

COMBINED FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

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

Opinion

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, 2021 and 2020, 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.

In our opinion, based on our audits and the reports of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of StrongMinds as of December 31, 2021 and 2020, and the combined 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.

We did not audit the financial statements of StrongMinds Uganda and StrongMinds Zambia, whose statements reflect total assets of \$236,776 and \$50,348, respectively, as of December 31, 2021, and total support and revenues of \$3,118,723 and \$641,404, respectively, for the year then ended. 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, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors, whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of StrongMinds, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for StrongMinds Uganda and StrongMinds Zambia, prior to these conversion adjustments is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits 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 Combined Financial Statements section of our report. We are required to be independent of StrongMinds and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Responsibilities of Management for the Combined 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.

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 StrongMinds' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about StrongMinds' 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.

Supplementary Information

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 - 20 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

May 9, 2022

STRONGMINDS, INC. AND RELATED ENTITIES
COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

ASSETS		<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	6,692,798	\$ 3,579,048
Grants and contributions receivable (Note 2)		1,439,725	460,985
Prepaid expenses		52,658	45,098
Other current assets		<u>13,639</u>	<u>41,092</u>
Total current assets		<u>8,198,820</u>	<u>4,126,223</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization of \$221,912 and \$190,733 for 2021 and 2020, respectively (Note 3)			
		<u>121,914</u>	<u>113,372</u>
OTHER ASSETS			
Security deposits		6,523	10,368
Grants and contributions receivable, net of current portion (Note 2)		<u>-</u>	<u>195,848</u>
Total other assets		<u>6,523</u>	<u>206,216</u>
TOTAL ASSETS	\$	<u>8,327,257</u>	\$ <u>4,445,811</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Note payable (Note 4)	\$	-	\$ 80,064
Accounts payable and accrued liabilities		<u>304,837</u>	<u>236,415</u>
Total current liabilities		<u>304,837</u>	<u>316,479</u>
LONG-TERM LIABILITIES			
Note payable, net of current portion (Note 4)		<u>-</u>	<u>40,636</u>
Total liabilities		<u>304,837</u>	<u>357,115</u>
NET ASSETS			
Without donor restrictions		6,600,013	2,755,895
With donor restrictions (Note 5)		<u>1,422,407</u>	<u>1,332,801</u>
Total net assets		<u>8,022,420</u>	<u>4,088,696</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>8,327,257</u>	\$ <u>4,445,811</u>

STRONGMINDS, INC. AND RELATED ENTITIES

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 2,502,006	\$ -	\$ 2,502,006
Corporate and foundation grants	3,967,509	3,038,638	7,006,147
Contributed services and materials	56,115	-	56,115
Interest income	8,379	-	8,379
Net assets released from donor restrictions (Note 5)	<u>2,949,032</u>	<u>(2,949,032)</u>	<u>-</u>
Total support and revenue	<u>9,483,041</u>	<u>89,606</u>	<u>9,572,647</u>
EXPENSES			
Program Services	<u>3,882,492</u>	<u>-</u>	<u>3,882,492</u>
Supporting Services:			
General and Administrative	1,566,594	-	1,566,594
Fundraising	<u>401,235</u>	<u>-</u>	<u>401,235</u>
Total supporting services	<u>1,967,829</u>	<u>-</u>	<u>1,967,829</u>
Total expenses	<u>5,850,321</u>	<u>-</u>	<u>5,850,321</u>
Changes in net assets before other items	<u>3,632,720</u>	<u>89,606</u>	<u>3,722,326</u>
OTHER ITEMS			
Extinguishment of debt	273,860	-	273,860
Foreign currency translation loss	<u>(62,462)</u>	<u>-</u>	<u>(62,462)</u>
Total other items	<u>211,398</u>	<u>-</u>	<u>211,398</u>
Changes in net assets	3,844,118	89,606	3,933,724
Net assets at beginning of year	<u>2,755,895</u>	<u>1,332,801</u>	<u>4,088,696</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,600,013</u>	<u>\$ 1,422,407</u>	<u>\$ 8,022,420</u>

STRONGMINDS, INC. AND RELATED ENTITIES

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
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 (Note 5)	<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>
EXPENSES			
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
OTHER ITEM			
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>
NET ASSETS AT END OF YEAR	<u>\$ 2,755,895</u>	<u>\$ 1,332,801</u>	<u>\$ 4,088,696</u>

STRONGMINDS, INC. AND RELATED ENTITIES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>		
Salaries	\$ 2,111,556	\$ 682,400	\$ 314,415	\$ 996,815	\$ 3,108,371
Employee benefits	395,213	198,195	31,729	229,924	625,137
Payroll taxes	197,510	58,865	26,876	85,741	283,251
Consultants	213,037	103,470	1,065	104,535	317,572
Transportation	136,072	24,635	2,152	26,787	162,859
Travel	28,439	20,730	3,916	24,646	53,085
Professional fees	1,274	164,969	-	164,969	166,243
Partners	92,832	-	-	-	92,832
Advertising and promotion	118,691	15,707	3,895	19,602	138,293
Depreciation and amortization	16,880	28,858	-	28,858	45,738
Office supplies	91,820	21,719	-	21,719	113,539
Rent	43,179	56,432	8,875	65,307	108,486
IT hardware and software	34,145	88,836	2,497	91,333	125,478
Telephone and communications	150,964	16,856	-	16,856	167,820
Mobilization	113,690	116	-	116	113,806
Printing and postage	31,341	4,589	20	4,609	35,950
Office security	3,848	8,285	-	8,285	12,133
Other	2,124	7,652	97	7,749	9,873
Repairs and maintenance	435	7,317	-	7,317	7,752
Meals and entertainment	13,663	6,473	1,069	7,542	21,205
Meetings and trainings	78,955	21,502	644	22,146	101,101
Bank charges	339	12,638	3,985	16,623	16,962
Insurance	5,114	10,956	-	10,956	16,070
Utilities	1,371	1,575	-	1,575	2,946
Payroll processing fees	-	3,819	-	3,819	3,819
TOTAL	\$ 3,882,492	\$ 1,566,594	\$ 401,235	\$ 1,967,829	\$ 5,850,321

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

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>		
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
TOTAL	\$ 3,092,805	\$ 1,097,612	\$ 444,236	\$ 1,541,848	\$ 4,634,653

STRONGMINDS, INC. AND RELATED ENTITIES
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 3,933,724	\$ 770,480
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	45,738	43,718
Change in discount on grants and contributions receivable	(4,152)	(3,768)
Extinguishment of debt	(273,860)	-
(Increase) decrease in:		
Grants and contributions receivable	(778,740)	543,720
Prepaid expenses	(7,560)	(17,138)
Other current assets	27,453	(41,092)
Security deposits	3,845	(4,988)
Increase in:		
Accounts payable and accrued liabilities	<u>68,422</u>	<u>50,822</u>
Net cash provided by operating activities	<u>3,014,870</u>	<u>1,341,754</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(54,280)</u>	<u>(60,548)</u>
Net cash used by investing activities	<u>(54,280)</u>	<u>(60,548)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>153,160</u>	<u>120,700</u>
Net cash provided by financing activities	<u>153,160</u>	<u>120,700</u>
Net increase in cash and cash equivalents	3,113,750	1,401,906
Cash and cash equivalents at beginning of year	<u>3,579,048</u>	<u>2,177,142</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,692,798</u>	<u>\$ 3,579,048</u>

STRONGMINDS, INC. AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020**

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

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 \$124,334 and \$126,871 of cash and cash equivalents held at financial institutions in foreign countries as of December 31, 2021 and 2020, 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, 2021 and 2020 totaled \$45,738 and \$43,718, 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.

Uncertain tax positions -

For the years ended December 31, 2021 and 2020, 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 from corporations and private foundations. Contributions and grants are recognized in the appropriate category of net assets in the period received.

STRONGMINDS, INC. AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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

Contributions and grants (continued) -

StrongMinds performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution 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 conditions 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.

Contributions and grants 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 recognized as contributions when the revenue becomes unconditional.

For contributions and grants treated as contributions, StrongMinds did not have any unrecognized conditional awards as of December 31, 2021 and 2020.

Contributed services and materials -

Contributed services and materials consist of legal (\$40,034 and \$83,763 for 2021 and 2020) and, marketing and advertising services (\$16,081 and \$25,151 for 2021 and 2020, 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.

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.

STRONGMINDS, INC. AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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

Functional currency (continued) -

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 (loss) gain related to foreign currency translation totaled \$(62,462) and \$35,071 for the years ended December 31, 2021 and 2020, respectively.

New accounting pronouncements (not yet adopted) -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

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 ASUs 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, 2021 and 2020, contributors to StrongMinds have made written promises to give totaling \$1,439,725 and \$660,985, 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%. Grants are due as follows at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 1,439,725	\$ 460,985
One to five years	<u>-</u>	<u>200,000</u>
Total	1,439,725	660,985
Less: Allowance to discount balance to present value	<u>-</u>	<u>(4,152)</u>
GRANTS RECEIVABLE	<u>\$ 1,439,725</u>	<u>\$ 656,833</u>

STRONGMINDS, INC. AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021 and 2020:

	2021	2020
Health platform	\$ 24,871	\$ 14,560
Equipment	52,010	40,109
Furniture and fixtures	41,824	40,045
Vehicles	225,121	209,391
Total property and equipment	343,826	304,105
Less: Accumulated depreciation and amortization	(221,912)	(190,733)
NET PROPERTY AND EQUIPMENT	\$ 121,914	\$ 113,372

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. This note was forgiven during the year ended December 31, 2021.

On March 30, 2021, StrongMinds received loan proceeds in the amount of \$153,160 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. This note was also forgiven during the year ended December 31, 2021.

Accordingly, both amounts have been recorded as extinguishment of debt as an Other Item in the accompanying December 31, 2021 Combined Statement of Activities and Changes in Net Assets.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	2021	2020
Subject to expenditure for specified program purposes	\$ 1,105,739	\$ 783,347
Subject to passage of time	316,668	549,454
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 1,422,407	\$ 1,332,801

STRONGMINDS, INC. AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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>2021</u>	<u>2020</u>
Purpose restrictions accomplished	\$ 2,578,972	\$ 2,051,061
Passage of time	<u>370,060</u>	<u>410,859</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 2,949,032</u>	<u>\$ 2,461,920</u>

6. LIQUIDITY

Financial assets available for use within one year of the Combined Statements of Financial Position comprise the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 6,692,798	\$ 3,579,048
Grants and contributions receivable	1,439,725	460,985
Less donor restrictions	<u>(1,105,739)</u>	<u>(783,347)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 7,026,784</u>	<u>\$ 3,256,686</u>

StrongMinds has a policy to structure its financial assets to be available and liquid as its obligations become due.

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, and again in April 2021. The latest amended lease commenced May 1, 2021 and expires on April 30, 2023. Monthly lease payments are \$2,750.

StrongMinds Uganda entered into a three (3) year lease agreement to rent office space at Plot 32 in Bugolobi, Uganda commencing on June 1, 2021 and expiring on May 30, 2024. Monthly lease payments were \$3,300.

StrongMinds Uganda entered into an eight (8) month lease agreement to rent two rooms for employee tenancy at the North Karamoja Diocese, Church of Uganda in Kodito, Uganda commencing on May 1, 2021 and expired December 31, 2021. Monthly lease payments are 600,000 UGX per month (approximately \$170).

StrongMinds Uganda entered into a six (6) month lease agreement to rent office space in Palabek Kal, Uganda commencing on June 1, 2021 and expired December 31, 2021. Monthly lease payments are 700,000 UGX per month (approximately \$200).

STRONGMINDS, INC. AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

7. LEASE COMMITMENTS (Continued)

StrongMinds Uganda entered into a one (1) year lease agreement to rent office space at Plot 14 in Mbala, Uganda commencing on September 15, 2021 and expires on September 14, 2022. Monthly lease payments are 2,000,000 UGX per month (approximately \$560).

StrongMinds Uganda entered into a two (2) year lease agreement to rent office space at Plot 219 in Mbarara City, Uganda commencing on September 15, 2021 and expires on September 30, 2023. Monthly lease payments are 1,800,000 UGX per month (approximately \$510).

StrongMinds Zambia entered into a one (1) year lease agreement to rent office space at in Lusaka, Zambia commencing on April 1, 2021 and expires on March 31, 2022. Monthly lease payments are \$2,000 per month.

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

Year Ending December 31,

2022	\$	89,688
2023		55,136
2024		<u>16,500</u>
	\$	<u>161,324</u>

Rent expense for the years ended December 31, 2021 and 2020 was \$108,486 and \$89,422 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 \$34,162 and \$29,260 for the years ended December 31, 2021 and 2020, 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 9, 2022, the date the combined financial statements were issued.

SUPPLEMENTAL INFORMATION

STRONGMINDS, INC. AND RELATED ENTITIES
COMBINING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021

ASSETS

	StrongMinds USA	StrongMinds Uganda	StrongMinds Zambia	Eliminations	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 6,568,464	\$ 84,112	\$ 40,222	\$ -	\$ 6,692,798
Grants and contributions receivable	1,438,158	1,567	-	-	1,439,725
Due from related parties	101,170	29,456	-	(130,626)	-
Prepaid expenses	6,110	42,127	4,421	-	52,658
Other current assets	10,182	811	2,646	-	13,639
Total current assets	<u>8,124,084</u>	<u>158,073</u>	<u>47,289</u>	<u>(130,626)</u>	<u>8,198,820</u>
PROPERTY AND EQUIPMENT, NET	<u>44,242</u>	<u>74,613</u>	<u>3,059</u>	<u>-</u>	<u>121,914</u>
OTHER ASSETS					
Security deposits	<u>2,433</u>	<u>4,090</u>	<u>-</u>	<u>-</u>	<u>6,523</u>
TOTAL ASSETS	<u>\$ 8,170,759</u>	<u>\$ 236,776</u>	<u>\$ 50,348</u>	<u>\$ (130,626)</u>	<u>\$ 8,327,257</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 77,431	\$ 199,380	\$ 28,026	\$ -	\$ 304,837
Due to related party	-	-	130,626	(130,626)	-
Total liabilities	<u>77,431</u>	<u>199,380</u>	<u>158,652</u>	<u>(130,626)</u>	<u>304,837</u>

NET ASSETS

Without donor restrictions	6,670,921	37,396	(108,304)	-	6,600,013
With donor restrictions	1,422,407	-	-	-	1,422,407
Total net assets	<u>8,093,328</u>	<u>37,396</u>	<u>(108,304)</u>	<u>-</u>	<u>8,022,420</u>

**TOTAL LIABILITIES AND
NET ASSETS**

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,170,759</u>	<u>\$ 236,776</u>	<u>\$ 50,348</u>	<u>\$ (130,626)</u>	<u>\$ 8,327,257</u>
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STRONGMINDS, INC. AND RELATED ENTITIES

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	StrongMinds USA			StrongMinds Uganda		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 2,429,740	\$ -	\$ 2,429,740	\$ 3,114,994	\$ -	\$ 3,114,994
Corporate and foundation grants	3,532,480	3,038,638	6,571,118	-	-	-
Contributed services and materials	56,115	-	56,115	-	-	-
Interest income	4,650	-	4,650	3,729	-	3,729
Net assets released from restrictions	2,949,032	(2,949,032)	-	-	-	-
Total support and revenue	8,972,017	89,606	9,061,623	3,118,723	-	3,118,723
EXPENSES						
Program Services	4,056,662	-	4,056,662	2,603,576	-	2,603,576
Supporting Services:						
General and Administrative	785,073	-	785,073	559,557	-	559,557
Fundraising	401,158	-	401,158	-	-	-
Total supporting services	1,186,231	-	1,186,231	559,557	-	559,557
Total expenses	5,242,893	-	5,242,893	3,163,133	-	3,163,133
Change in net assets before other items	3,729,124	89,606	3,818,730	(44,410)	-	(44,410)
OTHER ITEMS						
Extinguishment of debt	273,860	-	273,860	-	-	-
Foreign currency translation loss	-	-	-	(19,357)	-	(19,357)
Total other items	273,860	-	273,860	(19,357)	-	(19,357)
Changes in net assets	4,002,984	89,606	4,092,590	(63,767)	-	(63,767)
Net assets at beginning of year	2,667,937	1,332,801	4,000,738	101,163	-	101,163
NET ASSETS AT END OF YEAR	\$ 6,670,921	\$ 1,422,407	\$ 8,093,328	\$ 37,396	\$ -	\$ 37,396

STRONGMINDS, INC. AND RELATED ENTITIES

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	StrongMinds Zambia		Total	Eliminations	Grand Total
	Without Donor Restrictions	With Donor Restrictions			
SUPPORT AND REVENUE					
Contributions	\$ -	\$ -	\$ -	\$ (3,042,728)	\$ 2,502,006
Corporate and foundation grants	641,404	-	641,404	(206,375)	7,006,147
Contributed services and materials	-	-	-	-	56,115
Interest income	-	-	-	-	8,379
Net assets released from restrictions	-	-	-	-	-
Total support and revenue	<u>641,404</u>	<u>-</u>	<u>641,404</u>	<u>(3,249,103)</u>	<u>9,572,647</u>
EXPENSES					
Program Services	<u>471,357</u>	<u>-</u>	<u>471,357</u>	<u>(3,249,103)</u>	<u>3,882,492</u>
Supporting Services:					
General and Administrative	221,964	-	221,964	-	1,566,594
Fundraising	77	-	77	-	401,235
Total supporting services	<u>222,041</u>	<u>-</u>	<u>222,041</u>	<u>-</u>	<u>1,967,829</u>
Total expenses	<u>693,398</u>	<u>-</u>	<u>693,398</u>	<u>(3,249,103)</u>	<u>5,850,321</u>
Change in net assets before other items	<u>(51,994)</u>	<u>-</u>	<u>(51,994)</u>	<u>-</u>	<u>3,722,326</u>
OTHER ITEMS					
Extinguishment of debt	-	-	-	-	273,860
Foreign currency translation loss	(43,105)	-	(43,105)	-	(62,462)
Total other items	<u>(43,105)</u>	<u>-</u>	<u>(43,105)</u>	<u>-</u>	<u>211,398</u>
Changes in net assets	(95,099)	-	(95,099)	-	3,933,724
Net assets at beginning of year	(13,205)	-	(13,205)	-	4,088,696
NET ASSETS AT END OF YEAR	<u>\$ (108,304)</u>	<u>\$ -</u>	<u>\$ (108,304)</u>	<u>\$ -</u>	<u>\$ 8,022,420</u>