

FOOTSTEPS, INC.

**Financial Statements
for the year ended
September 30, 2021**

Independent Auditor's Report

To the Board of Trustees
Footsteps, Inc.

We have audited the accompanying financial statements of Footsteps, Inc. (the "Organization"), which comprise the statement of financial position as of September 30, 2021 and the related statement 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 Footsteps, Inc. as of September 30, 2021 and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

June 2, 2022

FOOTSTEPS, INC.

Statement of Financial Position

Assets

	September 30	
	2021	2020
Current assets		
Cash and cash equivalents	\$ 1,820,186	\$ 1,336,358
Investments, at fair value	1,174,053	1,029,782
Contributions receivable, net	1,148,878	521,359
Prepaid expenses	36,937	31,330
Total current assets	4,180,054	2,918,829
Contributions receivable, net	420,000	45,000
Leasehold improvements, furniture and equipment, net	265,674	127,074
Total assets	\$ 4,865,728	\$ 3,090,903

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 125,334	\$ 93,911
Accrued expenses	86,378	17,000
Total liabilities	211,712	110,911
Net assets		
Without donor restrictions	2,004,361	1,493,891
With donor restrictions	2,649,655	1,486,101
Total net assets	4,654,016	2,979,992
Total liabilities and net assets	\$ 4,865,728	\$ 3,090,903

See notes to financial statements.

FOOTSTEPS, INC.
Statement of Activities

	Year Ended September 30			
	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Public support and revenue				
Public support				
Contributions	\$ 3,531,274	\$ 1,606,798	\$ 5,138,072	\$ 728,881
In-kind donations	94,710	-	94,710	-
Other income	-	-	-	-
Total public support	<u>3,625,984</u>	<u>1,606,798</u>	<u>5,232,782</u>	<u>728,881</u>
Revenue				
Fee for service	-	-	-	7,314
Membership	500	-	500	-
Total revenue	<u>500</u>	<u>-</u>	<u>500</u>	<u>7,314</u>
Total public support and revenue before release from restrictions	3,626,484	1,606,798	5,233,282	728,881
Net assets released from restrictions	443,244	(443,244)	-	(1,326,518)
Total public support and revenue	<u>4,069,728</u>	<u>1,163,554</u>	<u>5,233,282</u>	<u>(597,637)</u>
Expenses				
Program services				
Counseling and support	1,441,776	-	1,441,776	-
Education	1,213,713	-	1,213,713	-
Total program services	<u>2,655,489</u>	<u>-</u>	<u>2,655,489</u>	<u>-</u>
Supporting activities				
Management and general	640,836	-	640,836	-
Fundraising	469,612	-	469,612	-
Total supporting activities	<u>1,110,448</u>	<u>-</u>	<u>1,110,448</u>	<u>-</u>
Total public support and expenses	<u>3,765,937</u>	<u>-</u>	<u>3,765,937</u>	<u>-</u>
Excess (deficiency) of revenue over expenses before investment return – non-operating	303,791	1,163,554	1,467,345	431,138
Investment return – non-operating	<u>206,679</u>	<u>-</u>	<u>206,679</u>	<u>65,117</u>
Increase (decrease) in net assets	<u>510,470</u>	<u>1,163,554</u>	<u>1,674,024</u>	<u>(597,637)</u>
Net assets, beginning of year	<u>1,493,891</u>	<u>1,486,101</u>	<u>2,979,992</u>	<u>2,083,738</u>
Net assets, end of year	<u>\$ 2,004,361</u>	<u>\$ 2,649,655</u>	<u>\$ 4,654,016</u>	<u>\$ 1,486,101</u>
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FOOTSTEPS, INC.

Statement of Functional Expenses
Year Ended September 30, 2021
(With Summarized Comparative Information for the year Ended September 30, 2020)

	2021										2020
	Program Services					Supporting Services					Total
	Counseling and Support		Field and Movement Building		Total Counseling and Support	Education		Management and General		Fundraising	
Identity Development	Family Supports	Community Engagement	Field and Movement Building	Total Counseling and Support	Economic Empowerment	Total Program Services	Management and General	Fundraising	Total		
Personnel costs	\$ 316,216	\$ 149,787	\$ 183,073	\$ 133,144	\$ 782,220	\$ 332,859	\$ 1,115,079	\$ 282,930	\$ 266,288	\$ 1,664,297	\$ 1,311,210
Salaries and wages	63,317	21,154	27,773	22,100	134,344	47,838	182,182	45,470	16,765	244,417	190,068
Benefits	24,119	11,425	13,963	10,155	59,662	25,388	85,050	21,580	20,310	126,940	105,084
Payroll taxes	403,652	182,366	224,809	165,399	976,226	406,085	1,382,311	349,980	303,363	2,035,654	1,606,362
Total personnel costs	-	-	500	530	1,030	-	1,030	4,549	3,729	9,308	21,906
Advertising and marketing	21,187	71,463	16,553	11,834	121,037	11,078	132,115	147,694	57,086	336,895	488,296
Professional fees and consultants	6,950	2,170	2,650	5,170	16,940	5,203	22,143	31,069	12,503	65,715	61,702
Supplies and office expenses	4,791	1,904	2,590	4,203	13,488	3,334	16,822	9,162	17,449	43,433	40,653
Information technology	55,209	23,815	41,303	19,256	139,583	61,126	200,709	49,627	33,309	283,645	259,957
Occupancy	48	53	156	332	589	303	892	834	128	1,854	13,524
Travel	1,055	398	477	300	2,230	983	3,213	8,797	404	12,414	9,924
Meetings and conferences	442	124	265	141	972	354	1,326	3,668	177	5,171	8,175
Insurance	16,013	59,516	7,374	1,437	84,340	29,113	113,453	177	-	113,630	238,469
Direct member assistance	-	30,307	-	-	30,307	673,084	703,391	-	-	703,391	649,530
Scholarships and direct financial support	-	-	-	1,023	1,023	-	1,023	-	-	1,023	10,944
Microgrants to individuals	23,053	7,110	4,610	9,221	43,994	18,442	62,436	32,274	-	94,710	29,290
In-kind donations	-	-	-	-	-	-	-	-	39,060	39,060	-
Fundraising events	4,007	1,803	2,805	1,402	10,017	4,608	14,625	3,005	2,404	20,034	-
Depreciation and amortization	\$ 536,407	\$ 381,029	\$ 304,092	\$ 220,248	\$ 1,441,776	\$ 1,213,713	\$ 2,655,489	\$ 640,836	\$ 469,612	\$ 3,765,937	\$ 3,438,732
Total expenses											

See notes to financial statements.

FOOTSTEPS, INC.

Statement of Cash Flows

	Year Ended	
	September 30	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 1,674,024	\$ (101,382)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	20,034	-
Realized (gain) on investments	(12,715)	(4,772)
Unrealized (gain) on investments	(172,628)	(33,197)
(Increase) decrease in assets		
Contributions receivable, net	(1,002,519)	485,955
Prepaid expenses	(5,607)	(1,457)
Increase in liabilities		
Accounts payable	31,423	11,106
Accrued expenses	69,378	5,000
Net cash provided by operating activities	<u>601,390</u>	<u>361,253</u>
Cash flows from investing activities		
Proceeds from sale of investments	104,640	118,136
Purchase of investments	(63,568)	(93,025)
Purchase of leasehold improvements and equipment	<u>(158,634)</u>	<u>(127,074)</u>
Net cash (used in) investing activities	<u>(117,562)</u>	<u>(101,963)</u>
Net increase in cash and cash equivalents	483,828	259,290
Cash and cash equivalents, beginning of year	<u>1,336,358</u>	<u>1,077,068</u>
Cash and cash equivalents, end of year	<u>\$ 1,820,186</u>	<u>\$ 1,336,358</u>

See notes to financial statements.

FOOTSTEPS, INC.**Notes to Financial Statements
September 30, 2021****Note 1 – Nature of organization**

Footsteps, Inc., a New York nonprofit corporation (the “Organization”) was established in 2003 as a 501(c)(3) Organization. The Organization supports and affirms individuals and families who have left, or are contemplating leaving, insular ultra-Orthodox Jewish communities in their quest to lead self-determined lives by offering the following programs:

Counseling and Support

Identity Development supports members through peer support groups, one-to-one supportive counseling, acculturation workshops, and referrals to mental health services.

Family Supports are geared towards parents fighting for the right to a relationship with their children as they leave ultra-Orthodoxy. Program activities include: case management, peer support drop-in groups and workshops, partnerships with lawyers and legal groups to provide legal consultation and representation, and a legal fund for members.

Community Engagement builds the strength of our network to ensure that members have friends and allies along their journey. Highlights include: social events, community building activities, and leadership development.

Field and Movement Building seeks to educate and mobilize the public around reform efforts and issues of concern to those leaving ultra-orthodoxy.

Education

Economic Empowerment supports members’ economic self-sufficiency through education, career and financial counseling programs, workshops and partnerships with trusted organizations. Educational scholarships, crisis supports, tutoring, and mentoring are also offered.

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 (“U.S. GAAP”). The following comprise the significant accounting policies of the Organization.

Net assets

Under 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:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed stipulations and may be expendable for any purpose in performing the primary objectives of the Organization. Included in net assets without donor restrictions is a Board Reserve Fund of \$408,431 and \$408,390 as of September 30, 2021 and September 30, 2020, respectively.

FOOTSTEPS, INC.**Notes to Financial Statements (continued)
September 30, 2021****Note 2 – Summary of significant accounting policies (continued)**Net assets with temporary donor restrictions

Net assets with temporary donor restrictions consist of net assets subject to donor-imposed stipulation 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. The Organization's policy is to record contributions with donor-imposed restrictions that are met in the same year that the contributions are received as support without donor restrictions.

Net assets with perpetual donor restrictions

Net assets with perpetual donor restrictions consist of contributions that are restricted by the donor in perpetuity, but the income of such contributions is classified as either with or without donor restrictions. During 2018, the Organization received a \$1,000,000 donation to be held in an endowment fund. Any income earned is to be used to support scholarships.

Revenue recognition

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Cash and cash equivalents

Cash equivalents consist of highly liquid investments with original maturities of 90 days or less at the date of acquisition. Included in cash equivalents is a money market fund.

Investments

The Organization reports investments at fair value in the statement of financial position. The fair value of the investments is based on publicly quoted prices. Interest, dividends, realized and unrealized gains and losses are included in the statement of activities.

Fair values of financial instruments

The Organization's financial instruments consist of cash, cash equivalents and investments. The Organization estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The carrying amounts of cash and cash equivalents reported in the statement of financial position approximates fair value because of the short maturities of those instruments.

FOOTSTEPS, INC.**Notes to Financial Statements (continued)
September 30, 2021****Note 2 – Summary of significant accounting policies (continued)**Allowance for doubtful accounts

As of September 30, 2021 and September 30, 2020, the Organization deems all receivables to be collectible and, accordingly, does not have an allowance for doubtful accounts. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Leasehold improvements, furniture and equipment

Leasehold improvements are being amortized by the straight-line method over the estimated useful life of seven years. Furniture and equipment are being depreciated by the straight-line method over the estimated useful life of five years. Expenditures for repairs and maintenance are charged as an expense and major renewals and betterments are capitalized.

In-kind donations

The Organization is required to recognize donations of goods and services if they (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically would have been purchased by the Organization. The Organization received in-kind donations totaling \$94,710 and \$29,290 for years ended September 30, 2021 and September 30, 2020, respectively, that are recorded as revenue in the accompanying statement of activities.

Functional allocation of expenses

The cost of providing the various programs and other activities of the Organization have been summarized on a functional basis in the accompanying combined statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefitted. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques including time and effort spent.

Comparative information

The financial statements include certain prior-year summarized comparative information in total but not by functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be reached in conjunction with the Organization's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

FOOTSTEPS, INC.

Notes to Financial Statements (continued)
September 30, 2021

Note 2 – Summary of significant accounting policies (continued)

Concentrations of credit risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and contributions receivable. The Organization places its cash and cash equivalents with quality financial institutions. Investments are exposed to various risks such as interest rate, market volatility and credit risk. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position as of September 30, 2021. The Organization routinely assesses the financial strength of its financial institutions and investment portfolio. The contributions receivable are primarily from individual donors. Management monitors the collectability of the receivables. The Organization believes no significant risk of loss is likely as a result of credit risk concentrations with respect to its cash, cash equivalents, investments and contributions receivable.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through June 2, 2022, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and availability of financial assets

The Organization's working capital and cash flows have seasonal variations during the year attributable to contributions and other revenue items. The following is a summary of the Organization's financial asset as of September 30, 2021 and September 30, 2020 that are available for general use within one year of the statement of financial position date reduced by amounts not available for general use within one year due to donor restrictions:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,820,186	\$ 1,336,358
Investments, at fair value	1,174,053	1,029,782
Contributions receivable, net	<u>1,148,878</u>	<u>521,359</u>
Sub-total	4,143,117	2,887,499
Less: assets with donor restrictions	<u>(2,649,655)</u>	<u>(1,486,101)</u>
Total	<u>\$ 1,493,462</u>	<u>\$ 1,401,398</u>

FOOTSTEPS, INC.

Notes to Financial Statements (continued)
September 30, 2021

Note 4 – Investments, at fair value

Investments consist of the following as of September 30, 2021 and September 30, 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Exchange-traded funds				
Fixed income	\$ 298,003	\$ 312,682	\$ 252,924	\$ 277,677
Equities	<u>640,329</u>	<u>861,371</u>	<u>713,765</u>	<u>752,105</u>
Total	<u>\$ 938,332</u>	<u>\$1,174,053</u>	<u>\$ 966,689</u>	<u>\$1,029,782</u>

Investment return consists of the following as of September 30, 2021 and September 30, 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 21,336	\$ 27,148
Appreciation of investments	<u>185,343</u>	<u>37,969</u>
Total	<u>\$ 206,679</u>	<u>\$ 65,117</u>

Note 5 – Contributions receivable

Contributions receivable consist of the following at September 30, 2021 and September 30, 2020:

Amounts due in:	<u>2021</u>	<u>2020</u>
Less than one year	\$1,148,878	\$ 521,359
One to five years	<u>420,000</u>	<u>45,000</u>
Total	<u>\$1,568,878</u>	<u>\$ 566,359</u>

Note 6 – Leasehold improvements

The summary of the property and equipment as of September 30, 2021 and September 30, 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 271,526	\$ 127,074
Furniture, fixtures and equipment	<u>14,182</u>	<u>-</u>
Sub-total	285,708	127,074
Less: accumulated depreciation and amortization	<u>20,034</u>	<u>-</u>
Total	<u>\$ 265,674</u>	<u>\$ 127,074</u>

FOOTSTEPS, INC.

**Notes to Financial Statements (continued)
September 30, 2021**

Note 7 – Paycheck Protection Program

During the 2020 fiscal year, the Organization was approved for and received \$261,500 under the Paycheck Protection Program (the “PPP”). The PPP loan was created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (“SBA”). As of September 30, 2020, the Organization had expended the full amount of the loan on purposes consistent with the PPP and maintained its payroll levels, therefore, management elected to record the full amount received under the PPP as public support and revenue in contributions on the accompanying statement of activities for the year ended September 30, 2020. The Organization filed an application for PPP loan forgiveness and during March 2021, the PPP loan forgiveness application was approved by the SBA.

Note 8 – Lease agreement

The Organization has a lease agreement for office space, which expires February 28, 2025. The lease, which commenced May 1, 2019, requires the Organization to pay an initial fixed monthly rent of \$16,289 increasing annually to a fixed monthly payment of \$19,854 in the final year of the lease. In addition to the minimum rent, the Organization is also required to pay its proportionate share of certain operating costs of the landlord. During March 2020, the lease agreement was amended in connection with a leasehold improvement joining the Organization’s existing office suite with two contiguous spaces. The costs incurred totaling \$271,526 are recorded as leasehold improvements on the statement of financial position. As security for the lease, the Organization obtained a \$59,500 letter of credit for the benefit of the landlord. Rent expense during the 2021 and 2020 fiscal years totaled \$212,464 and \$191,028, respectively, which is included in occupancy expense on the statement of functional expenses.

In connection with the aforementioned lease, the Organization rented conference room space in a building for its meetings and other program activities. This lease was terminated effective May 31, 2021. Rent expense during the 2021 and 2020 fiscal years totaled \$2,800 and \$27,890, respectively, which is included in occupancy expense on the statement of functional expenses.

Future minimum lease payment are as follows at September 30, 2021:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 218,523
2023	224,755
2024	231,165
2025	<u>98,725</u>
Total	<u>\$ 773,168</u>

FOOTSTEPS, INC.

Notes to Financial Statements (continued)
September 30, 2021**Note 9 – Net assets with donor restrictions**

The following is a summary of the activity of the net assets with donor restrictions for the years ended September 30, 2021 and September 30, 2020:

	Balance September 30, 2020	Additions	Net Assets Released from Restrictions	Balance September 30, 2021
<u>Temporary Restrictions:</u>				
General Operations	\$ 137,857	\$ 709,048	\$ (95,000)	\$ 751,905
Scholarships	280,744	440,000	(280,744)	440,000
Capacity Building	-	8,000	-	8,000
Economic Empowerment	67,500	249,750	(67,500)	249,750
Family Justice	-	200,000	-	200,000
Sub-total	486,101	1,606,798	(443,244)	1,649,655
Perpetual Restrictions	1,000,000	-	-	1,000,000
Total	<u>\$ 1,486,101</u>	<u>\$ 1,606,798</u>	<u>\$ (443,244)</u>	<u>\$ 2,649,655</u>

	Balance September 30, 2019	Additions	Net Assets Released from Restrictions	Balance September 30, 2020
<u>Temporary Restrictions:</u>				
General Operations	\$ 200,249	\$ 257,608	\$ (320,000)	\$ 137,857
Scholarships	547,250	62,750	(329,256)	280,744
Community Engagement	10,077	8,035	(18,112)	-
Capacity Building	14,600	179,000	(193,600)	-
Economic Empowerment	50,062	116,188	(98,750)	67,500
Direct Member Support	97,500	87,500	(185,000)	-
Identity Development	75,000	-	(75,000)	-
Family Justice	89,000	17,800	(106,800)	-
Sub-total	1,083,738	728,881	(1,326,518)	486,101
Perpetual Restrictions	1,000,000	-	-	1,000,000
Total	<u>\$ 2,083,738</u>	<u>\$ 728,881</u>	<u>\$ (1,326,518)</u>	<u>\$ 1,486,101</u>

Note 10 – Retirement plan

The Organization has a SIMPLE IRA retirement plan for all eligible employees. Eligible employees may contribute a portion of their salary, not to exceed limits established by the Internal Revenue Service. The Organization matches contributions equal to an employee's salary deferred to the plan up to a limit of 3% of the employee's compensation for the calendar year. The Organization's matching contributions for the years ended September 30, 2021 and September 30, 2020, was \$36,239 and \$29,795, respectively.

FOOTSTEPS, INC.**Notes to Financial Statements (continued)
September 30, 2021****Note 11 – Tax status**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Organization has been determined by the Internal Revenue Service to be a publicly supported organization as described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code and not a private foundation. Accordingly, no provision for federal, state or local income taxes has been recorded.