

# **Samaritan's Feet International**

**Financial Statements**  
For The Year Ended December 31, 2013



# SAMARITAN'S FEET INTERNATIONAL

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Blair, Bohlé & Whitsitt<sup>PLLC</sup>  
Certified Public Accountants

10815 Sikes Place  
Suite 100  
Charlotte, NC  
28277

704-841-9800 Main  
704-841-9802 Fax  
[www.bbwpllc.com](http://www.bbwpllc.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Samaritan's Feet International  
Charlotte, North Carolina

We have audited the accompanying financial statements of Samaritan's Feet International (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, 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 Samaritan's Feet International as of December 31, 2013, 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.

*Blair, Bohle & Whitsitt, PC*

Charlotte, North Carolina  
January 6, 2015



# SAMARITAN'S FEET INTERNATIONAL

## STATEMENT OF FINANCIAL POSITION

December 31, 2013

### ASSETS

#### Current assets

Cash and cash equivalents	\$	546,658
Contributions receivable		28,139
Other receivables		4,000
Inventory		3,452,148
Prepaid expenses and other		5,826
<b>Total current assets</b>		<u>4,036,771</u>

#### Property and equipment

Vehicles		46,170
Furniture, fixtures and equipment		102,176
Total		<u>148,346</u>
Accumulated depreciation		<u>(115,425)</u>
<b>Net property and equipment</b>		<u>32,921</u>

#### Other assets

Deposits		<u>6,600</u>
<b>Total other assets</b>		<u>6,600</u>

\$ 4,076,292

#### Current liabilities

Accounts payable and accrued expenses	\$	176,986
Deferred rent expense		26,144
Unearned revenue		94,690
<b>Total current liabilities</b>		<u>297,820</u>

### NET ASSETS

Unrestricted		326,324
Temporarily restricted		3,452,148
<b>Total net assets</b>		<u>3,778,472</u>

\$ 4,076,292

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



# SAMARITAN'S FEET INTERNATIONAL

## STATEMENT OF ACTIVITIES

*For the year ended December 31, 2013*

	Unrestricted	Temporarily Restricted	Total
<b>Revenue</b>			
Contributions and grants	\$ 2,111,745	\$ -	\$ 2,111,745
Missions	345,204	-	345,204
In-kind donations	11,103,168	2,368,440	13,471,608
Other	206	-	206
Net assets released from restriction:			
Satisfaction of program restrictions	85,577	(85,577)	-
<b>Total revenue</b>	<b>13,645,900</b>	<b>2,282,863</b>	<b>15,928,763</b>
<b>Expenses</b>			
Program services	13,601,134	-	13,601,134
Management and general	176,313	-	176,313
Fundraising	182,955	-	182,955
<b>Total expenses</b>	<b>13,960,402</b>	<b>-</b>	<b>13,960,402</b>
<b>Change in net assets</b>	<b>(314,502)</b>	<b>2,282,863</b>	<b>1,968,361</b>
Net assets, beginning of year	640,826	1,169,285	1,810,111
<b>Net assets, end of the year</b>	<b>\$ 326,324</b>	<b>\$ 3,452,148</b>	<b>\$ 3,778,472</b>

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





## SAMARITAN'S FEET INTERNATIONAL

### STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>PERSONNEL</b>				
Salaries	\$ 411,798	\$ 53,489	\$ 69,594	\$ 534,881
Payroll taxes	39,121	5,015	6,019	50,155
<b>Total</b>	<u>450,919</u>	<u>58,504</u>	<u>75,613</u>	<u>585,036</u>
<b>OTHER</b>				
Distributed goods domestically	2,983,362	-	-	2,983,362
Distributed goods internationally	9,388,173	-	-	9,388,173
Professional services	6,000	9,427	-	15,427
Advertising and promotional	62,331	-	62,331	124,662
Information and technology	-	28,663	-	28,663
Occupancy	108,866	12,808	6,404	128,078
Travel	24,046	3,435	6,870	34,351
Insurance	32,030	-	-	32,030
Transportation and travel	112,035	13,181	6,590	131,806
Contract services	245,349	28,865	14,432	288,646
Warehouse and logistics	5,870	-	-	5,870
General and administrative	94,445	11,111	5,556	111,112
Other	71,679	8,433	4,216	84,328
<b>Total</b>	<u>13,134,186</u>	<u>115,923</u>	<u>106,399</u>	<u>13,356,508</u>
Total expenses before depreciation	13,585,105	174,427	182,012	13,941,544
Depreciation expense	16,029	1,886	943	18,858
<b>TOTAL EXPENSES</b>	<u>\$ 13,601,134</u>	<u>\$ 176,313</u>	<u>\$ 182,955</u>	<u>\$ 13,960,402</u>

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



# SAMARITAN'S FEET INTERNATIONAL

## STATEMENT OF CASH FLOWS

*For the year ended December 31, 2013*

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 1,968,361
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	18,858
(Increase) decrease in:	
Receivables	(29,769)
Inventory	(2,282,863)
Prepaid expenses and other assets	178,369
Increase (decrease) in:	
Accounts payable and accrued expenses	164,591
Deferred rent expense	26,144
Unearned revenue	10,330
<b>Net cash provided by operating activities</b>	<u>54,021</u>
<b>Cash flows from investing activities</b>	
Purchases of property and equipment	<u>(4,799)</u>
<b>Net cash used in investing activities</b>	<u>(4,799)</u>
<b>Net increase in cash and cash equivalents</b>	49,222
<b>Cash and cash equivalents, beginning of year</b>	<u>497,436</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 546,658</u>
<b>Other Items:</b>	
Cash payments for interest expense	<u>\$ 5,556</u>

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





# SAMARITAN'S FEET INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

*December 31, 2013*

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### NOTE 1 – ORGANIZATION AND PURPOSE

#### Organization and purpose

Samaritan's Feet International ("SFI" or the "Organization") is a North Carolina nonprofit corporation. The Organization is located in Charlotte, North Carolina, and exists to provide shoes to alleviate human suffering. It does this by distributing purchased or donated new shoes nationally and internationally. Their mission statement is "To distribute 10 million pairs of shoes to 10 million children across the world over the course of 10 years."

#### Funding sources

Activities of the Organization are financed principally by contributions from individuals, congregations, and public and private organizations.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds or gifts-in-kind subject to specific donor-imposed restrictions contingent upon the occurrence of a future event or a specific passage of time before SFI may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

All net assets except inventory are unrestricted at December 31, 2013. Inventory is temporarily restricted and must be distributed in accordance with the Organization's mission.

#### Cash and Cash Equivalents

For financial statement purposes, the Organization considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents.



# SAMARITAN'S FEET INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Property and equipment

Property and equipment exceeding \$500 of value are recorded at cost if purchased or fair market value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which vary from five years for vehicles to five to seven years for furniture, fixtures and equipment. Depreciation expense for the year ended December 31, 2013 was \$18,858.

#### Unearned revenue

The Organization collects funds for events and mission trips that occur in future periods. The balance related to these activities was \$94,690 as of December 31, 2013.

#### Revenue recognition

The Organization recognizes grants and donor contributions upon the earlier of receipt or when unconditionally promised. Grants and donor contributions without donor-imposed restrictions are reported as unrestricted support. Grants and donor contributions with donor-imposed restrictions are reported as temporarily restricted net assets and are then reclassified to unrestricted net assets when the restrictions have been satisfied. Unconditional promises to give are recorded as promises are made. Conditional promises to give are not included as contributions until such time as the conditions are substantially met. Grants and donor contributions to be received over more than one fiscal year are recorded at the present value of the contribution if the present value discount is material.

#### Recorded donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in support at fair value. The Organization recorded no contributed services and donated goods of \$11,103,168 for the year ended December 31, 2013.

#### Other donated goods and services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. Also, the Organization receives clothing and similar noncash contributions, which are distributed or are donated to other nonprofit organizations for distribution.

#### Advertising

Advertising costs are expensed as incurred. Advertising costs totaled \$16,236 for the year ended December 31, 2013.





# SAMARITAN'S FEET INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Functional allocation of expenses

Expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

#### Federal income tax status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code. Generally accepted accounting procedures require an organization to recognize a tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Organization had no uncertain tax positions as of December 31, 2013. The Organization is no longer subject to tax examinations by tax authorities for years before 2010.

#### Use of estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 3 – INVENTORY

Inventory is valued based on management's estimate of fair value for each item received. At December 31, 2013, inventory consists primarily of new shoes not yet distributed. Inventory is warehoused at the Organization's warehouse in Charlotte, North Carolina unless in transit.

Included in ending inventory are 316,577 pairs of new shoes which had not been distributed at December 31, 2013. Of these, 236,844 were in transit for international distribution valued at \$10 each, or \$2,368,440.



# SAMARITAN'S FEET INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

*December 31, 2013*

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### NOTE 4 – OPERATING LEASE OBLIGATIONS

The Organization leases its office and warehouse under an operating lease agreement. Rent expense was \$68,611 for 2013. Future minimum payments due under the operating lease agreement were as follows:

For the years ending December 31:	
2014	\$ 85,800
2015	101,400
2016	<u>17,333</u>
Total	\$ <u>204,533</u>

### NOTE 5 – CONCENTRATIONS OF RISK

During the year ended December 31, 2013 the Organization received 74 percent of its revenues in donated shoes from one large shoe company. Operations would be affected if it unexpectedly discontinued its donations to the Organization.

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2013, the Organization's uninsured cash balances totaled \$237,142.

### NOTE 6 – SUBSEQUENT EVENTS

The Organization has evaluated all events subsequent to the financial position date of December 31, 2013 through January 6, 2015, which is the date the financial statements were issued. During this period, no material recognizable subsequent events were identified.

