306,587               |
| Professional services         | 41,048                      | 37,743                                | 6,102                 | 43,845                                   | 84,893                |
| Occupancy                     | 29,917                      | 6,064                                 | 4,447                 | 10,511                                   | 40,428                |
| Office expenses               | 26,701                      | 5,412                                 | 3,969                 | 9,381                                    | 36,082                |
| Depreciation and amortization | <u>5,515</u>                | <u>1,118</u>                          | <u>820</u>            | <u>1,938</u>                             | <u>7,453</u>          |
| <br>Totals                    | <br><u>\$ 689,767</u>       | <br><u>\$ 114,699</u>                 | <br><u>\$ 140,047</u> | <br><u>\$ 254,746</u>                    | <br><u>\$ 944,513</u> |

The accompanying notes are an integral part of these financial statements.

RUNNING START  
STATEMENT OF CASH FLOWS  
For the Years Ended December 31, 2018

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|   | <u>2018</u>             |
|---|-------------------------|
| Cash flows from operating activities  |                         |
| Change in net assets  | \$ 57,223               |
| Adjustments to reconcile change in net assets<br>to net cash used in operating activities |                         |
| Depreciation and amortization   | 7,452                   |
| Change in assets and liabilities  |                         |
| Accounts receivable   | (149,837)               |
| Prepaid expenses  | (30,550)                |
| Accounts payable and accrued expenses   | (26,584)                |
| Deferred revenue  | <u>(59,740)</u>         |
| Net cash used in operating activities   | <u>(202,036)</u>        |
| Cash flows used in investing activities   |                         |
| Purchase of intangible asset  | <u>(9,812)</u>          |
| Net cash used in investing activities   | <u>(9,812)</u>          |
| Net decrease in cash and cash equivalents   | (211,848)               |
| Cash and cash equivalents, beginning of year  | <u>280,805</u>          |
| Cash and cash equivalents, end of year  | <u><u>\$ 68,957</u></u> |

The accompanying notes are an integral part of these financial statements.

**RUNNING START**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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1. ORGANIZATION

Running Start is a publicly supported 501(c)(3) non-profit organization that trains young women to run for public office. Running Start offers programs focused on educating young women about leadership, campaign strategy and teamwork without a partisan bias. These activities are funded primarily through grants and contributions.

During the year ended December 31, 2018, Running Start conducted the following programs:

*Congressional Fellowship:* a program where students spend a semester interning for a woman member of Congress and receive training on how to run for office.

*Elect Her:* a daylong training for college women on how to run for student government on campus. This program is funded primarily through program fees collected by Running Start from participants as presented in the Statement of Activities.

*High School Program:* a weeklong summer training for students that features a White House visit and meetings with members of Congress.

*Network/Alum and Events:* Running Start also maintains an online mentorship program that connects Running Start alums with political experts, and it runs various minor events furthering the political education of young women.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Running Start's financial statements are presented on the accrual basis of accounting, which presents financial position, activities, functional expenses and cash flows in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Continued

**RUNNING START**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of funds in checking and money market accounts.

Property and Equipment

Acquisitions of property and equipment are recorded at cost. Depreciation is recorded using the straight-line method over estimated useful lives of five or more years. It is Running Start's policy to capitalize property and equipment over \$500. Expenditures for major repairs and improvements are capitalized and expenditures for minor repairs and maintenance costs are expensed as incurred in line with the capitalization policy.

Classification of Net Assets

Running Start's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of Running Start's operations.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various purposes or for use in future time periods.

Revenue Recognition

Grants and contributions are recorded as revenue and support when received or pledged, whichever occurs first. Running Start reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets to one of Running Start's programs or to future periods. When a donor restriction is met, that is, when a purpose restriction is accomplished or a time restriction expires, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. Revenue recognized on grants and contributions that have been earned or committed to Running Start, but have not been received, is reflected as grants and contributions receivable in the accompanying statement of financial position.

Continued

**RUNNING START**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

Running Start maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor per institution. Running Start's cash and cash equivalents are held in checking and money market accounts. Management continually monitors its positions with, and credit quality of, the financial institutions with which it places its cash and cash equivalents and believes these amounts are not subject to significant credit risk.

Income Taxes

Running Start is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. At December 31, 2018, no provision for income taxes was made as Running Start had no net unrelated business income. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition on the financial statements.

Functional Expenses

The costs of providing Running Start's various programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been directly allocated to programs and supporting services based on the nature of the expenses and certain indirect costs have been proportionately allocated among the programs and supporting services benefited based on a percentage of personnel costs across departments.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09 – Revenue from Contracts with Customers (Topic 606). The update requires that revenue should be recognized to depict the transfer of promised goods and services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for these goods and services, utilizing a five-step analysis of transactions to determine when the revenue is recognized. The guidance is effective for year 2019.

In February 2016, the FASB issued ASU 2016-02, Leases. The update requires a lessee to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective for year 2021.

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**RUNNING START**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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3. LIQUIDITY

Running Start monitors liquidity required to meet its operating needs and other contractual commitments. The organization's primary source of liquidity at its disposal consists of cash and cash equivalents and receivables.

The following table reflects Running Start's financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Running Start projects to receive additional contributions and commitments sufficient to fund general operating needs over the next 12 months.

|  |    |                   |
|--|----|-------------------|
| Cash and cash equivalents  | \$ | 68,957            |
| Grants and contributions receivable  |    | <u>238,205</u>    |
| Total financial assets   |    | 307,162           |
| Less: Accounts payable and accrued expenses  |    | (6,984)           |
| Net assets with donor restrictions   |    | <u>(110,943)</u>  |
| Financial assets available to meet<br>cash needs for general expenditures<br>within one year |    | <u>\$ 189,235</u> |

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consisted of the following at December 31, 2018:

|                                  |    |                   |
|----------------------------------|----|-------------------|
| Panorama Global grant receivable | \$ | 200,000           |
| Various contributions receivable |    | <u>38,205</u>     |
| Total                            |    | <u>\$ 238,205</u> |

**RUNNING START**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2018:

|  |                  |
|--|------------------|
| Furniture and equipment                            | \$ 21,750        |
| Website and intangibles                            | <u>64,355</u>    |
| Property and Equipment, Gross                      | 86,105           |
| Less: Accumulated depreciation<br>and amortization | <u>(19,636)</u>  |
| Property and Equipment, Net                        | <u>\$ 66,469</u> |

Total depreciation and amortization expense for the year ended December 31, 2018 was \$7,453.

6. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2018, net assets with donor restrictions were available for Running Start's Congressional Fellowship program and for time-restricted sponsorships of 2019 events in the amounts of \$80,943 and \$30,000, respectively.

7. COMMITMENTS AND CONTINGENCIES

Running Start leases office space under a noncancelable operating lease which expires on May 31, 2020. Future minimum lease payments as of December 31, 2018, for office space are as follows:

|       |                  |
|-------|------------------|
| 2019  | \$ 41,438        |
| 2020  | <u>17,443</u>    |
| Total | <u>\$ 58,881</u> |

Rent expense for the year ended December 31, 2018 was \$40,428

8. RETIREMENT PLAN

On January 1, 2017, Running Start established a SIMPLE IRA. Substantially all of Running Start's employees are eligible to participate. For the year ended December 31, 2018, employer contributions were \$10,911.

**RUNNING START**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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9. SUBSEQUENT EVENTS

In preparing these financial statements, Running Start has evaluated events and transactions for potential recognition or disclosure through May 31, 2020, the date the financial statements were available for issue. There were no subsequent events that require recognition of, or disclosure in the financial statements.