

# **Back on My Feet**

**Financial Statements**

**December 31, 2022 and 2021**

**Kreischer  
Miller**

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**Back on My Feet**  
**December 31, 2022 and 2021**

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INDEPENDENT AUDITORS' REPORT

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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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Back on My Feet as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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.

### *Emphasis of Matter - Change in Accounting Principle*

As discussed in Note 2 to the financial statements, in 2022, management adopted Financial Accounting Standards Board, *Accounting Standards Codification 842, Leases*. Our opinion is not modified with respect to this matter.

### *Emphasis of Matter - Restatement*

As discussed in Note 3 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### *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  
June 13, 2023

## Back on My Feet

### Statements of Financial Position December 31, 2022 and 2021

	2022	2021 (Restated)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,360,713	\$ 4,084,464
Contributions receivable, net	2,178,810	2,031,266
Inventory	58,103	34,984
Prepaid expenses	117,896	61,127
Total current assets	4,715,522	6,211,841
Security deposits	19,557	21,057
Right-of-use assets on operating leases, net	96,295	-
Property and equipment, net	32,032	37,118
	<u>\$ 4,863,406</u>	<u>\$ 6,270,016</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accrued payroll and payroll taxes	\$ 186,928	\$ 361,967
Current portion of operating lease liabilities	61,209	-
Accounts payable	136,137	106,651
Accrued expenses	40,825	151,195
Total current liabilities	425,099	619,813
Operating lease liabilities, net of current portion	27,713	-
	<u>452,812</u>	<u>619,813</u>
Net assets:		
Without donor restrictions	2,129,446	3,003,736
With donor restrictions	2,281,148	2,646,467
Total net assets	<u>4,410,594</u>	<u>5,650,203</u>
	<u>\$ 4,863,406</u>	<u>\$ 6,270,016</u>

See accompanying notes to financial statements.

## Back on My Feet

### Statements of Activities Years Ended December 31, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Corporate contributions	\$ 513,235	\$ 687,892	\$ 1,201,127
Individual and foundation contributions	545,552	1,950,217	2,495,769
Event revenue	1,381,267	105,500	1,486,767
United Way	19,447	-	19,447
Contributed goods and services	945,516	-	945,516
Miscellaneous income	7,680	-	7,680
Net assets released from restrictions:			
Satisfaction of time restrictions	826,426	(826,426)	-
Satisfaction of program restrictions	2,282,502	(2,282,502)	-
Total support and revenue	6,521,625	(365,319)	6,156,306
Expenses:			
Program services	4,954,846	-	4,954,846
Cost of direct benefits to donors	28,482	-	28,482
Management and general	687,228	-	687,228
Fundraising	1,725,359	-	1,725,359
Total expenses	7,395,915	-	7,395,915
Other income (expense):			
Loan forgiveness including interest	-	-	-
Employee retention tax credit	-	-	-
Interest expense	-	-	-
Total other income (expense)	-	-	-
Change in net assets	(874,290)	(365,319)	(1,239,609)
Net assets at beginning of year	3,003,736	2,646,467	5,650,203
Net assets at end of year	\$ 2,129,446	\$ 2,281,148	\$ 4,410,594

See accompanying notes to financial statements.

2021  
(Restated)

Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,190,832	\$ 288,000	\$ 1,478,832
953,099	2,474,381	3,427,480
891,363	256,800	1,148,163
50,248	-	50,248
245,025	-	245,025
11,218	-	11,218
384,975	(384,975)	-
2,089,122	(2,089,122)	-
5,815,882	545,084	6,360,966
4,022,097	-	4,022,097
-	-	-
710,944	-	710,944
1,555,519	-	1,555,519
6,288,560	-	6,288,560
1,689,638	-	1,689,638
391,409	-	391,409
(8,423)	-	(8,423)
2,072,624	-	2,072,624
1,599,946	545,084	2,145,030
1,403,790	2,101,383	3,505,173
\$ 3,003,736	\$ 2,646,467	\$ 5,650,203

## Back on My Feet

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

	Program Services	Cost of Direct Benefit to Donors	Management and General	Fundraising	Total
Salaries and wages	\$ 2,320,672	\$ -	\$ 244,617	\$ 715,081	\$ 3,280,370
Employee benefits	419,673	-	96,445	115,757	631,875
Payroll taxes	174,675	-	30,613	54,495	259,783
Total salaries and related expenses	2,915,020	-	371,675	885,333	4,172,028
Event expenses	57,357	28,482	-	57,357	143,196
Online processing fees	-	-	-	104,411	104,411
Insurance	21,732	-	17,383	6,209	45,324
Bad debt expense	-	-	-	205,000	205,000
Miscellaneous	89,540	-	27,713	19,151	136,404
Occupancy and other rent expenses	192,417	-	-	-	192,417
Other direct program expenses	149,866	-	-	-	149,866
Postage and shipping	14,053	-	781	781	15,615
Printed materials	10,220	-	616	4,314	15,150
Professional fees	114,087	-	235,176	238,515	587,778
Program gear expense	843,118	-	-	-	843,118
Program financial aid and incentives	374,268	-	-	-	374,268
Race expenses	29,000	-	-	132,717	161,717
Software licenses	62,749	-	25,099	37,649	125,497
Supplies	4,915	-	112	783	5,810
Telecommunications	21,185	-	3,026	6,053	30,264
Transportation, travel and lodging	37,903	-	3,159	22,110	63,172
Depreciation and amortization	17,416	-	2,488	4,976	24,880
Total expenses	\$ 4,954,846	\$ 28,482	\$ 687,228	\$ 1,725,359	\$ 7,395,915

See accompanying notes to financial statements.

## Back on My Feet

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

	Cost of				Total
	Program Services	Direct Benefit to Donors	Management and General	Fundraising	
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

### Statements of Cash Flows Years Ended December 31, 2022 and 2021

	2022	2021 (Restated)
Cash flows from operating activities:		
Change in net assets	\$ (1,239,609)	\$ 2,145,030
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	24,880	34,661
Bad debt expense	205,000	105,000
Loan forgiveness including interest	-	(1,689,638)
Amortization of right-of-use assets - operating lease	(96,295)	-
(Increase) decrease in assets:		
Contributions receivable	(352,544)	(456,262)
Inventory	(23,119)	25,257
Prepaid expenses	(56,769)	(34,977)
Security deposits	1,500	(270)
Increase (decrease) in liabilities:		
Accrued payroll and payroll taxes	(175,039)	66,386
Accounts payable	29,486	(4,286)
Accrued expenses	(110,370)	66,479
Operating lease liability	88,922	-
Net cash provided by (used in) operating activities	<u>(1,703,957)</u>	<u>257,380</u>
Cash flows from investing activity:		
Purchase of property and equipment	<u>(19,794)</u>	<u>(20,360)</u>
Cash flows from financing activity:		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>842,700</u>
Net increase in cash and cash equivalents	(1,723,751)	1,079,720
Cash and cash equivalents at the beginning of year	<u>4,084,464</u>	<u>3,004,744</u>
Cash and cash equivalents at the end of year	<u>\$ 2,360,713</u>	<u>\$ 4,084,464</u>

#### Supplemental disclosure of noncash activities:

Upon adoption of ASC 842 on January 1, 2022, the Organization recognized right-of-use assets on operating leases in the amount of \$157,623 and recognized operating lease liabilities in the amount of \$151,359.

See accompanying notes to financial statements.

# Back on My Feet

## Notes to Financial Statements December 31, 2022 and 2021

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### (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, 2022, the Organization has chapters in Philadelphia, Baltimore, Washington D.C., Boston, Chicago, Dallas, Indianapolis, Atlanta, New York City, Austin, Los Angeles, San Francisco, Denver, Fort Lauderdale, Seattle, and Houston. 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.

**(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 2018. 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.

*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.

## Back on My Feet

### Notes to Financial Statements December 31, 2022 and 2021

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#### (2) Summary of Significant Accounting Policies, Continued

##### *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.

##### *Leases*

The Organization determines if an arrangement is a lease at inception based on various facts and circumstances.

Effective with the implementation of ASU 2016-02 on January 1, 2022, operating leases are recorded as right-of-use assets and lease liabilities in the statement of financial position. Leases with a term of 12 months or less are considered short-term leases and are accounted for as an expense in the statement of activities as rental payments are incurred.

**(2) Summary of Significant Accounting Policies, Continued**

*Leases, Continued*

Operating lease assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. At the lease commencement date, the Organization recognizes operating lease assets and lease liabilities based on the present value of lease payments over the lease term. The Organization uses the implicit rate when readily determinable. When the lease does not provide an implicit rate, the Organization uses a risk-free rate based on information available at the lease commencement date in determining the present value of lease payments. The lease term represents the non-cancellable period of the lease and may include options to extend or to early terminate the lease. These options are included in the lease term when the Organization determines that it is reasonably certain that the options will be exercised.

Operating lease expense for lease payments is recognized on a straight-line basis over the lease term and is recorded in program services expenses in the statements of activities.

*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.

#### (2) Summary of Significant Accounting Policies, Continued

##### *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.

##### *Accounting Pronouncements Adopted*

###### *Leases*

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), which is intended to improve transparency and comparability among entities by requiring recognition of lease assets and lease liabilities on 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. The standard also requires disclosure of key information about leasing arrangements. The Organization adopted ASU 2016-02 with an initial application date of January 1, 2022 using the modified retrospective approach. The results for reporting periods after January 1, 2022 are presented under Topic 842, while prior periods have not been adjusted.

The Organization elected the package of practical expedients permitted under the transition guidance within ASU 2016-02, which eliminated the requirements to reassess lease identification, lease classification, and initial direct costs for leases that commenced prior to January 1, 2022. As a result of the adoption of ASU 2016-02, the Organization recognized right-of-use assets of \$157,623 and operating lease liabilities of \$151,359 in the statement of financial position at January 1, 2022. There was no material impact to net assets, changes in net assets, or cash flows.

###### *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 in the statements of activities and to disclose key information about contributed nonfinancial assets. The Organization adopted ASU 2020-07 with an initial application date of January 1, 2021 using the retrospective method.

## Back on My Feet

### Notes to Financial Statements December 31, 2022 and 2021

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#### (2) Summary of Significant Accounting Policies, Continued

##### *Subsequent Events*

The Organization has performed an evaluation of subsequent events through June 13, 2023, which is the date the financial statements were available to be issued.

#### (3) Restatement

Management of the Organization has restated its previously reported financial statements as of and for the year ended December 31, 2021. The restatement of the Organization's financial statements resulted from an accounting error identified in the recognition of revenue for the employee retention tax credit filed for in 2021 (see Note 13). The effects of the restatement resulted in an increase of \$391,409 to contributions receivable, net, and to net assets without donor restrictions at December 31, 2021, and an increase of \$391,409 to other income and to the changes in net assets for the year ended December 31, 2021.

#### (4) Liquidity and Availability

The Organization has \$3,574,040 and \$5,031,529 of financial assets available within one year of the statement of financial position date at December 31, 2022 and 2021, respectively, consisting of cash of \$1,774,061 and \$3,308,922, respectively, and contributions receivable of \$1,799,980 and \$1,722,607, 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 \$1,600,000. 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.

## Back on My Feet

### Notes to Financial Statements December 31, 2022 and 2021

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#### (5) Contributions Receivable, net

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

	2022	2021
Contributions receivable	\$ 2,393,789	\$ 2,284,016
Allowance for doubtful accounts	(214,979)	(252,750)
	<u>\$ 2,178,810</u>	<u>\$ 2,031,266</u>

Bad debt expense for the years ended December 31, 2022 and 2021 was \$205,000 and \$105,000, respectively.

#### (6) Property and Equipment, net

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

	2022	2021
Computers and software	\$ 227,041	\$ 207,248
Furniture and fixtures	5,815	5,815
Website	167,724	167,724
	<u>400,580</u>	<u>380,787</u>
Accumulated depreciation	(368,548)	(343,669)
	<u>\$ 32,032</u>	<u>\$ 37,118</u>

#### (7) Net Assets with Donor Restrictions

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

	2022	2021
Subject to expenditure for specified purpose:		
Event sponsorships	\$ 105,500	\$ 254,500
Grants for delivery of specified program services	1,018,154	1,235,542
Subject to the passage of time:		
Fundraising - promises to give through participation in certain running events	646,000	339,000
Promises to give that are not restricted by donors, but unavailable for expenditure until a future date	511,494	817,425
	<u>\$ 2,281,148</u>	<u>\$ 2,646,467</u>

## Back on My Feet

### Notes to Financial Statements December 31, 2022 and 2021

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#### (8) Contributed Goods and Services

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

	2022	2021
Event expenses	\$ 36,601	\$ 44,000
Other program expenses	54,000	30,366
Professional fees, legal services	61,919	86,543
Program gear	771,450	68,106
Race expenses	21,546	16,010
	<u>\$ 945,516</u>	<u>\$ 245,025</u>

The above contributed goods and services were utilized during the years ended December 31, 2022 and 2021 in the program services and supporting services of the Organization. There were no donor-imposed restrictions associated with the contributions.

The Organization was fortunate enough to have a substantial number of volunteers donate significant amounts of time to support the Organization's program services and other activities during 2022 and 2021. 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 years ended December 31, 2022 and 2021, contributions to the Plan amounted to \$134,435 and \$220,024, respectively.

#### (10) Leases

The Organization has several non-cancelable lease agreements for office space located in various cities that expire on various dates through January 31, 2026. Operating lease cost for the years ended December 31, 2022 and 2021 was \$59,548 and \$169,374, respectively.

## Back on My Feet

### Notes to Financial Statements December 31, 2022 and 2021

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#### (10) Leases, Continued

At December 31, 2022, information related to operating leases was as follow:

Operating leases:	
Weighted average remaining lease term	2.5 years
Weighted average discount rate	2.58%

Future minimum rental payments under noncancellable operating leases as of December 31, 2022 were as follows:

Years Ending December 31,	Amount
2023	\$ 62,870
2024	14,053
2025	14,478
Total future minimum lease payments	91,401
Less: Amount representing interest	(2,479)
Total lease liability	88,922
Current portion	(61,209)
Non-current portion	\$ 27,713

Under the prior accounting guidance, the future minimum rental payments under noncancellable operating leases as of December 31, 2021 were as follows:

Years Ending December 31,	Amount
2022	\$ 70,546
2023	88,159
	\$ 158,705

#### (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, 2022 and 2021, 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.

## Back on My Feet

### Notes to Financial Statements December 31, 2022 and 2021

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#### **(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 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, 2022 and 2021.

#### **(13) Employee Retention Tax Credit**

During 2021, the Organization applied for the Employee Retention Tax Credit (ERTC), which is a provision of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted on March 27, 2020. The ERTC under the CARES Act was later amended and extended under the Taxpayer Certainty and Disaster Relief Act of 2020 (Relief Act), enacted December 27, 2020. The ERTC is a refundable tax credit against employer taxes equal to a percentage of the qualified wages an eligible employer pays to employees. The Organization filed for each eligible quarter and recognized an ERTC in the amount of \$391,409 in the accompanying statement of activities for the year ended December 31, 2021 and as contributions receivable, net, in the accompanying statements of financial position as of December 31, 2022 and 2021. The ERTC is considered a conditional contribution in accordance with ASC 958-605-25, and consequently, revenue was recognized when the conditions on which it depended were substantially met.