

**COMBINED FINANCIAL STATEMENTS**



**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

# STRONGMINDS, INC. AND RELATED ENTITIES

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
StrongMinds, Inc. and Related Entities  
Maplewood, New Jersey

We have audited the accompanying combined financial statements of StrongMinds, Inc. and Related Entities (collectively, StrongMinds), which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audits. We did not audit the financial statements of StrongMinds Uganda and StrongMinds Zambia, whose statements reflect total assets of \$237,736 and \$52,537, respectively, as of December 31, 2020, and total support and revenues of \$2,169,620 and \$363,848, respectively, for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for StrongMinds Uganda and StrongMinds Zambia, is based solely on the reports of the other auditors. 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## Opinion

In our opinion, based on our audit and the reports of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of StrongMinds as of December 31, 2020 and 2019, and the combined changes in its net assets, combined functional expenses and its combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Prior Year Comparative Statements

The financial statements of StrongMinds Uganda and StrongMinds Zambia for the year ended December 31, 2019 were audited by other auditors, whose reports were dated June 22, 2020 and April 9, 2020 respectively, expressed an unmodified opinion on those statements.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Combining Statement of Financial Position and the Combining Statement of Activities and Changes in Net Assets on pages 18 - 19 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.



May 25, 2021

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2020 AND 2019**

<b>ASSETS</b>		
	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,579,048	\$ 2,177,142
Grants and contributions receivable (Note 2)	460,985	812,624
Prepaid expenses	45,098	27,960
Other current assets	41,092	-
Total current assets	4,126,223	3,017,726
<b>PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization of \$190,733 and \$147,015 for 2020 and 2019, respectively (Note 3)</b>		
	113,372	96,542
<b>OTHER ASSETS</b>		
Deposits	10,368	5,382
Grants and contributions receivable, net of current portion (Note 2)	195,848	384,160
Total other assets	206,216	389,542
<b>TOTAL ASSETS</b>	<b>\$ 4,445,811</b>	<b>\$ 3,503,810</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Note payable (Note 4)	\$ 80,064	\$ -
Accounts payable and accrued liabilities	236,415	185,594
Total current liabilities	316,479	185,594
<b>LONG-TERM LIABILITIES</b>		
Note payable, net of current portion	40,636	-
Total liabilities	357,115	185,594
<b>NET ASSETS</b>		
Without donor restrictions	2,755,895	1,718,962
With donor restrictions (Note 5)	1,332,801	1,599,254
Total net assets	4,088,696	3,318,216
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,445,811</b>	<b>\$ 3,503,810</b>

## STRONGMINDS, INC. AND RELATED ENTITIES

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 1,146,204	\$ -	\$ 1,146,204
Corporate and foundation grants	1,879,618	2,195,467	4,075,085
Contributed services and materials	108,914	-	108,914
Interest income	5,074	-	5,074
Other revenue	34,785	-	34,785
Net assets released from donor restrictions	<u>2,461,920</u>	<u>(2,461,920)</u>	<u>-</u>
Total support and revenue	<u>5,636,515</u>	<u>(266,453)</u>	<u>5,370,062</u>
<b>EXPENSES</b>			
Program Services	<u>3,092,805</u>	<u>-</u>	<u>3,092,805</u>
Supporting Services:			
General and Administrative	1,097,612	-	1,097,612
Fundraising	<u>444,236</u>	<u>-</u>	<u>444,236</u>
Total supporting services	<u>1,541,848</u>	<u>-</u>	<u>1,541,848</u>
Total expenses	<u>4,634,653</u>	<u>-</u>	<u>4,634,653</u>
Changes in net assets before other item	1,001,862	(266,453)	735,409
<b>OTHER ITEM</b>			
Foreign currency translation gain	<u>35,071</u>	<u>-</u>	<u>35,071</u>
Changes in net assets	1,036,933	(266,453)	770,480
Net assets at beginning of year	<u>1,718,962</u>	<u>1,599,254</u>	<u>3,318,216</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 2,755,895</u></b>	<b><u>\$ 1,332,801</u></b>	<b><u>\$ 4,088,696</u></b>

STRONGMINDS, INC. AND RELATED ENTITIES

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 1,596,990	\$ -	\$ 1,596,990
Corporate and foundation grants	1,855,050	2,056,686	3,911,736
Contributed services and materials	10,582	-	10,582
Interest income	7,527	-	7,527
Other revenue	7,473	-	7,473
Net assets released from donor restrictions	<u>997,763</u>	<u>(997,763)</u>	<u>-</u>
Total support and revenue	<u>4,475,385</u>	<u>1,058,923</u>	<u>5,534,308</u>
<b>EXPENSES</b>			
Program Services	<u>2,412,872</u>	<u>-</u>	<u>2,412,872</u>
Supporting Services:			
General and Administrative	775,679	-	775,679
Fundraising	<u>397,811</u>	<u>-</u>	<u>397,811</u>
Total supporting services	<u>1,173,490</u>	<u>-</u>	<u>1,173,490</u>
Total expenses	<u>3,586,362</u>	<u>-</u>	<u>3,586,362</u>
Changes in net assets before other item	889,023	1,058,923	1,947,946
<b>OTHER ITEM</b>			
Foreign currency translation loss	<u>(12,234)</u>	<u>-</u>	<u>(12,234)</u>
Changes in net assets	876,789	1,058,923	1,935,712
Net assets at beginning of year	<u>842,173</u>	<u>540,331</u>	<u>1,382,504</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,718,962</u></b>	<b><u>\$ 1,599,254</u></b>	<b><u>\$ 3,318,216</u></b>

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Supporting Services</u>			<b>Total Supporting Services</b>	<b>Total Expenses</b>
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>		
Salaries	\$ 1,651,706	\$ 493,287	\$ 340,032	\$ 833,319	\$ 2,485,025
Employee benefits	304,417	81,224	36,743	117,967	422,384
Payroll taxes	149,935	50,974	26,846	77,820	227,755
Consultants	418,389	78,889	-	78,889	497,278
Transportation	58,635	9,607	847	10,454	69,089
Travel	18,712	2,444	14,003	16,447	35,159
Professional fees	4,176	137,423	-	137,423	141,599
Advertising and promotion	109,676	23,831	4,031	27,862	137,538
Depreciation and amortization	14,252	29,466	-	29,466	43,718
Office supplies	54,283	13,642	361	14,003	68,286
Rent	25,561	56,259	7,602	63,861	89,422
IT hardware and software	64,312	21,120	6,674	27,794	92,106
Telephone and communications	94,269	10,796	-	10,796	105,065
Recruitment	48,645	-	-	-	48,645
Printing and postage	8,056	2,412	291	2,703	10,759
Office security	1,329	10,953	-	10,953	12,282
Other	29,260	43,939	-	43,939	73,199
Repairs and maintenance	1,825	1,354	-	1,354	3,179
Meals and entertainment	11,837	7,028	713	7,741	19,578
Meetings and trainings	16,867	4,533	219	4,752	21,619
Bank charges	1,853	8,942	5,874	14,816	16,669
Insurance	2,761	4,511	-	4,511	7,272
Utilities	2,049	946	-	946	2,995
Payroll processing fees	-	4,032	-	4,032	4,032
<b>TOTAL</b>	<b>\$ 3,092,805</b>	<b>\$ 1,097,612</b>	<b>\$ 444,236</b>	<b>\$ 1,541,848</b>	<b>\$ 4,634,653</b>



**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Supporting Services</u>			<b>Total Supporting Services</b>	<b>Total Expenses</b>
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>		
Salaries	\$ 1,121,687	\$ 334,994	\$ 264,552	\$ 599,546	\$ 1,721,233
Employee benefits	158,113	62,616	30,646	93,262	251,375
Payroll taxes	102,234	39,353	22,965	62,318	164,552
Consultants	455,895	57,336	3,908	61,244	517,139
Transportation	180,717	14,907	4,570	19,477	200,194
Travel	34,810	32,309	41,447	73,756	108,566
Professional fees	2,555	48,979	2,119	51,098	53,653
Advertising and promotion	16,953	2,921	-	2,921	19,874
Depreciation and amortization	15,586	22,104	-	22,104	37,690
Office supplies	67,727	14,222	128	14,350	82,077
Rent	37,267	35,027	11,042	46,069	83,336
IT hardware and software	56,900	21,378	2,651	24,029	80,929
Telephone and communications	32,672	11,655	565	12,220	44,892
Recruitment	56,954	19	-	19	56,973
Printing and postage	16,896	4,693	957	5,650	22,546
Office security	676	12,146	-	12,146	12,822
Other	4,465	8,259	-	8,259	12,724
Repairs and maintenance	3,636	6,729	-	6,729	10,365
Meals and entertainment	17,220	7,196	4,559	11,755	28,975
Meetings and trainings	25,256	20,449	4,537	24,986	50,242
Bank charges	1,515	8,814	3,165	11,979	13,494
Insurance	2,282	4,568	-	4,568	6,850
Utilities	856	2,705	-	2,705	3,561
Payroll processing fees	-	2,300	-	2,300	2,300
<b>TOTAL</b>	<b>\$ 2,412,872</b>	<b>\$ 775,679</b>	<b>\$ 397,811</b>	<b>\$ 1,173,490</b>	<b>\$ 3,586,362</b>

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 770,480	\$ 1,935,712
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	43,718	37,690
Loss on disposal	-	536
Change in discount on grants and contributions receivable	(3,768)	-
Decrease (increase) in:		
Grants and contributions receivable	543,719	(725,039)
Prepaid expenses	(17,138)	(10,152)
Other current assets	(41,092)	2,225
Deposits	(4,986)	(1,905)
Increase in:		
Accounts payable and accrued liabilities	<u>50,821</u>	<u>135,839</u>
Net cash provided by operating activities	<u>1,341,754</u>	<u>1,374,906</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(60,548)</u>	<u>(43,567)</u>
Net cash used by investing activities	<u>(60,548)</u>	<u>(43,567)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	<u>120,700</u>	<u>-</u>
Net cash provided by financing activities	<u>120,700</u>	<u>-</u>
Net increase in cash and cash equivalents	1,401,906	1,331,339
Cash and cash equivalents at beginning of year	<u>2,177,142</u>	<u>845,803</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 3,579,048</u></b>	<b><u>\$ 2,177,142</u></b>

## STRONGMINDS, INC. AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

StrongMinds, Inc. began operations in 2013 and is a non-profit organization organized under the laws of the State of New Jersey and located in Maplewood, New Jersey. StrongMinds, Inc.'s mission is to restore the mental health of vulnerable African women by using a simple, cost effective, and scalable community-based group talk therapy to treat depression. In 2015, StrongMinds, Inc. worked in conjunction with FXB Uganda, a non-governmental organization in Uganda, under a partnership agreement in which funding was provided to work on programs and activities related to the organizations' mission. In 2016 the organization entered into a master collaboration agreement with StrongMinds Uganda (SMU), after SMU achieved its separate non-government registration status in Uganda whereby Strongminds, Inc. provides funds to SMU to carry on programs and activities in accordance with its mission.

StrongMinds, Inc. supported the launch of operations in Zambia in 2019. StrongMinds Zambia Limited (SMZ) was registered as a company limited by guarantee on February 1, 2019 and as an NGO on April 10, 2019. Thereafter, the organization entered into a master collaboration agreement with SMZ whereby it provides funds for SMZ to carry on programs and activities in accordance with its mission.

##### Basis of presentation -

The accompanying combined financial statements are presented in accordance with the criterion established by FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. Under FASB ASC 958-810, combination is required if a separate not-for-profit organization has control (i.e., major voting interest) and significant economic interest in that other organization. The accompanying financial statements include the operations of StrongMinds, Inc., StrongMinds Uganda and StrongMinds Zambia (collectively referred to as "StrongMinds"). All significant inter-company accounts and transactions have been eliminated in combination.

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Combined Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

New accounting pronouncements adopted -

During 2020, StrongMinds adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way StrongMinds recognized revenue; however, the presentation and disclosures of revenue have been enhanced. StrongMinds has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Cash and cash equivalents -

StrongMinds considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, StrongMinds maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

StrongMinds had approximately \$126,871 and \$217,099 of cash and cash equivalents held at financial institutions in foreign countries as of December 31, 2020 and 2019, respectively. The majority of funds invested in foreign countries are uninsured.

Grants and contributions receivable -

Contributions receivable are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All receivables are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment in excess of \$1,000 are capitalized and stated at cost. Property and equipment are depreciated or amortized on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses as incurred. Depreciation and amortization expense for the years ended December 31, 2020 and 2019 totaled \$43,718 and \$37,690, respectively.

Income taxes -

StrongMinds is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. StrongMinds is not a private foundation.

StrongMinds Uganda and StrongMinds Zambia are registered charitable organizations under the laws and regulations of their respective countries.

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Uncertain tax positions -

For the years ended December 31, 2020 and 2019, StrongMinds has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

Contributions and grants -

The majority of StrongMinds' revenue is received through contributions and grants. Contributions and grants are recognized in the appropriate category of net assets in the period received. StrongMinds performs an analysis of the individual contribution and grant contract to determine if the revenue streams follow the contributions rules or if considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal.

For contributions and grants qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying combined financial statements.

Grant agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, StrongMinds recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances.

Contributed services and materials -

Contributed services and materials consist of legal (\$83,763 for 2020) and, marketing and advertising services (\$25,151 and \$10,582 for 2020 and 2019, respectively). Contributed services and materials are recorded at their fair value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to StrongMinds; these donated services are not reflected in the combined financial statements since these services do not meet the criteria for recognition as contributed services.

Use of estimates -

The preparation of the combined 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 reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## STRONGMINDS, INC. AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a basis of time and effort (such as with salaries and benefits) or other reasonable basis.

Functional currency -

The U.S. dollar ("Dollars") is the functional currency for StrongMinds' operations. Transactions in currencies other than U.S. Dollars are translated into Dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in non-U.S. currency are translated into Dollars at the exchange rate in effect at the date of the Combined Statements of Financial Position.

The amount of gain (loss) related to foreign currency translation totaled \$35,071 and \$(12,234) for the years ended December 31, 2020 and 2019, respectively.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact StrongMinds' operations. The overall potential impact is unknown at this time.

New accounting pronouncements (not yet adopted) -

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Combined Statements of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

StrongMinds plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying combined financial statements.

#### 2. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2020 and 2019, contributors to StrongMinds have made written promises to give totaling \$660,985 and \$1,204,704, respectively. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate ranging from 1.92% to 2.12%.

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**2. GRANTS AND CONTRIBUTIONS RECEIVABLE (Continued)**

Grants are due as follows at December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Less than one year	\$ 460,985	\$ 812,624
One to five years	200,000	392,080
Total	660,985	1,204,704
Less: Allowance to discount balance to present value	(4,152)	(7,920)
<b>GRANTS RECEIVABLE</b>	<b><u>\$ 656,833</u></b>	<b><u>\$ 1,196,784</u></b>

**3. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Health platform	\$ 14,560	\$ 14,560
Equipment	40,109	36,692
Furniture and fixtures	40,045	40,213
Vehicles	209,391	152,092
Total property and equipment	304,105	243,557
Less: Accumulated depreciation and amortization	(190,733)	(147,015)
<b>NET PROPERTY AND EQUIPMENT</b>	<b><u>\$ 113,372</u></b>	<b><u>\$ 96,542</u></b>

**4. LOAN PAYABLE**

On May 19, 2020, StrongMinds received loan proceeds in the amount of \$120,700 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. StrongMinds used the proceeds for purposes consistent with the Paycheck Protection Program and subsequent to year-end on April 21, 2021, StrongMinds received full forgiveness of the loan.

Principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

**Year Ending December 31,**

2021	\$ 80,064
2022	40,636
	<b><u>\$ 120,700</u></b>

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified program purposes	\$ 783,347	\$ 799,254
Subject to passage of time	<u>549,454</u>	<u>800,000</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 1,332,801</u></b>	<b><u>\$ 1,599,254</u></b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished	\$ 2,051,061	\$ 964,430
Passage of time	<u>410,859</u>	<u>33,333</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 2,461,920</u></b>	<b><u>\$ 997,763</u></b>

**6. LIQUIDITY**

Financial assets available for use within one year of the Combined Statements of Financial Position comprise the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,579,048	\$ 2,177,142
Grants and contributions receivable	460,985	812,624
Less donor restrictions	<u>(783,347)</u>	<u>(799,254)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 3,256,686</u></b>	<b><u>\$ 2,190,512</u></b>

StrongMinds has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2020 and 2019, StrongMinds has financial assets equal to approximately eight and seven months of average annual expenses, respectively.

**7. LEASE COMMITMENTS**

StrongMinds entered into a two (2) year lease agreement to lease office space at 515 Valley Street in Maplewood, New Jersey, starting on November 1, 2017 and expiring on October 31, 2019. Monthly lease payments were \$1,500. This agreement was amended in April 2019. The amended lease commenced May 1, 2019 and expires on April 30, 2021. Monthly lease payments are \$2,750.

StrongMinds Uganda entered into a one (1) year lease agreement to rent office space at Plot 782 in Mukono, Uganda commencing on June 1, 2017. This lease agreement was amended in May 2018. The amended lease commenced June 1, 2018 and expired May 30, 2020. Monthly lease payments were 1,200,000 UGX per month (approximately \$330).



**STRONGMINDS, INC. AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**7. LEASE COMMITMENTS (Continued)**

StrongMinds Uganda entered into a three (3) year lease agreement to rent office space at Plot 98 in Ntinda, Kampala commencing on March 1, 2018. Lease payments are \$2,500, \$2,575 and \$2,730 for the three years, respectively. In May 2019, this lease was terminated and StrongMinds Uganda entered into a three (3) year lease agreement to rent office space at Plot 30 in Bugolobi, Kampala commencing on June 1, 2019. Monthly lease payments are \$3,000 per month.

StrongMinds Uganda entered into a two (2) year lease agreement to rent office space at Plot 2 in Iganga, Uganda commencing on June 1, 2019. Monthly lease payments are 1,000,000 UGX per month (approximately \$275).

StrongMinds Zambia entered into a one (1) year lease agreement to rent office space at Plot 10484 in Olympia, Zambia commencing on March 18, 2019. Monthly lease payments are \$1,000 per month. The lease agreement was amended January 2020. The amended lease commenced January 1, 2020 and expired December 31, 2020. Monthly lease payments were \$1,200 per month.

The following is a schedule of the future minimum lease payments:

**Year Ending December 31,**

2021	\$ 52,735
2022	<u>15,000</u>
	<b><u>\$ 67,735</u></b>

Rent expense for the years ended December 31, 2020 and 2019 was \$89,422 and \$83,336 respectively.

**8. RETIREMENT PLAN**

StrongMinds, Inc. permits salary reduction contributions to be made to a simple individual retirement account or annuity (SIMPLE IRA plan). StrongMinds, Inc. contributes an employer matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contribution up to a limit of three (3%) percent of the employee's compensation. StrongMinds, Inc. made contributions in the amounts of \$29,260 and \$16,724 for the years ended December 31, 2020 and 2019, respectively.

**9. CONTINGENCY**

Various lawsuits and other contingent liabilities arise in the ordinary course of StrongMinds' activities. While the final outcome of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on StrongMinds' combined financial statements.

**10. SUBSEQUENT EVENTS**

In preparing these combined financial statements, StrongMinds has evaluated events and transactions for potential recognition or disclosure through May 25, 2021, the date the combined financial statements were issued.

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**10. SUBSEQUENT EVENTS (Continued)**

On March 30, 2021, StrongMinds entered into a second promissory note agreement for a five year period in the amount of \$153,160 with a 1% fixed interest rate under the Paycheck Protection Program. The promissory note requires monthly principal and interest payments amortized over the term of the promissory note beginning January 2022, unless otherwise forgiven. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part.

**SUPPLEMENTAL INFORMATION**

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2020**

<b>ASSETS</b>					
	<b>StrongMinds USA</b>	<b>StrongMinds Uganda</b>	<b>StrongMinds Zambia</b>	<b>Eliminations</b>	<b>Total</b>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 3,452,177	\$ 80,378	\$ 46,493	\$ -	\$ 3,579,048
Grants and contributions receivable	444,092	16,893	-	-	460,985
Due from related parties	63,823	-	-	(63,823)	-
Prepaid expenses	9,218	33,389	2,491	-	45,098
Other current assets	33,381	7,711	-	-	41,092
Total current assets	4,002,691	138,371	48,984	(63,823)	4,126,223
<b>PROPERTY AND EQUIPMENT, NET</b>	13,389	96,430	3,553	-	113,372
<b>OTHER ASSETS</b>					
Deposits	7,433	2,935	-	-	10,368
Grants and contributions receivable, net of current portion	195,848	-	-	-	195,848
Total other assets	203,281	2,935	-	-	206,216
<b>TOTAL ASSETS</b>	<b>\$ 4,219,361</b>	<b>\$ 237,736</b>	<b>\$ 52,537</b>	<b>\$ (63,823)</b>	<b>\$ 4,445,811</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Note payable	\$ 80,064	\$ -	\$ -	\$ -	\$ 80,064
Accounts payable and accrued liabilities	97,923	126,975	11,517	-	236,415
Due to related party	-	9,598	54,225	(63,823)	-
Total current liabilities	177,987	136,573	65,742	(63,823)	316,479
<b>LONG-TERM LIABILITIES</b>					
Note payable, net of current portion	40,636	-	-	-	40,636
Total liabilities	218,623	136,573	65,742	(63,823)	357,115
<b>NET ASSETS</b>					
Without donor restrictions	2,667,937	101,163	(13,205)	-	2,755,895
With donor restrictions	1,332,801	-	-	-	1,332,801
Total net assets	4,000,738	101,163	(13,205)	-	4,088,696
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,219,361</b>	<b>\$ 237,736</b>	<b>\$ 52,537</b>	<b>\$ (63,823)</b>	<b>\$ 4,445,811</b>

## STRONGMINDS, INC. AND RELATED ENTITIES

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	StrongMinds USA			StrongMinds Uganda			StrongMinds Zambia			Eliminations	Grand Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>SUPPORT AND REVENUE</b>											
Contributions	\$ 1,146,204	\$ -	\$ 1,146,204	\$ 2,095,414	\$ -	\$ 2,095,414	\$ -	\$ -	\$ -	\$ (2,095,414)	\$ 1,146,204
Corporate and foundation grants	1,660,866	2,195,467	3,856,333	71,020	-	71,020	337,732	-	337,732	(190,000)	4,075,085
Contributed services and materials	108,914	-	108,914	-	-	-	-	-	-	-	108,914
Interest income	5,074	-	5,074	-	-	-	-	-	-	-	5,074
Other revenue	5,483	-	5,483	3,186	-	3,186	26,116	-	26,116	-	34,785
Net assets released from restrictions	2,461,920	(2,461,920)	-	-	-	-	-	-	-	-	-
Total support and revenue	5,388,461	(266,453)	5,122,008	2,169,620	-	2,169,620	363,848	-	363,848	(2,285,414)	5,370,062
<b>EXPENSES</b>											
Program Services	3,163,231	-	3,163,231	1,875,974	-	1,875,974	348,811	-	348,811	(2,295,211)	3,092,805
Supporting Services:											
General and Administrative	618,385	-	618,385	372,030	-	372,030	107,197	-	107,197	-	1,097,612
Fundraising	443,904	-	443,904	332	-	332	-	-	-	-	444,236
Total supporting services	1,062,289	-	1,062,289	372,362	-	372,362	107,197	-	107,197	-	1,541,848
Total expenses	4,225,520	-	4,225,520	2,248,336	-	2,248,336	456,008	-	456,008	(2,295,211)	4,634,653
Change in net assets before other item	1,162,941	(266,453)	896,488	(78,716)	-	(78,716)	(92,160)	-	(92,160)	9,797	735,409
<b>OTHER ITEM</b>											
Foreign currency translation gain (loss)	-	-	-	(118)	-	(118)	44,986	-	44,986	(9,797)	35,071
Change in net assets	1,162,941	(266,453)	896,488	(78,834)	-	(78,834)	(47,174)	-	(47,174)	-	770,480
Net assets at beginning of year	1,504,996	1,599,254	3,104,250	179,997	-	179,997	33,969	-	33,969	-	3,318,216
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,667,937</b>	<b>\$ 1,332,801</b>	<b>\$ 4,000,738</b>	<b>\$ 101,163</b>	<b>\$ -</b>	<b>\$ 101,163</b>	<b>\$ (13,205)</b>	<b>\$ -</b>	<b>\$ (13,205)</b>	<b>\$ -</b>	<b>\$ 4,088,696</b>