

BAREFOOT REPUBLIC, INC.
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

BAREFOOT REPUBLIC, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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Independent Auditor's Report

Board of Directors
Barefoot Republic, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Barefoot Republic, Inc. (a Kentucky not-for-profit corporation, the Organization), which comprise the statements of financial position as of September 30, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 Barefoot Republic, Inc. as of September 30, 2020 and 2019, 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.

Blankenship CPA Group, PLLC
Brentwood, Tennessee
February 10, 2021

BAREFOOT REPUBLIC, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	ASSETS	
	2020	2019
Current assets:		
Cash	\$ 200,329	\$ 39,418
Accounts receivable	22,364	110,024
Contributions receivable, current portion	36,525	84,473
Total current assets	<u>259,218</u>	<u>233,915</u>
Non-current assets:		
Cash restricted by donors for long-term assets	539,517	616,459
Contributions receivable, net of current portion	65,300	35,199
Property and equipment, net	2,817,558	2,160,451
Investments	87,953	79,374
Total assets	<u>\$ 3,769,546</u>	<u>\$ 3,125,398</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 25,831	\$ 35,473
Accrued expenses	3,845	3,845
Deferred revenue	157,621	59,059
Line of credit	101,906	101,906
Due to related party	775	4,375
Notes payable, current portion	122,452	46,849
Total current liabilities	<u>412,430</u>	<u>251,507</u>
Refundable advance	137,335	-
Notes payable, net of current portion	<u>106,906</u>	<u>187,477</u>
Total liabilities	<u>656,671</u>	<u>438,984</u>
Net assets:		
Without donor restrictions	2,411,624	1,938,038
With donor restrictions	701,251	748,376
Total net assets	<u>3,112,875</u>	<u>2,686,414</u>
Total liabilities and net assets	<u>\$ 3,769,546</u>	<u>\$ 3,125,398</u>

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

BAREFOOT REPUBLIC, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Program revenues, net	\$ 166,880	\$ -	\$ 166,880
Facility rentals	87,292	-	87,292
Total operating revenues	254,172	-	254,172
Public support and other revenues:			
Contributions	498,891	75,000	573,891
Capital funds	722,444	-	722,444
Special events	199,107	-	199,107
Grants	46,000	10,000	56,000
In-kind revenues	1,170	-	1,170
Miscellaneous revenues	15,927	-	15,927
Net assets released in satisfaction of restrictions	132,125	(132,125)	-
Total public support and other revenues	1,615,664	(47,125)	1,568,539
Total revenues	1,869,836	(47,125)	1,822,711
Functional expenses:			
Program services	904,913	-	904,913
Supporting services:			
Management and general	293,660	-	293,660
Fundraising	197,677	-	197,677
Total functional expenses	1,396,250	-	1,396,250
Increase (Decrease) in net assets	473,586	(47,125)	426,461
Net assets, beginning of year	1,938,038	748,376	2,686,414
Net assets, end of year	\$ 2,411,624	\$ 701,251	\$ 3,112,875

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

BAREFOOT REPUBLIC, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Program revenues, net	\$ 551,673	\$ -	\$ 551,673
Facility rentals	186,087	-	186,087
Total operating revenues	<u>737,760</u>	<u>-</u>	<u>737,760</u>
Public support and other revenues:			
Contributions	297,736	4,875	302,611
Capital funds	279,941	351,943	631,884
Special events	337,630	-	337,630
Grants	84,400	-	84,400
In-kind revenue	15,770	-	15,770
Miscellaneous revenue	10,723	-	10,723
Net assets released in satisfaction of restrictions	<u>23,334</u>	<u>(23,334)</u>	<u>-</u>
Total public support and other revenues	<u>1,049,534</u>	<u>333,484</u>	<u>1,383,018</u>
Total revenues	<u>1,787,294</u>	<u>333,484</u>	<u>2,120,778</u>
Functional expenses:			
Program services	1,117,983	-	1,117,983
Supporting services:			
Management and general	246,688	-	246,688
Fundraising	<u>246,754</u>	<u>-</u>	<u>246,754</u>
Total functional expenses	<u>1,611,425</u>	<u>-</u>	<u>1,611,425</u>
Increase in net assets	175,869	333,484	509,353
Net assets, beginning of year	<u>1,762,169</u>	<u>414,892</u>	<u>2,177,061</u>
Net assets, end of year	<u><u>\$ 1,938,038</u></u>	<u><u>\$ 748,376</u></u>	<u><u>\$ 2,686,414</u></u>

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

BAREFOOT REPUBLIC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and public relations	\$ 6,397	\$ -	\$ 87	\$ 6,484
Bad debt expense	-	-	3,050	3,050
Camp supplies	53,226	-	-	53,226
Contributions	-	2,218	-	2,218
Depreciation	141,635	11,665	-	153,300
Facilities and equipment	45,881	-	-	45,881
Fall banquet	-	-	1,884	1,884
In-kind expense	-	1,170	-	1,170
Insurance	37,119	3,749	-	40,868
Interest and bank fees	10,277	25,234	-	35,511
Memberships and dues	10,551	1,551	-	12,102
Merchandise	-	-	1,708	1,708
Miscellaneous	2,703	7,834	1,543	12,080
Occupancy	43,188	11,491	-	54,679
Office expense	731	4,689	10,415	15,835
Other events	-	-	20,597	20,597
Payroll, taxes, and benefits	523,212	191,869	153,372	868,453
Professional and contract services	-	23,932	5,021	28,953
Travel	1,638	-	-	1,638
Utilities	28,355	8,258	-	36,613
	<u>\$ 904,913</u>	<u>\$ 293,660</u>	<u>\$ 197,677</u>	<u>\$ 1,396,250</u>

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

BAREFOOT REPUBLIC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and public relations	\$ 4,998	\$ -	\$ -	\$ 4,998
Bad debt expense	-	-	1,430	1,430
Camp supplies	302,916	-	-	302,916
Contributions	-	10,000	-	10,000
Depreciation	143,438	10,211	-	153,649
Facilities and equipment	78,477	-	-	78,477
Fall banquet	-	-	31,296	31,296
In-kind expense	-	2,520	13,250	15,770
Insurance	30,413	3,059	-	33,472
Interest and bank fees	6,912	22,032	-	28,944
Memberships and dues	5,036	743	-	5,779
Merchandise	-	-	16,715	16,715
Miscellaneous	4,337	8,221	2,232	14,790
Occupancy	39,100	11,491	-	50,591
Office expense	121	6,312	9,281	15,714
Other events	352	-	24,336	24,688
Payroll, taxes, and benefits	464,482	152,468	140,881	757,831
Professional and contract services	1,425	10,990	7,333	19,748
Travel	3,678	-	-	3,678
Utilities	32,298	8,641	-	40,939
	<u>\$ 1,117,983</u>	<u>\$ 246,688</u>	<u>\$ 246,754</u>	<u>\$ 1,611,425</u>

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

BAREFOOT REPUBLIC, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ 426,461	\$ 509,353
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	153,300	153,649
Net realized and unrealized gain on endowment	(7,697)	(2,656)
Investment return, net of expenses	(882)	(1,029)
Contributions restricted for endowment	-	(500)
Contributions restricted for long-term investment	(690,517)	(684,955)
Changes in operating assets and liabilities:		
Accounts receivable	87,660	(43,487)
Contributions receivable, net of discount	17,847	55,405
Accounts payable	(9,642)	4,499
Accrued expenses	-	(38)
Deferred revenue	98,562	7,880
Due to related party	(3,600)	4,900
Issuance of refundable advance	137,335	-
Net cash provided by operating activities	<u>208,827</u>	<u>3,021</u>
Cash flows from investing activities:		
Purchase of property and equipment	(810,407)	(376,549)
Purchase of securities	-	(500)
Net cash used by investing activities	<u>(810,407)</u>	<u>(377,049)</u>
Cash flows from financing activities:		
Contributions received for endowment	-	500
Collections of contributions restricted for long-term investment	690,517	684,955
Issuance of notes payable	-	112,000
Principal payments on notes payable	(4,968)	(3,066)
Net cash provided by financing activities	<u>685,549</u>	<u>794,389</u>
Net increase in cash	83,969	420,361
Cash, beginning of year	<u>655,877</u>	<u>235,516</u>
Cash, end of year	<u><u>\$ 739,846</u></u>	<u><u>\$ 655,877</u></u>
Reconciliation of Cash to Statement of Financial Position:		
Cash - unrestricted	\$ 200,329	\$ 39,418
Cash designated for long-term assets	539,517	616,459
	<u><u>\$ 739,846</u></u>	<u><u>\$ 655,877</u></u>
Supplemental data for non-cash investing and financing activities:		
Cash paid during the year for interest	<u><u>\$ 12,908</u></u>	<u><u>\$ 11,042</u></u>

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

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Barefoot Republic, Inc. (the Organization) was founded in 2000 as a Kentucky not-for-profit corporation. The Organization's mission is to facilitate Christ-centered relationships between individuals of diverse racial, cultural, and socioeconomic backgrounds through an equally diverse platform of artistic, athletic, and team-building programs. Participants in these programs are largely concentrated in the southern Kentucky and middle Tennessee areas.

The Organization operates summer and day camps at a facility located on 55 acres on Barren River Lake at 8824 Brownsford Road, Fountain Run, Kentucky. This facility includes three treehouse villages, a multi-purpose center building with a commercial kitchen, an amphitheater, athletic fields, a lake, and a skate park. There are currently nine overnight camp sessions and eight day camp sessions. The Organization also rents the facility as a retreat center. The Organization receives its support primarily from public contributions, camp tuition, and rental fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Cash and Cash Equivalents

Cash consists principally of checking and savings account balances with financial institutions. Restricted cash consists of funds received with donor-imposed restrictions. Cash and cash equivalents exclude cash designated or restricted for the endowment fund. As of September 30, 2020 and 2019, there were no cash equivalents.

Accounts Receivable

Accounts receivable is stated at unpaid balances for retreats and camps. The Organization expects to fully collect these items; therefore, no allowance for uncollectible accounts has been recorded in the financial statements.

Contributions Receivable

Contributions to be received in one year or less are reported at net realizable value. Contributions to be received after one year, net of an allowance for uncollectible amounts, are initially reported at fair value, estimated by discounting them to their present value at a risk-adjusted rate. Thereafter, amortization of discounts is recorded as additional contribution revenue. The allowance for uncollectible contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors.

Property and Equipment and Depreciation

Land, building, equipment, and furniture purchases in excess of \$500 are capitalized and stated at acquisition cost or at estimated fair value at the time of the gift, if donated. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support.

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment and Depreciation (continued)

In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation of property and equipment, other than land, is calculated by the straight-line method over estimated useful lives ranging from three to ten years for equipment and furniture and five to forty years for building and improvements.

Investments

Investments are held in the endowment fund and are reported at fair value. Fair value is based on quoted prices for securities traded on public exchanges. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities, or other reasonable valuation methodologies, such as market values estimated by investment advisors or other qualified sources. Investments acquired by gift or bequest are initially recorded at market or appraised value at the date received. All investment gains and losses are included in the statements of activities. Each asset and liability carried at fair value is classified into one of the following categories:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date

Level 2 – Inputs, other than quoted prices, included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

Contributions

Contributions received are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported with donor restrictions. When a restriction is fulfilled (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 statements of activities as net assets released in satisfaction of restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

Deferred Revenue

Deferred revenue consists of advance payments received for camp tuition and retreat deposits.

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

PPP Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Air, Relief, and Economic Security Act (the CARES Act). GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as debt, presented as a refundable advance. The Organization has not recorded accrued interest due on the note through fiscal year-end as the amount is immaterial.

Donated Goods and Services

Donated property and materials are recorded as contributions, or capitalized as property and equipment in the period received at their estimated fair value if there is an objective and measurable basis for determining such value. Donated services are recognized if they create or enhance non-financial assets or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by the Organization if not donated. Such services are recognized at estimated fair value as support and expense in the period the services were performed.

A number of unpaid volunteers have made significant contributions of their time to assist the Organization in implementing various programs. The value of contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation.

US GAAP requires the Organization’s management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS.

The Organization’s management has analyzed the tax positions taken by the Organization and has concluded that, as of September 30, 2020, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions for the periods of 2015 to the present; however, there are currently no audits for any tax periods in progress.

Advertising

Advertising is expensed as incurred. Total advertising expense for the years ended September 30, 2020 and 2019, was \$6,484 and \$4,998, respectively.

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services – includes the direct cost of operating the Organization’s summer and day camps as well as retreat center rentals.

Management and General – includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Applicable costs include those associated with providing coordination and articulation of the Organization’s program strategy, business management, general recordkeeping, budgeting, and related purposes.

Fundraising – includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Allocation of Functional Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses that can be directly attributed to a particular function are charged to that function. A portion of payroll taxes and benefits and professional and contract services that benefit multiple functional areas have been allocated among the programs and supporting services according to time and effort expended.

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current year presentation.

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Organization’s financial assets available to meet cash needs for general expenditures within one year as of September 30:

	2020	2019
Financial assets:		
Cash	\$ 739,846	\$ 655,877
Accounts receivable	22,364	110,024
Contributions receivable	101,825	119,672
Investments	87,953	79,374
Total financial assets at year-end	<u>951,988</u>	<u>964,947</u>
Less amounts not available to be used within one year:		
Restrictions by donor with purpose and time restrictions	635,248	682,373
Endowment funds	66,003	66,003
	<u>701,251</u>	<u>748,376</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 250,737</u>	<u>\$ 216,571</u>

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations are due. Its goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$270,000). Barefoot Republic has a \$150,000 line of credit available to meet cash flow needs.

As of December 31, 2020 and 2019, the operating fund owed the capital fund \$12,274 and \$34,288, respectively.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at September 30:

	2020	2019
In less than one year	\$ 36,525	\$ 84,473
In one to five years	65,300	39,916
	<u>101,825</u>	<u>124,389</u>
Less: discount to present value	<u>-</u>	<u>(4,717)</u>
Total	<u>\$ 101,825</u>	<u>\$ 119,672</u>

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 179,917	\$ 179,917
Buildings and improvements	2,432,430	2,435,016
Leasehold improvements	38,434	38,434
Vehicles	107,548	107,548
Furniture and equipment	304,717	277,708
Construction in process	966,835	180,850
	<u>4,029,881</u>	<u>3,219,473</u>
Less: accumulated depreciation	<u>(1,212,323)</u>	<u>(1,059,022)</u>
	<u><u>\$ 2,817,558</u></u>	<u><u>\$ 2,160,451</u></u>

NOTE 6 - LINE OF CREDIT

The Organization has a \$150,000 line of credit with a bank. The terms are monthly payments of interest only for eleven months, with outstanding principal and interest due in March 2021. The note is arranged to automatically renew unless the lender gives 30 days' notice prior to the anniversary date. The interest rate is 1% greater than the Prime Rate (5.25% at September 30, 2020). The agreement is co-signed by a company owned by the Executive Director and his family and is collateralized by the land which the Organization leases from the Executive Director and his family. The outstanding balance was \$101,906 at September 30, 2020 and 2019.

NOTE 7 – PPP LOAN

The Organization received a loan in the amount of \$137,335 on April 13, 2020 in accordance with the Paycheck Protection Program section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under this loan program, the entity may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of the report date, management is actively monitoring qualifying conditions to maximize future loan forgiveness and has expended 100% on potential qualifying costs as defined by the legislation. The unsecured note bears interest at 1.00% and matures on April 13, 2022.

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 8 - NOTES PAYABLE

A summary of notes payable is as follows at September 30:

	<u>2020</u>	<u>2019</u>
Note payable to a bank, \$586 payable per month, principal and interest, with final balloon payment due July 5, 2021, interest of 4.5%, secured by real property located in Franklin, TN.	\$ 79,810	\$ 82,326
Note payable to a bank, \$743 payable per month, principal and interest, with final balloon payment due September 10, 2024, interest of 5.0%, secured by real property located in Fountain Run, KY.	109,548	112,000
Non-interest bearing, unsecured note payable to a related party, due on demand.	25,000	25,000
Non-interest bearing, unsecured note payable to a related party, due on demand.	15,000	15,000
	<u>229,358</u>	<u>234,326</u>
Less: current portion	<u>(122,452)</u>	<u>(46,849)</u>
Notes payable, net of current portion	<u><u>\$ 106,906</u></u>	<u><u>\$ 187,477</u></u>

Future maturities of notes payable are as follows:

<u>Years ending September 30:</u>	
2021	\$ 122,452
2022	3,757
2023	3,949
2024	99,200
	<u><u>\$ 229,358</u></u>

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets restricted by donors for time and purpose restrictions consisted of the following as of September 30:

	2020	2019
Capital improvements	\$ 539,516	\$ 671,641
Equipment purchases	16,357	6,357
Scholarships	79,375	4,375
Endowment (see Note 10)	66,003	66,003
	<u>\$ 701,251</u>	<u>\$ 748,376</u>

NOTE 10 - ENDOWMENT FUND INVESTMENTS

The Organization's endowment consists of funds established by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. The Organization's permanently-restricted endowment funds are based on the spending policies described below, which follow the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and the State of Kentucky's State Uniform Prudent Management of Institutional Funds Act (SUPMIFA).

Financial accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA.

Interpretation of applicable law – The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA.

Spending policy – The Organization has a spending policy of appropriating for distribution each year a payout equal to 100% of the yearly total return, not to exceed 5% of the total endowment balance, for program and administrative expenses unless restricted for specific purposes by the donor(s) or designated by the Board of Directors.

Investment return objective, risk parameters, and strategies – The investments shall be allocated between growth- and income-oriented securities, which may include mutual funds, exchange-traded funds (ETFs), money market funds, other cash equivalents, and individual equity and fixed income securities. The portfolio allows for 60% investment in equities and a 40% investment in fixed income and cash.

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 10 - ENDOWMENT FUND INVESTMENTS - CONTINUED

A schedule of endowment net asset composition by type of fund as of September 30, 2020 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ 21,950	\$ 66,003	\$ 87,953

A schedule of endowment net asset composition by type of fund as of September 30, 2019 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ 13,371	\$ 66,003	\$ 79,374

A schedule of endowment fund composition by type as of September 30 follows:

	2020	2019
Cash	\$ 1,971	\$ 2,312
ETFs	85,982	47,038
Fixed income	-	30,024
	\$ 87,953	\$ 79,374

All endowment fund investments were valued based on Level 1 inputs as of September 30, 2020 and 2019.

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 11 - CHANGES IN ENDOWMENT FUND NET ASSETS

A schedule of changes in endowment fund net assets follows for the year ended September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2019	\$ 13,371	\$ 66,003	\$ 79,374
Contributions	-	-	-
Investment income	-	1,711	1,711
Administrative expenses	-	(829)	(829)
Net appreciation (realized and unrealized)	-	7,697	7,697
Amounts released from restriction	<u>8,579</u>	<u>(8,579)</u>	<u>-</u>
Endowment net assets, September 30, 2020	<u>\$ 21,950</u>	<u>\$ 66,003</u>	<u>\$ 87,953</u>

A schedule of changes in endowment fund net assets follows for the year ended September 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2018	\$ 9,686	\$ 65,503	\$ 75,189
Contributions	-	500	500
Investment income	-	1,785	1,785
Administrative expenses	-	(756)	(756)
Net appreciation (realized and unrealized)	-	2,656	2,656
Amounts released from restriction	<u>3,685</u>	<u>(3,685)</u>	<u>-</u>
Endowment net assets, September 30, 2019	<u>\$ 13,371</u>	<u>\$ 66,003</u>	<u>\$ 79,374</u>

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 12 – FINANCIAL AID AND DISCOUNTS

The Organization provides financial aid in the form of scholarships, tuition reduction, and discounts to campers. The amount of financial aid for each camper is determined by the Executive Director and is based on the need described in a scholarship request letter submitted with the camper's application. Various tuition discounts are also given to returning campers, early registrants, and families sending multiple children. Program revenues on the statement of activities is reported net of financial aid. Financial aid was \$29,052 and \$462,638 for the years ended September 30, 2020 and 2019, respectively.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

In 2007, the Organization merged with Masterpiece Ministries, Inc. (Masterpiece), a Tennessee not-for-profit corporation, under the name Spectrum Ministries, Inc. and subsequently separated from this corporation in 2011. In a resolution made at the time of the separation, the Organization committed to provide ongoing support for Masterpiece in the form of annual usage rights of the Organization's facilities and \$10,000 per year upon receipt of proper grant requests, provided that Masterpiece established 501(c)(3) status. During the years ended September 30, 2020 and 2019, the Organization paid \$10,000 each year in expenses related to this commitment.

NOTE 14 - CONCENTRATIONS

The Organization maintains its cash in bank accounts that may at times exceed federally insured limits; however, the Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk regarding cash balances. Uninsured balances as of September 30, 2020 and 2019 totaled \$400,000 and \$332,000, respectively.

NOTE 15 - RELATED PARTIES

The Organization leases office space on a month-to-month basis from the spouse of the Executive Director. Office rental expense for both years ended September 30, 2020 and 2019, amounted to \$8,640.

The Organization also leases a building and other camp facilities on a month-to-month basis from a company owned in part by the Executive Director. As of September 30, 2020 and 2019, rent expense amounted to \$34,289 and \$39,100, respectively. Management estimates the fair rental value of the land to be approximately \$42,000 for the years ended September 30, 2020 and 2019.

The Organization leases the land on which its facilities are located from the Executive Director and his family. The lease is renewable annually at the rate of \$1 per year.

The Executive Director owns a lake house near the camp facilities that he allows the Organization to use free of charge throughout the year for staff and camp events. From time to time, it is rented by attendees of the events. Rental fees owed to the Organization by the Executive Director were \$775 and \$0 as of September 30, 2020 and 2019, respectively.

The Organization owes a total of \$40,000 to the Executive Director and another family member. The notes are non-interest bearing and are payable on demand. See Note 8.

BAREFOOT REPUBLIC, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 16 - SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through February 10, 2021, the date on which the financial statements were available to be issued.