Back on My Feet

Financial Statements

December 31, 2021 and 2020

Kreischer Miller

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Back on My Feet
December 31, 2021 and 2020

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Independent Auditors' Report

The Board of Directors
Back on My Feet
Philadelphia, Pennsylvania

Opinion

We have audited the financial statements of Back on My Feet, which comprise the statements of financial position as of December 31, 2021 and 2020, 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 accompanying financial statements present fairly, in all material respects, the financial position of Back on My Feet as of December 31, 2021 and 2020, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Back on My Feet 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Back on My Feet's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities 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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Kreischer Miller

Horsham, Pennsylvania
April 20, 2022

Back on My Feet

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,084,464	$ 3,004,744
Contributions receivable, net	1,639,857	1,680,004
Inventory	34,984	60,241
Prepaid expenses	61,127	26,150
Total current assets	5,820,432	4,771,139
Security deposits	21,057	20,787
Property and equipment, net	37,118	51,419
	$ 5,878,607	$ 4,843,345
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued payroll and payroll taxes	$ 361,967	$ 295,581
Current portion of Paycheck Protection Program loan	-	311,762
Accounts payable	106,651	110,937
Accrued expenses	151,195	98,554
Total current liabilities	619,813	816,834
Long term portion of Paycheck Protection Program loan	-	521,338
	619,813	1,338,172
Net assets:		
Without donor restrictions	2,612,327	1,403,790
With donor restrictions	2,646,467	2,101,383
Total net assets	5,258,794	3,505,173
	$ 5,878,607	$ 4,843,345

See accompanying notes to financial statements.

Back on My Feet

Statements of Activities
Years Ended December 31, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Corporate contributions	$ 1,190,832	$ 288,000	$ 1,478,832
Individual and foundation contributions	953,099	2,474,381	3,427,480
Event revenue	891,363	256,800	1,148,163
United Way	50,248	-	50,248
Contributed goods and services	245,025	-	245,025
Miscellaneous income	11,218	-	11,218
Net assets released from restrictions:			
Satisfaction of time restrictions	384,975	(384,975)	-
Satisfaction of program restrictions	2,089,122	(2,089,122)	-
Total support and revenue	5,815,882	545,084	6,360,966
Expenses:			
Program services	4,022,097	-	4,022,097
Cost of direct benefits to donors	-	-	-
Management and general	710,944	-	710,944
Fundraising	1,555,519	-	1,555,519
Total expenses	6,288,560	-	6,288,560
Other income (expense):			
Loan forgiveness including interest	1,689,638	-	1,689,638
Interest expense	(8,423)	-	(8,423)
Total other income	1,681,215	-	1,681,215
Change in net assets	1,208,537	545,084	1,753,621
Net assets at beginning of year	1,403,790	2,101,383	3,505,173
Net assets at end of year	$ 2,612,327	$ 2,646,467	$ 5,258,794

See accompanying notes to financial statements.

2020		
Without Donor Restrictions	With Donor Restrictions	Total
$ 1,053,947	$ 422,000	$ 1,475,947
1,718,407	2,926,605	4,645,012
1,029,579	55,500	1,085,079
35,602	-	35,602
713,982	-	713,982
16,696	-	16,696
701,835	(701,835)	-
2,643,994	(2,643,994)	-
7,914,042	58,276	7,972,318
3,964,202	-	3,964,202
148,883	-	148,883
1,138,629	-	1,138,629
2,283,939	-	2,283,939
7,535,653	-	7,535,653
-	-	-
-	-	-
-	-	-
378,389	58,276	436,665
1,025,401	2,043,107	3,068,508
$ 1,403,790	$ 2,101,383	$ 3,505,173

Back on My Feet

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Cost of Direct Benefit to Donors	Management and General	Fundraising	Total
Salaries and wages	$ 2,026,116	$ -	$ 357,656	$ 754,447	$ 3,138,219
Employee benefits	407,173	-	56,716	141,534	605,423
Payroll taxes	151,120	-	34,295	54,436	239,851
Total salaries and related expenses	2,584,409	-	448,667	950,417	3,983,493
Event expenses	55,383		-	55,383	110,766
Online processing fees	-	-	-	90,920	90,920
Insurance	21,808	-	13,756	6,231	41,795
Bad debt expense	-	-	-	105,000	105,000
Miscellaneous	47,306	-	17,760	9,574	74,640
Occupancy and other rent expenses	118,562	-	16,937	33,875	169,374
Other direct program expenses	108,274	-	-	-	108,274
Postage and shipping	11,733	-	652	652	13,037
Printed materials	4,603	-	281	1,970	6,854
Professional fees	51,422	-	185,526	123,343	360,291
Program gear expense	140,474	-	-	-	140,474
Program financial aid and incentives	756,045	-	-	-	756,045
Race expenses	21,105	-	-	120,335	141,440
Software Licenses	47,539		19,016	28,523	95,078
Supplies	3,648	-	180	1,260	5,088
Telecommunications	24,969	-	3,567	7,134	35,670
Transportation, travel and lodging	9,396	-	783	5,481	15,660
Depreciation and amortization	15,421	-	3,819	15,421	34,661
Total expenses	$ 4,022,097	$ -	$ 710,944	$ 1,555,519	$ 6,288,560

See accompanying notes to financial statements.

Back on My Feet

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.

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 1,753,621	$ 436,665
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	34,661	36,941
Bad debt expense	105,000	265,700
Loan forgiveness including interest	(1,689,638)	-
(Increase) decrease in assets:		
Contributions receivable	(64,853)	125,416
Inventory	25,257	2,874
Prepaid expenses	(34,977)	50,479
Security deposits	(270)	65
Increase (decrease) in liabilities:		
Accrued payroll and payroll taxes	66,386	5,366
Accounts payable	(4,286)	(33,558)
Accrued expenses	66,479	48,429
Net cash provided by operating activities	257,380	938,377
Cash flows from investing activity:		
Purchase of property and equipment	(20,360)	(17,563)
Cash flows from financing activity:		
Proceeds from Paycheck Protection Program loan	842,700	833,100
Net increase in cash and cash equivalents	1,079,720	1,753,914
Cash and cash equivalents at the beginning of year	3,004,744	1,250,830
Cash and cash equivalents at the end of year	$ 4,084,464	$ 3,004,744

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, 2021, 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 collectability. Past due amounts are individually analyzed for collectability 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 gear provided to program participants.

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
Furniture and fixtures	5 years

Contributions and Event Revenue

Contributions, including unconditional promises, and event revenue are recognized as revenues in the period received or made and recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Promises to give are recorded at fair value, which is estimated as net realizable value if expected to be collected in one year and as discounted future cash flows if expected to be collected in more than one year. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

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.

Recent Accounting Pronouncements – 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 2021 and is currently evaluating the impact of adoption.

Continued…

(2) Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements – Not adopted, Continued

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07), which is intended to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The standard required the Organization to present contributed nonfinancial assets as a separate line item or a separate column in the statement of activities and to disclose key information about contributed nonfinancial assets. ASU 2020-07 is effective for financial statements issued for annual periods beginning after June 15, 2022, with early adoption permitted and retrospective application required. The Organization is currently evaluating the impact of adoption on its financial statements.

Subsequent Events

The Organization has performed an evaluation of subsequent events through April 20, 2022, which is the date the financial statements were available to be issued.

Reclassifications

Certain items in the 2020 financial statements have been reclassified to conform to the current year presentation.

(3) Liquidity and Availability

The Organization has $5,031,529 and $3,490,361 of financial assets available within one year of the statement of financial position date at December 31, 2021 and 2020, respectively, consisting of cash of 3,308,922 and $2,327,940, respectively, and contributions receivable of $1,722,607 and $1,162,421, respectively. 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 statement of financial position 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 $1,500,000. 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 11, 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:

	2021	2020
Contributions receivable	$ 1,892,607	$ 1,882,421
Allowance for doubtful accounts	(252,750)	(202,417)
	$ 1,639,857	$ 1,680,004

Bad debt expense for the years ended December 31, 2021 and 2020 was $105,000 and $265,700, respectively.

(5) Property and Equipment, net

Property and equipment, net, consist of the following at December 31:

	2021	2020
Computers and software	$ 207,248	$ 186,888
Furniture and fixtures	5,815	5,815
Website	167,724	167,724
	380,787	360,427
Accumulated depreciation	(343,669)	(309,008)
	$ 37,118	$ 51,419

(6) Net Assets with Donor Restrictions

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

	2021	2020
Subject to expenditure for specified purpose:		
Event sponsorships	$ 254,500	$ 95,500
Grants for delivery of specified program services	1,235,542	1,094,704
Subject to the passage of time:		
Fundracing - promises to give through participating in certain running events	339,000	359,179
Promises to give that are not restricted by donors, but which are unavailable for expenditure until a future date	817,425	552,000
	$ 2,646,467	$ 2,101,383

(7) Contributed Goods and Services

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

	2021	2020
Event expenses	$ 44,000	$ 22,067
Occupancy and other rent expenses	-	307,929
Other expenses	-	119,413
Other program expenses	30,366	4,683
Professional fees, legal services	86,543	91,102
Program gear	68,106	167,913
Race expenses	16,010	875
	$ 245,025	$ 713,982

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 2021 and 2020. 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.

(8) 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 years ended December 31, 2021 and 2020, contributions to the Plan amounted to $220,024 and $136,371, respectively.

(9) 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
2022	$ 70,546
2023	88,159
	$ 158,705

Rent expense for the years ended December 31, 2021 and 2020 was $169,374 and $478,818, respectively.

(10) 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, 2021 and 2020, 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.

(11) 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 4.25%. The line of credit is collateralized by all contributions receivable, inventory, and equipment of the Organization. There was no outstanding balance on the line of credit at December 31, 2021 and 2020.

(12) Paycheck Protection Program

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 Organization applied for forgiveness with the lender and received full forgiveness from the SBA of $833,100 in principal and $7,799 in interest during 2021.

Continued…

(12) Paycheck Protection Program, Continued

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 extended the authority to make Second Draw PPP loans (PPP2) through March 31, 2021 and revised certain PPP requirements. In March 2021, the Organization received PPP2 in the amount of $842,700. The Organization applied for forgiveness with the lender and received full forgiveness from the SBA of $842,700 in principal and $6,039 in interest during 2021.