Samaritan's Feet International
Financial Statements
December 31, 2020

PragerMetis

Independent Auditor's Report

To the Board of Directors of
Samaritan's Feet International

Prager Metis CPAs, PLLC

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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, 2020 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, 2020 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.

Prager Metis CPAs, PLLC

Prager Metis CPAs, PLLC
Charlotte, North Carolina
January 11, 2022

Samaritan's Feet International

Statement of Financial Position

December 31, 2020

Assets	
Current assets	
Cash and cash equivalents	$ 2,948,565
Contributions receivable, net	15,828
Unconditional promises to give, net	1,372,959
Inventory	5,292,295
Total current assets	9,629,647
Long-term unconditional promises to give, net	3,841,610
Property and equipment	
Vehicles	33,370
Furniture, fixtures and equipment	148,591
Total	181,961
Accumulated depreciation	(161,675)
Total property and equipment	20,286
Deposits	6,778
Total assets	$ 13,498,321
Liabilities and net assets	
Liabilities	
Accounts payable and accrued expenses	$ 53,806
Line of credit	100,000
Economic Injury Disaster Loan payable	150,000
Paycheck Protection Program loan payable	171,400
Deferred rent expense	2,234
Unearned revenue	192,842
Total liabilities	670,282
Net assets	
Without donor restrictions	(228,825)
With donor restrictions	13,056,864
Total net assets	12,828,039
Total liabilities and net assets	$ 13,498,321

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

Samaritan's Feet International

Statement of Activities

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions and grants	$ 2,327,818	$ 1,000,000	$ 3,327,818
Capital Campaign	-	6,764,569	6,764,569
Champions of Hope	414,790	-	414,790
Missions	146,777	-	146,777
In-kind donations	-	2,631,639	2,631,639
Other	34,393	-	34,393
Net assets released from restriction			
Satisfaction of program restrictions	3,431,642	(3,431,642)	-
Total revenue	6,355,420	6,964,566	13,319,986
Expenses			
Program services	6,149,089	-	6,149,089
Management and general	337,600	-	337,600
Fundraising	257,510	-	257,510
Total expenses	6,744,199	-	6,744,199
Change in net assets	(388,779)	6,964,566	6,575,787
Net assets, beginning of year	159,954	6,092,298	6,252,252
Net assets, end of year	$ (228,825)	$ 13,056,864	$ 12,828,039

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

Samaritan's Feet International

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Personnel				
Salaries	$ 1,018,579	$ 167,163	$ 114,525	$ 1,300,267
Payroll taxes	63,186	3,717	7,434	74,337
Total	1,081,765	170,880	121,959	1,374,604
Other				
Domestic assistance	1,147,261	-	-	1,147,261
International assistance	3,259,533	-	-	3,259,533
Professional services	5,000	7,494	-	12,494
Advertising and promotional	39,751	-	92,752	132,503
Information and technology	-	94,759	-	94,759
Occupancy	244,160	28,725	14,362	287,247
Travel	7,811	3,125	20,309	31,245
Insurance	39,308	-	-	39,308
Transportation and travel	3,709	206	206	4,121
Contract services	36,220	-	-	36,220
Warehouse and logistics	104,326	-	-	104,326
Office expenses	130,469	15,349	7,675	153,493
Interest expense	3,019	9,057	-	12,076
Other	42,560	7,511	-	50,071
Total	5,063,127	166,226	135,304	5,364,657
Total expenses before depreciation	6,144,892	337,106	257,263	6,739,261
Depreciation expense	4,197	494	247	4,938
Total expenses	$ 6,149,089	$ 337,600	$ 257,510	$ 6,744,199

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

Samaritan's Feet International

Statement of Cash Flows

Year Ended December 31, 2020

Cash flows from operating activities	
Change in net assets	$ 6,575,787
Adjustments to reconcile change in net assets to net cash provided by operating activies	
Depreciation	4,938
In-kind donations	(2,631,639)
Unconditional promises to give, net	(5,214,569)
(Increase) decrease in	
Receivables	74,653
Inventory	3,431,642
Prepaid expenses and other assets	178
Increase (decrease) in	
Accounts payable and accrued expenses	(19,257)
Deferred rent expense	(12,675)
Unearned revenue	157,737
Deposits	(178)
Net cash provided by operating activities	2,366,617
Cash flows from investing activities	
Purchases of property and equipment	(15,057)
Net cash used in investing activities	(15,057)
Cash flows from financing activities	
Net repayment on line of credit	(102,590)
Proceeds from Economic Injury Disaster Loan	150,000
Proceeds from Paycheck Protection Program loan	171,400
Net cash provided by financing activities	218,810
Net increase in cash and cash equivalents	2,570,370
Cash and cash equivalents, beginning of year	378,195
Cash and cash equivalents, end of year	$ 2,948,565
Supplemental disclosure of cash flow information:	
Interest paid	$ 12,076

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

Note 1 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. The Organization’s 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 (GAAP). Net assets and revenue, 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:

Net assets without donor restrictions consist of amounts currently available for use in the day-to-day operation of the Organization and are not subject to donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. Net assets may also be designated by the Board of Directors for various purposes.

Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets received with restrictions that are met in the same reporting period are included in net assets without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

All net assets except inventory and Capital Campaign contributions are without donor restrictions at December 31, 2020. Inventory is restricted and must be distributed in accordance with the Organization's mission. Capital Campaign contributions are restricted until expended on the Organization’s new headquarters.

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.

Note 2 Summary of Significant Accounting Policies (continued)

Contributions and Other Receivables
Contribution and other receivables are periodically reviewed by management for collectability. Bad debts are provided for on the allowance method based on historical experience and management's evaluation of outstanding contributions and other receivables. Amounts are written off when they are deemed uncollectible. As of December 31, 2020, all receivables were considered by management to be fully collectible. All contribution and other receivables other than unconditional promises to give for the Capital Campaign are due within one year of December 31, 2020. See Note 3.

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 an accelerated method over the estimated useful lives of the assets, which varies from five years for vehicles to five or seven years for furniture, fixtures, and equipment. Depreciation expense for the year ended December 31, 2020 was $4,938.

Unearned Revenue
The Organization collects funds for events and mission trips that occur in future periods. The balance related to these activities was $192,842 as of December 31, 2020.

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 net assets without restrictions. Grants and donor contributions with donor-imposed restrictions are reported as net assets with donor restrictions and are then reclassified to net assets without donor restrictions 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 $2,631,639 of donated goods for the year ended December 31, 2020.

Note 2 Summary of Significant Accounting Policies (continued)

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 donated to other nonprofit organizations for distribution.

Adoption of New Accounting Standards

Revenue Recognition
In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective January 1, 2020. Based on the Organization's analysis of the standard and review of contracts with customers, the timing and amount of revenue recognized under the new guidance is consistent with revenue recognition under the previous guidance.

Advertising
Advertising costs are expensed as incurred. Advertising and promotional costs totaled $132,503 for the year ended December 31, 2020.

Functional Allocation of Expenses
Expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent performing tasks associated with these activities and various allocation methods appropriate to the type of expense.

Fair Values of Financial Instruments
The following methods and assumptions are used by the Organization in estimating its fair value disclosures for financial instruments:

Cash equivalents and unconditional promises to give – The carrying amounts reported in the consolidated statement of financial position approximate fair values because of the short maturities of those instrument.

Long-term unconditional promises to give – The fair values of promises to give that are due in more than one year are estimated by discounting the future cash flows using a risk-adjusted rate of return.

Line of credit – The carrying amount approximates the fair value because of the variable interest rate and short-term maturity of the instrument.

Note 2 Summary of Significant Accounting Policies (continued)

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. GAAP requires 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, 2020.

Use of Estimates

The preparation of the financial statements in conformity with GAAP 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, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 Promises to Give

In 2020, the Organization launched a Capital Campaign to raise money for a new headquarters. During the year, $7,005,000 of unconditional promises to give were pledged. Pledges and contributions from the campaign are restricted for the building purchase and related expenditures. Collections on promises to give totaled $1,550,000 at December 31, 2020.

Unconditional promises to give at December 31, 2020 are as follows:

Due in one year or less	$ 1,372,959
Due in one to five years	4,012,793
Due in more than five years	69,248
Total unconditional promises to give	5,455,000
Less: discounts to net present value	(240,431)
Net unconditional promises to give	$ 5,214,569

Unconditional promises to give with due dates extending beyond one year are discounted using a rate of 2% per year.

Note 4 Inventory

Inventory is stated at a weighted average cost. Inventory received in-kind is valued based on management's estimate of fair value for each item at the date the contribution is received. Inventory is warehoused at the Organization's warehouses in Charlotte, North Carolina unless in transit. At December 31, 2020, inventory consisted of 639,068 pairs of shoes which had not been distributed.

Note 5 Line of Credit

The Organization has a line of credit with a financial institution which provides for borrowings up to $275,000. This agreement expired on October 17, 2020 and was renewed through October 17, 2021. The line of credit accrues interest at the greater of a floating rate equal to the index plus 1.7% or the Floor Rate of 5.0%. The rate at December 31, 2020 was 4.95%. Interest expense related to the line of credit totaled $12,076 for the year ended December 31, 2020. The outstanding balance at December 31, 2020 on this line of credit was $100,000.

Note 6 Paycheck Protection Program Loan Payable

In response to the COVID-19 pandemic, the Paycheck Protection Program ("PPP") was established under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") and administered by the Small Business Administration ("SBA"). Organizations who meet the eligibility requirements set forth by the PPP could qualify for PPP loans. If the loan proceeds are fully utilized to pay qualified expenses, the full principal amount of the PPP loan, along with any accrued interest, may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the Organization.

In March 2020, the Organization entered into a loan agreement (the "Loan Agreement") in the amount of $171,400 under the PPP provided by a qualified lender as defined by the SBA.

Funds from the loan may only be used for eligible purposes, including payroll costs, costs used to continue group health care benefits, mortgage payments, rent and utilities (collectively, "Qualifying Expenses"). Under the terms of the PPP, the loan may be forgiven if the proceeds are used for Qualifying Expenses and the Organization meets other conditions as described in the CARES Act. The loan is classified as a current liability in the accompanying consolidated statement of financial position. The principal and accrued interest in the amount of $171,400 was forgiven in January 2021.

Note 7 Economic Injury Disaster Loan

In May 2020, the Organization entered into an Economic Injury Disaster Loan ("EIDL") though the SBA in the amount of $150,000. The Loan bears interest at 2.75%. Loan payments are due monthly for thirty years from the date of the promissory note and deferred until May 2021. The Loan is collateralized by all tangible and intangible property held by the Organization.

Note 7 Economic Injury Disaster Loan (continued)

Future minimum payments due under the EIDL are as follows:

Year ended December 31:	
2021	$ -
2022	2,072
2023	3,670
2024	3,772
2025	3,877
Thereafter	136,609
Total	$ 150,000

Note 8 Operating Lease

The Organization leases its office and warehouse under an operating lease agreement through February 28, 2021. The Organization records rent expense on a straight-line basis over the lease term. The difference between the payments and expense in any period is recorded as deferred rent, which is $2,234 at December 31, 2020. Rent expense was $134,939 for the year ended December 31, 2020 and is included as a component of occupancy on the statement of functional expenses. Future minimum payments due under the operating lease agreement were as follows:

Year ended December 31:	
2021	$ 24,724

Note 9 Concentrations of Risk

During the year ended December 31, 2020, the Organization received 97 percent of its in-kind donated shoes from two companies. If the Organization did not receive large in-kind donations from these companies or others like it, its operations could be significantly affected.

Cash held in bank accounts is insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2020, the Organization's uninsured cash balances totaled $2,644,357. The Organization has not experienced any losses on such amounts and management believes it is not exposed to any significant credit risk on its cash.

Note 10 Financial Assets Available to Meet Cash Needs

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end	$ 8,178,962
Less: those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions	
World Shoe R&D	(1,000,000)
Capital Campaign	(6,764,569)
Financial assets available to meet cash needs for general expenditures within one year	$ 414,393

Note 11 Related Party Transactions

The Organization does business with two related parties, Barefoot Global LLC and Barefoot Legacies, Inc., who have the same individuals as their President & CEO and Executive Vice President. Barefoot Global manufactures and owns the proprietary information to the World Shoe, which the Organization purchases and distributes. The transactions between Barefoot Legacies Group, Inc. and the Organization consist of speaker's fees and book sales.

At December 31, 2020, the Organization had a contract with Barefoot Global for the purchase of shoe inventory to be delivered after year end. The contract was for $102,000 with $50,000 paid as a deposit prior to year end. The remaining amount was paid subsequent to year end.

Related party transactions for the year ended December 31, 2020 are as follows:

Barefoot Global, LLC	
Inventory deposit for shoe purchase	$ 50,000
Barefoot Legacies, Inc.	
Book purchases	10,500
Speaker's fees	20,000
Total	$ 80,500

Note 12 Risks and Uncertainty

The COVID-19 pandemic is ongoing in nature and therefore the ultimate impact of COVID-19 on management's ability for shoe distributions, mission trips, and the use of volunteers is uncertain.

Note 13 Subsequent Events

The Organization has evaluated all events subsequent to the statement of financial position date of December 31, 2020 through January 11, 2022 which is the date the financial statements were available to be issued.

The Organization applied for and was granted a second PPP loan in 2021 in the amount of $220,582.

The Organization purchased a building to serve as its new headquarters for $5,590,000 in June 2021.