Back on My Feet

Financial Statements

December 31, 2020 and 2019

Kreischer Miller

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Back on My Feet
December 31, 2020 and 2019

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Independent Auditors' Report

The Board of Directors
Back on My Feet
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Back on My Feet, which comprise the statements of financial position as of December 31, 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.

Auditors' 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 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 auditors' 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 auditors consider 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 Back on My Feet as of December 31, 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.

Kreischer Miller

Horsham, Pennsylvania
April 7, 2021

Back on My Feet

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,004,744	$ 1,250,830
Contributions receivable, net	1,680,004	2,071,120
Inventory	60,241	63,115
Prepaid expenses	26,150	76,629
Total current assets	4,771,139	3,461,694
Security deposits	20,787	20,852
Property and equipment, net	51,419	70,797
	$ 4,843,345	$ 3,553,343
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued payroll and payroll taxes	$ 295,581	$ 290,215
Current portion of Paycheck Protection Program loan	311,762	-
Accounts payable	110,937	144,495
Accrued expenses	98,554	50,125
Total current liabilties	816,834	484,835
Long term portion of Paycheck Protection Program loan	521,338	-
	1,338,172	484,835
Net assets:		
Without donor restrictions	1,403,790	1,025,401
With donor restrictions	2,101,383	2,043,107
Total net assets	3,505,173	3,068,508
	$ 4,843,345	$ 3,553,343

See accompanying notes to financial statements.

Statements of Activities
Years Ended December 31, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Corporate contributions	$ 923,947	$ 552,000	$ 1,475,947
Individual and foundation contributions	1,848,407	2,796,605	4,645,012
Event revenue	1,029,579	55,500	1,085,079
United Way	35,602	-	35,602
Contributed goods and services	713,982	-	713,982
Miscellaneous income	16,696	-	16,696
Net assets released from restrictions:			
Satisfaction of program restrictions	3,345,829	(3,345,829)	-
Total support and revenue	7,914,042	58,276	7,972,318
Expenses:			
Program services	3,964,202	-	3,964,202
Cost of direct benefits to donors	148,883	-	148,883
Management and general	1,138,629	-	1,138,629
Fundraising	2,283,939	-	2,283,939
Total expenses	7,535,653	-	7,535,653
Change in net assets	378,389	58,276	436,665
Net assets at beginning of year	1,025,401	2,043,107	3,068,508
Net assets at end of year	$ 1,403,790	$ 2,101,383	$ 3,505,173

See accompanying notes to financial statements.

2019		
Without Donor Restrictions	With Donor Restrictions	Total
$ 1,549,188	$ 701,835	$ 2,251,023
492,640	2,353,979	2,846,619
2,498,750	263,272	2,762,022
47,245	-	47,245
1,023,288	-	1,023,288
9,422	-	9,422
3,161,087	(3,161,087)	-
8,781,620	157,999	8,939,619
4,247,090	-	4,247,090
1,300,766	-	1,300,766
1,121,868	-	1,121,868
2,233,747	-	2,233,747
8,903,471	-	8,903,471
(121,851)	157,999	36,148
1,147,252	1,885,108	3,032,360
$ 1,025,401	$ 2,043,107	$ 3,068,508

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	Cost of Direct Benefit to Donors	Management and General	Fundraising	Total
Salaries and wages	$ 2,434,155	$ -	$ 638,236	$ 1,173,549	$ 4,245,940
Employee benefits	409,360	-	115,002	162,820	687,182
Payroll taxes	181,161	-	45,743	88,085	314,989
Total salaries and related expenses	3,024,676	-	798,981	1,424,454	5,248,111
Event expenses	92,629	148,883	-	84,839	326,351
Online processing fees	-	-	-	87,531	87,531
Insurance	20,755	-	12,549	5,930	39,234
Bad debt expense	-	-	-	265,700	265,700
Miscellaneous	121,356	-	38,493	55,827	215,676
Occupancy and other rent expenses	195,764	-	51,107	98,663	345,534
Other direct program expenses	42,806	-	-	-	42,806
Postage and shipping	11,129	-	618	618	12,365
Printed materials	4,497	-	319	2,232	7,048
Professional fees	104,287	-	195,256	107,782	407,325
Program gear expense	188,343	-	-	-	188,343
Program financial aid and incentives	91,032	-	-	-	91,032
Race expenses	3,203	-	-	109,942	113,145
Supplies	8,638	-	426	2,982	12,046
Telecommunications	8,494	-	34,571	3,050	46,115
Transportation, travel and lodging	30,206	-	2,142	18,002	50,350
Depreciation and amortization	16,387	-	4,167	16,387	36,941
Total expenses	$ 3,964,202	$ 148,883	$ 1,138,629	$ 2,283,939	$ 7,535,653

See accompanying notes to financial statements.

Back on My Feet

Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Cost of Direct Benefit to Donors	Management and General	Fundraising	Total
Salaries and wages	$ 2,412,783	$ -	$ 516,964	$ 1,065,271	$ 3,995,018
Employee benefits	325,272	-	134,740	118,810	578,822
Payroll taxes	178,576	-	43,718	77,574	299,868
Total salaries and related expenses	2,916,631	-	695,422	1,261,655	4,873,708
Event expenses	114,408	1,300,766	-	43,806	1,458,980
Online processing fees	-	-	-	142,383	142,383
Insurance	27,615	-	9,820	7,889	45,324
Bad debt expense	-	-	-	229,800	229,800
Miscellaneous	109,354	-	61,683	64,204	235,241
Occupancy and other rent expenses	189,264	-	28,947	53,263	271,474
Other direct program expenses	92,040	-	-	-	92,040
Postage and shipping	10,111	-	562	562	11,235
Printed materials	17,095	-	1,260	8,820	27,175
Professional fees	69,410	-	288,088	80,813	438,311
Program gear expense	207,047	-	-	-	207,047
Program financial aid and incentives	204,501	-	-	-	204,501
Race expenses	79,404	-	-	225,591	304,995
Supplies	22,467	-	501	3,506	26,474
Telecommunications	16,488	-	15,908	3,793	36,189
Transportation, travel and lodging	156,577	-	11,618	92,984	261,179
Depreciation and amortization	14,678	-	8,059	14,678	37,415
Total expenses	$ 4,247,090	$ 1,300,766	$ 1,121,868	$ 2,233,747	$ 8,903,471

See accompanying notes to financial statements.

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 436,665	$ 36,148
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	36,941	37,415
Bad debt expense	265,700	229,800
(Increase) decrease in operating assets:		
Contributions receivable	125,416	(843,284)
Inventory	2,874	(32)
Prepaid expenses	50,479	17,278
Security deposits	65	1,466
Increase (decrease) in operating liabilities:		
Accrued payroll and payroll taxes	5,366	38,674
Accounts payable	(33,558)	(6,205)
Accrued expenses	48,429	9,613
Net cash provided by (used in) operating activities	938,377	(479,127)
Cash flows from investing activity:		
Purchase of property and equipment	(17,563)	(49,785)
Cash flows from financing activity		
Proceeds from Paycheck Protection Program loan	833,100	-
Net increase (decrease) in cash and cash equivalents	1,753,914	(528,912)
Cash and cash equivalents at the beginning of year	1,250,830	1,779,742
Cash and cash equivalents at the end of year	$ 3,004,744	$ 1,250,830

See accompanying notes to financial statements.

(1) Nature of Organization

Back on My Feet (the Organization) was incorporated on January 4, 2008 under the laws of the Commonwealth of Pennsylvania as a non-profit corporation and began operations on August 8, 2008. The Organization is a national non-profit that combats homelessness through the power of running, community support, and essential employment and housing resources. The Organization seeks to revolutionize the way our society approaches homelessness. Its unique running-based model demonstrates that if you first restore confidence, strength, and self-esteem, individuals are better equipped to tackle the road ahead and move toward jobs, homes, and new lives. For all in need, it aims to provide: practical training and employment resources for achieving independence; an environment that promotes accountability; and a community that offers compassion and hope. For all with the capacity to serve - volunteers, donors, community and corporate partners - it seeks to engage them in the profound experience of empowering individuals to achieve what once seemed impossible through the seemingly simple act of putting one foot in front of the other.

As of December 31, 2020, the Organization has chapters in Philadelphia, Baltimore, Washington D.C., Boston, Chicago, Dallas, Indianapolis, Atlanta, New York City, Austin, Los Angeles, San Francisco, Denver and Fort Lauderdale. The Organization is governed by a volunteer Board of Directors and receives the majority of its revenues from contributions, event income, and grants.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for Not for Profit Organizations. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Continued…

(2) Summary of Significant Accounting Policies, Continued

Net Assets, Continued

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income Taxes

The Organization meets the requirements of Section 509(a)(1) of the Internal Revenue Code (IRC) and is exempt from federal income taxes under Section 501(c)(3). Donors may deduct contributions to the Organization in accordance with the provisions of Section 170 of the IRC.

The Organization files Federal Form 990. With few exceptions, the Organization is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for the years before 2017. It is difficult to predict the final timing and resolution of any particular uncertain tax position. The Organization does not currently anticipate significant changes in its uncertain tax positions over the next 12 months.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. The Organization provides for uncollectable receivables using the allowance method, which is based on management's judgment concerning historical collectibility. Past due amounts are individually analyzed for collectibility and written off when all efforts at collection have been exhausted.

Continued…

(2) Summary of Significant Accounting Policies, Continued

Inventory

Inventory is stated at the lower of cost or net realizable value. The cost of inventory is determined at the time of purchase or donation and consists of clothing, running shoes, and gear. The Organization has two categories of inventory:

Merchandise – Inventory that is sold to the public or given away at fundraisers.

Gear – Inventory that is provided to Members.

Property and Equipment

All acquisitions of property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost, except for donated assets, which are recorded at fair value at the date of the gift. Ordinary repairs and maintenance are expensed as incurred. Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives:

Computers, software, and website development	3 years
Equipment, furniture and fixtures, and vehicles	5 years

Contributions and Event Revenue

Contributions and event revenue, including unconditional promises, are recognized as revenues in the period made. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions and event revenue received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributed Goods and Services

Contributed goods, which would have otherwise been purchased, are recorded at fair value.

Contributed services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributed services are reflected in the accompanying statements of activities at their estimated fair value at the date provided.

Continued…

(2) Summary of Significant Accounting Policies, Continued

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to a concentration of credit risk consist principally of cash and cash equivalents and contributions receivable. The Organization maintains interest-bearing cash balances in multiple financial institutions and, at times, such cash balances may be in excess of the FDIC insurance limits.

Concentrations of credit risk with respect to contributions receivable are limited due to the composition of the Organization's contributor base. Management assesses the financial strength of its unconditional contributions receivable based on prior history and experience with its donor and grantor agencies.

Use of Estimates

The preparation of financial statements in accordance 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 to liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The financial statements report certain 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. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, event expenses, occupancy and other rent expenses, professional fees, race expenses, and certain other expenses, which are allocated on the basis of estimates of time and effort.

Continued…

(2) Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncement – Not adopted

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, (Topic 842). ASU 2016-02 improves transparency and comparability among organizations by requiring recognition of lease assets and lease liabilities in the statement of financial position, except for leases with lease terms of 12 months or less. Lease assets represent the right to use the underlying asset for the lease term, and lease liabilities represent the liability to make lease payments. Organizations are also required to disclose key information about leasing arrangements. ASU 2016-02 is effective for the Organization's year ending December 31, 2022. The Organization has not adopted this guidance for 2020 and is currently evaluating the impact of adoption.

Subsequent Events

The Organization has performed an evaluation of subsequent events through April 7, 2021, which is the date the financial statements were available to be issued. See also Note 15.

(3) Liquidity and Availability

The Organization has $3,490,361 and $3,281,950 of financial assets available within one year of the statement of financial position date at December 31, 2020 and 2019, respectively, consisting of cash of $2,327,940 and $1,250,830 and contributions receivable of $1,162,421 and $2,031,120. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The Organization has a goal to maintain liquid financial assets, which consist of cash and cash equivalents, on hand to meet 90 days of normal operating expenses, which are, on average, approximately $1,700,000. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments including bank deposit and money market accounts. As more fully described in Note 12, the Organization also has a committed line of credit in the amount of $200,000, which it could draw upon in the event of an unanticipated liquidity need.

(4) Contributions Receivable

Contributions receivable, net consist of the following at December 31:

	2020	2019
Contributions receivable	$1,882,421	$2,251,963
Allowance for doubtful accounts	(202,417)	(180,843)
Contributions receivable, net	$1,680,004	$2,071,120

Bad debt expense for the years ended December 31, 2020 and 2019 was $265,700 and $229,800, respectively.

(5) Inventory

Inventory consists of the following at December 31:

	2020	2019
Merchandise for resale	$ -	$15,301
Gear for program participants	60,241	47,814
	$60,241	$63,115

(6) Property and Equipment

Property and equipment consist of the following at December 31:

	2020	2019
Computers and software	$186,888	$169,325
Furniture and fixtures	5,815	5,815
Website	167,724	167,724
	360,427	342,864
Accumulated depreciation	(309,008)	(272,067)
	$ 51,419	$ 70,797

(7) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or programs at December 31:

	2020	2019
Subject to expenditure for specified purpose:		
Event sponsorships	$ 95,500	$ 298,272
Grants for delivery of specified program services	1,094,704	516,000
Subject to the passage of time:		
Fundracing - promises to give through participating in certain running events	359,179	527,000
Promises to give that are not restricted by donors, but which are unavailable for expenditure until a future date	552,000	701,835
	$ 2,101,383	$ 2,043,107

(8) Contributed Goods and Services

The following is a summary of contributed goods and services for the years ended December 31:

	2020	2019
Event expenses	$ 22,067	$ 460,704
Occupancy and other rent expenses	307,929	98,956
Other expenses	119,413	56,563
Other program expenses	4,683	52,817
Professional fees, legal services	91,102	144,510
Program gear	167,913	145,825
Race expenses	875	63,913
	$713,982	$1,023,288

Continued…

(8) Contributed Goods and Services, Continued

The Organization is fortunate enough to have had a substantial number of volunteers donate significant amounts of time to support the Organization's program and other activities during 2020 and 2019. The value of the contributed time is not reflected in the accompanying financial statements because the cost of those services does not meet the criteria for recognition.

(9) Retirement Plan

Effective January 1, 2019, the Organization instituted a 401(k) retirement plan (the Plan). The Plan generally covers employees who have completed three months of service. The Organization has elected to make a safe harbor matching contribution of salary deferrals up to 4% of compensation, and a discretionary matching contribution of salary deferrals above 4% up to 6% of compensation. The Organization may also opt to make profit sharing contributions to participant accounts. For the year ended December 31, 2020 and 2019, contributions to the Plan amounted to $136,371 and $98,160, respectively.

(10) Operating Leases

The Organization has several non-cancelable lease agreements for office space located in various cities that expire on various dates through December 31, 2023. Minimum future rentals payable under these leases are:

Years Ending December 31,	Amount
2021	$ 114,223
2022	70,546
2023	54,682
	$ 239,451

Rent expense for the years ended December 31, 2020 and 2019 was $478,818 and $248,295, respectively.

(11) Related Parties

The Organization's Board of Directors includes volunteers from the business community who provide valuable assistance to the Organization. During the years ended December 31, 2020 and 2019, the Organization contracted to receive services from various companies by which Board members are employed.

There have been no excess benefits to Board members or management as a result of these relationships; the services were consummated on competitive business terms.

(12) Line of Credit

In July 2015, the Organization signed a $200,000 Revolving Line of Credit Agreement with a bank subject to a variable interest rate as provided in the agreement, with a floor of 5.75%. The line of credit is collateralized by all contributions receivable, inventory, and equipment of the Organization. There is no outstanding balance on the line of credit at December 31, 2020 and 2019.

(13) Paycheck Protection Program (PPP) Loan

The Organization applied for, and on May 7, 2020 received disbursement of a loan in the amount of $833,100 from its primary lender pursuant to the Paycheck Protection Program (PPP) administered by the United States Small Business Association (SBA) and authorized by the Keeping American Workers Employed and Paid Act, which is part of the Coronavirus Aid, Relief, and Economic Security Act, enacted on March 27, 2020. The PPP was established to provide economic stimulus and funding to businesses affected by the COVID-19 pandemic (see Note 14). The PPP note is forgivable subject to the Organization meeting specific requirements related to the use of the funds and good-faith certification requirements related to eligibility for the loan. In order to receive the forgiveness of the loan, the Organization must submit a loan forgiveness application which will be subject to review and approval by the SBA. On March 31, 2021, the Organization submitted its application for loan forgiveness to its primary lender, requesting forgiveness of the entire loan balance. There can be no assurance that any portion will be forgiven. The lender, including the SBA, has up to 150 days to determine the forgiven amount. If the loan is forgiven, the Organization owes no interest or principal on the loan and it will record the amount as income in the period that it received notice of forgiveness. Any amounts not forgiven bear interest at an annual rate of one percent and are due in equal monthly installments of principal and interest beginning after both the elected covered period and ten month deferral period through April 2022.

Continued…

(13) Paycheck Protection Program (PPP) Loan, Continued

Minimum principal payments are as follows:

Year Ending December 31,	Amount
2021	$311,762
2022	521,338
	$ 833,100

(14) Operations

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent of COVID-19's effect on the Organization's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As the pandemic continues to evolve into a worldwide health crisis, the disease could have an adverse effect on the Organization's activities, results of financial position, change in net assets, and cash flow.

(15) Subsequent Events

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) became law. The Economic Aid Act extends the authority to make Paycheck Protection Program (PPP) loans through May 31, 2021 and revises certain PPP requirements. On March 30, 2021, the Organization received a second draw PPP loan (PPP2 loan) in the amount of $842,700. The PPP2 loan bears interest at a rate of 1% per annum, with the first 10 months of interest deferred, has a term of 5 years, and is unsecured and guaranteed by the SBA. The principal amount of the PPP2 loan is forgivable subject to the Organization's request to the extent that the PPP2 loan proceeds were used to pay expenses permitted by the program. While the Organization believes that its use of the PPP2 loan proceeds will meet the conditions for forgiveness of the loan, there can be no assurance that any portion of the loan will be forgiven pursuant to the terms of the PPP.