

Hands and Feet Project, Inc.

Audited Financial Statements

December 31, 2020

***Zeal Financial Services
P.O. Box 3547
Brentwood, TN 37024
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Hands and Feet Project, Inc.

Opinion

We have audited the accompanying financial statements of Hands and Feet Project, Inc., (a Tennessee corporation), which comprise the statement of net worth 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hands and Feet Project, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hands and Feet Project, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hands and Feet Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 [Name of Company] '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 [Name of Company] '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.



Zeal Financial Services

Brentwood, Tennessee

April 30, 2021

Hands and Feet Project, Inc.
Statement of Financial Condition
December 31, 2020

Assets

Current Assets

Cash and Cash Equivalents	\$ 1,220,976.88
Construction in Progress Labor	\$ 1,169.45
Other Current Assets	\$ 34.48

Total Current Assets \$ 1,222,180.81

Fixed Assets

Land	\$ 354,099.32
Vehicles	\$ 333,523.25
Furniture and Equipment	\$ 312,794.43
Buildings	\$ 3,329,821.50
Accumulated Depreciation	\$ (1,398,966.39)

Total Fixed Assets \$ 2,931,272.11

Other Assets

Due from Haiti	\$ 625.00
Accrued Revenue	\$ 40,082.39

Total Other Assets \$ 40,707.39

Total Assets \$ 4,194,160.31

Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 641.66
Credit Cards	\$ 11,126.31
PPP Loan	\$ 70,075.00
Other Current Liabilities	\$ 447,176.51

Total Current Liabilities \$ 529,019.48

Net Assets

Unrestricted	\$ 3,217,964.32
Temporarily Restricted	\$ 447,176.51
Total Net Assets	<u>\$ 3,665,140.83</u>

Total Liabilities & Net Assets \$ 4,194,160.31

Hands and Feet Project, Inc.
Statement of Functional Expenses
For Year Ended December 31, 2020

	<u>Supporting Services</u>		<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	
Advertising			-
Auto Expense	17,990		19,757
Charitable Giving	1,542		1,542
Cost of Goods Sold	1,740		1,740
Depreciation	242,255		242,255
Dues and subscriptions	5,543	5,634	15,835
Employee Benefits	24,029		24,029
Events			188
Food and Beverage	147,965		147,965
Gifts	3,136	210	5,875
Insurance	1,000	3,848	4,848
Legal and Professional	11,562	41,493	86,464
Meals & Entertainment	787	1,110	2,014
Miscellaneous	3,664	17,219	22,214
Office Expense & Computer Expense	2,161	1,609	4,724
Payroll taxes	44,661	2,110	48,510
Postage and delivery	4,186	404	7,836
Professional Development	245	144	484
Program Expenses	90,519		90,519
Rent	7,921	12,425	23,184
Repairs & Maintenance	18,745		18,745
Salaries	452,923	29,100	505,423
Staff Expenses	14,370		14,370
Supplies	66,053		66,053
Telephone and Internet	9,261	911	10,399
Travel	18,949	895	20,505
Utilities	43,397		43,397
	-		-
Total Functional Expenses	<u><u>1,234,606</u></u>	<u><u>117,112</u></u>	<u><u>1,428,872</u></u>
	86%	8%	5%

See Accompanying Notes to Financial Statements

Hands and Feet Project, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities	
Change in net assets	\$ (74,857.38)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	\$ 242,255.40
(Increase)/Decrease in Accrued Revenue	\$ 86,943.62
(Increase)/Decrease in Haiti Made	\$ (625.00)
(Decrease)/Increase in Accounts Payable	\$ (4,419.03)
(Decrease)/Increase in Credit Cards	\$ 70.50
(Decrease)/Increase in Restricted Funds	<u>\$ 189,365.15</u>
Net cash used by operating activities	\$ 438,733.25
Cash flows from investing activities	
(Increase)/Decrease in Fixed Assets	
Cash flows from financing activities	
Net Cash flows from financing activities	<u>\$ 70,075.00</u>
Net change in cash	\$ 508,808.25
Cash at beginning of year	<u>\$ 712,168.63</u>
Cash at end of year	<u><u>\$ 1,220,976.88</u></u>

See Accompanying Notes to Financial Statements

Hands and Feet Project
Notes to Financial Statements
December 31, 2020

1. Organization and Purpose

Hands and Feet Project (HAF) is a nonprofit organization, whose mission is to provide food, clothing, and shelter to orphaned children in Jacmel, Haiti and Grand Goave, Haiti.

2. HAF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. HAF's main source of revenue is from contributions.

3. Summary of Significant Accounting Policies:

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

a. Accrual Basis Financial Statements

The accompanying financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

b. Net Assets

The net assets of HAF and changes therein are classified and reported as follows:

- Unrestricted net assets include all resources, which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate HAF to utilize funds in furtherance of its mission.
- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other uses of contributed funds. Temporary restrictions may expire either because certain actions are taken by HAF, which fulfill the restrictions or because of passage of time. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.
- Permanently restricted net assets are those that are subject to donor-imposed restrictions, which will never lapse, thus requiring that the funds be permanently retained. Generally the donors of these funds permit HAF to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

c. Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributions of property, buildings, and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets. Contributions of cash or other assets to be used to acquire property, plant, and equipment are reported as revenue of the temporary restricted net assets; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

d. Cash and Cash Equivalents

Cash and cash equivalents include all unrestricted cash on hand and in banks. HAF also considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

e. Pledges Receivable

There were no pledges receivable at December 31, 2020.

f. Land, Building and Equipment

Land, building and equipment with cost over \$1000 is recorded at cost, or, if donated, at the estimated fair market value at the date of donation. Depreciation is recorded using the straight line method at various rates calculated to allocate the cost of the respective items over their estimated useful lives. Current year depreciation is \$242,255.

g. Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Costs are allocated between management and general or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function for the overall support and direction of HAF.

h. Donated Goods

HAF received donated food and supplies that were used for the Program. HAF assigns values to such goods at fair market value as estimated by management. These donated items are reflected in the accompanying financial statements as both revenue and expense.

i. Concentration of Credit Risk

HAF's operations are located in Jacmel and Grand Goave, which reside in the country of Haiti. Services provided to individuals in these cities and surrounding areas. HAF maintains cash in bank demand accounts and money market accounts which, at times, may exceed federally insured limits.

j. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. actual results could differ from their estimates.

4. Subsequent Events

Subsequent events have been updated through April 30, 2021, the date the financial statements were available to be issued.

5. Investments

Investments with readily determinable fair values are reflected at fair market value. Changes in fair market value are reported in the statement of activities.

6. Leases

HAF leases office space for administration in Franklin, Tennessee for \$2125 per month. The lease runs from month to month. The estimated amount of lease payments is expected to be static going forward and the minimum lease payments are expected to be \$25,500 per year for the next five years.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for use with the various specific HAF ministries.