

**COMBINED FINANCIAL STATEMENTS**



**FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021**

# 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, 2022 and 2021, 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 combined financial position of StrongMinds as of December 31, 2022 and 2021, 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 \$1,064,858 and \$205,083, respectively, as of December 31, 2022, and total support and revenues of \$5,852,111 and \$692,701, 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 \$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. 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.

*Gelman Rosenberg & Friedman*

May 9, 2023

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022 AND 2021**

<b>ASSETS</b>		<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	8,008,754	\$ 6,692,798
Grants and contributions receivable		459,021	1,439,725
Prepaid expenses		110,531	52,658
Other current assets		<u>2,755</u>	<u>13,639</u>
Total current assets		<u>8,581,061</u>	<u>8,198,820</u>
<b>PROPERTY AND EQUIPMENT, NET</b>		<u>285,518</u>	<u>121,914</u>
<b>OTHER ASSETS</b>			
Right-of-use asset, net		70,137	-
Security deposits		<u>9,206</u>	<u>6,523</u>
Total other assets		<u>79,343</u>	<u>6,523</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>8,945,922</u></b>	<b>\$ <u>8,327,257</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	560,660	\$ 304,837
Lease liability		<u>48,209</u>	<u>-</u>
Total liabilities		<u>608,869</u>	<u>304,837</u>
<b>NET ASSETS</b>			
Without donor restrictions		6,929,062	6,600,013
With donor restrictions (Note 3)		<u>1,407,991</u>	<u>1,422,407</u>
Total net assets		<u>8,337,053</u>	<u>8,022,420</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>8,945,922</u></b>	<b>\$ <u>8,327,257</u></b>

## STRONGMINDS, INC. AND RELATED ENTITIES

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 2,435,465	\$ -	\$ 2,435,465
Corporate and foundation grants	2,593,564	3,248,232	5,841,796
Contributed services and materials	31,741	-	31,741
Interest and other income	45,606	-	45,606
Net assets released from donor restrictions (Note 3)	<u>3,262,648</u>	<u>(3,262,648)</u>	<u>-</u>
Total support and revenue	<u>8,369,024</u>	<u>(14,416)</u>	<u>8,354,608</u>
<b>EXPENSES</b>			
Program Services	<u>5,243,448</u>	<u>-</u>	<u>5,243,448</u>
Supporting Services:			
General and Administrative	2,173,792	-	2,173,792
Fundraising	<u>628,449</u>	<u>-</u>	<u>628,449</u>
Total supporting services	<u>2,802,241</u>	<u>-</u>	<u>2,802,241</u>
Total expenses	<u>8,045,689</u>	<u>-</u>	<u>8,045,689</u>
Changes in net assets before other item	323,335	(14,416)	308,919
<b>OTHER ITEM</b>			
Foreign currency translation gain	<u>5,714</u>	<u>-</u>	<u>5,714</u>
Changes in net assets	329,049	(14,416)	314,633
Net assets at beginning of year	<u>6,600,013</u>	<u>1,422,407</u>	<u>8,022,420</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 6,929,062</u></b>	<b><u>\$ 1,407,991</u></b>	<b><u>\$ 8,337,053</u></b>

## 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>
<b>SUPPORT AND REVENUE</b>			
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 and other income	8,379	-	8,379
Net assets released from donor restrictions (Note 3)	<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>
<b>EXPENSES</b>			
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>
<b>OTHER ITEMS</b>			
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>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 6,600,013</u></b>	<b><u>\$ 1,422,407</u></b>	<b><u>\$ 8,022,420</u></b>



**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<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	\$ 2,561,440	\$ 989,161	\$ 433,599	\$ 1,422,760	\$ 3,984,200
Employee benefits	423,087	173,377	58,944	232,321	655,408
Consultants	337,876	105,600	31,215	136,815	474,691
Payroll taxes	252,969	94,106	34,455	128,561	381,530
Meetings and trainings	220,299	53,016	4,940	57,956	278,255
Mobilization	276,887	-	-	-	276,887
Supplies	143,585	106,027	169	106,196	249,781
IT hardware and software	150,688	84,641	8,372	93,013	243,701
Telephone and communications	179,173	41,066	97	41,163	220,336
Transportation	174,141	38,182	4,504	42,686	216,827
Professional fees	-	182,240	-	182,240	182,240
Travel	77,787	75,102	26,630	101,732	179,519
Rent	78,506	59,912	9,140	69,052	147,558
Advertising and promotion	102,954	26,957	3,728	30,685	133,639
Partners	133,266	-	-	-	133,266
Printing and postage	55,758	5,858	901	6,759	62,517
Meals and entertainment	25,234	18,537	4,115	22,652	47,886
Office security	17,999	21,764	-	21,764	39,763
Depreciation and amortization	3,546	32,573	-	32,573	36,119
Insurance	8,158	14,353	-	14,353	22,511
Bank charges	(391)	14,745	7,659	22,404	22,013
Repairs and maintenance	1,530	16,450	-	16,450	17,980
Other	18,054	7,906	(19)	7,887	25,941
Utilities	902	6,663	-	6,663	7,565
Payroll processing fees	-	5,556	-	5,556	5,556
<b>TOTAL</b>	<b><u>\$ 5,243,448</u></b>	<b><u>\$ 2,173,792</u></b>	<b><u>\$ 628,449</u></b>	<b><u>\$ 2,802,241</u></b>	<b><u>\$ 8,045,689</u></b>

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

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

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 314,633	\$ 3,933,724
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	36,119	45,738
Change in discount on grants and contributions receivable	-	(4,152)
Extinguishment of debt	-	(273,860)
Amortization of right-of-use asset	48,042	-
Decrease (increase) in:		
Grants and contributions receivable	980,704	(778,740)
Prepaid expenses	(57,873)	(7,560)
Other current assets	10,884	27,453
Security deposits	(2,683)	3,845
Increase (decrease) in:		
Accounts payable and accrued liabilities	255,813	68,422
Lease liability	(69,960)	-
Net cash provided by operating activities	<u>1,515,679</u>	<u>3,014,870</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(199,723)</u>	<u>(54,280)</u>
Net cash used by investing activities	<u>(199,723)</u>	<u>(54,280)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	<u>-</u>	<u>153,160</u>
Net cash provided by financing activities	<u>-</u>	<u>153,160</u>
Net increase in cash and cash equivalents	1,315,956	3,113,750
Cash and cash equivalents at beginning of year	<u>6,692,798</u>	<u>3,579,048</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 8,008,754</u></b>	<b><u>\$ 6,692,798</u></b>
<b>SCHEDULE OF NONCASH TRANSACTIONS</b>		
<b>Right-of-Use Asset</b>	<b><u>\$ 133,679</u></b>	<b><u>\$ -</u></b>
<b>Lease Liability for Right-of-Use Asset</b>	<b><u>\$ 118,169</u></b>	<b><u>\$ -</u></b>

## STRONGMINDS, INC. AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

#### 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 democratize mental healthcare for people with depression.

In 2015, StrongMinds, Inc. worked in conjunction with another Uganda, a non-governmental organization, 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.

In 2022, Strongminds, Inc. launched efforts to deliver its program in the United States.

##### 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, 2022 AND 2021

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

##### New accounting pronouncements adopted -

During 2022, StrongMinds adopted ASU 2019-01, *Leases* (Topic 842), which changed 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. StrongMinds applied the new standard as a cumulative adjustment in the year of adoption and also the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 5 for further details.

During the year ended December 31, 2022, StrongMinds adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. 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 was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

##### 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 \$935,900 and \$124,334 of cash and cash equivalents held at financial institutions in foreign countries as of December 31, 2022 and 2021, 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. As of December 31, 2022 and 2021, grants and contributions receivable are due within one year.

##### 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.

**STRONGMINDS, INC. AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

Property and equipment (continued) -

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended December 31, 2022 and 2021 totaled \$36,119 and \$45,738, 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, 2022 and 2021, 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 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, 2022 and 2021.

**STRONGMINDS, INC. AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

Contributed services and materials -

Contributed services and materials consist of legal (\$14,625 and \$40,034 for 2022 and 2021), and marketing and advertising services (\$17,476 and \$16,081 for 2022 and 2021, 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. 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 \$5,714 and \$(62,462) for the years ended December 31, 2022 and 2021, respectively.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the StrongMinds for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

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.

**STRONGMINDS, INC. AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**2. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Health platform	\$ 50,374	\$ 24,871
Equipment	59,696	52,010
Furniture and fixtures	67,955	41,824
Vehicles	255,836	225,121
Total property and equipment	433,861	343,826
Less: Accumulated depreciation and amortization	(148,343)	(221,912)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>\$ 285,518</b>	<b>\$ 121,914</b>

**3. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Subject to expenditure for specified program purposes	\$ 1,407,991	\$ 1,105,739
Subject to passage of time	-	316,668
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 1,407,991</b>	<b>\$ 1,422,407</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:

	<b>2022</b>	<b>2021</b>
Purpose restrictions accomplished	\$ 2,877,153	\$ 2,578,972
Passage of time	385,495	370,060
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b>\$ 3,262,648</b>	<b>\$ 2,949,032</b>

**4. LIQUIDITY**

Financial assets available for use within one year of the Combined Statements of Financial Position comprise the following at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 8,008,754	\$ 6,692,798
Grants and contributions receivable	459,021	1,439,725
Less donor restrictions	(1,407,991)	(1,105,739)
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ 7,059,784</b>	<b>\$ 7,026,784</b>

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



**STRONGMINDS, INC. AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**5. LEASE COMMITMENTS**

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.

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 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 entered into a two (2) year lease agreement to lease office space at 515 Valley Street in Maplewood, New Jersey. The latest amended lease commenced May 1, 2021 and expired on April 30, 2023. Monthly lease payments are \$2,750. There was a subsequent two year extension of the agreement from May 1, 2023 through April 30, 2025.

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. StrongMinds elected on January 1, 2022 to implement the ASU and elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. StrongMinds also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. StrongMinds adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, StrongMinds recorded a right-of-use asset in the amount of \$133,679, net of prepaid rent expense of \$15,500. StrongMinds recorded an operating lease liability in the amount of \$118,169, by calculating the present value using the discount rate of 0.78%.

The following is a schedule of future minimum lease payments:

<u>Year Ending December 31,</u>	
2023	\$ <u>48,341</u>
	48,341
Less: Imputed interest	<u>(132)</u>
<b>CURRENT LEASE LIABILITY</b>	<b>\$ <u>48,209</u></b>

Lease expense for the years ended December 31, 2022 and 2021 was \$147,558 and \$108,486, respectively.

**6. 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 \$28,836 and \$34,162 for the years ended December 31, 2022 and 2021, respectively.

**STRONGMINDS, INC. AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**7. 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.

**8. SUBSEQUENT EVENTS**

In preparing these combined financial statements, StrongMinds has evaluated events and transactions for potential recognition or disclosure through May 9, 2023, the date the combined financial statements were issued.

## **SUPPLEMENTAL INFORMATION**

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022**

**ASSETS**

	<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	\$ 7,072,854	\$ 750,027	\$ 185,873	\$ -	\$ 8,008,754
Grants and contributions receivable	450,485	8,536	-	-	459,021
Due from related parties	242,661	-	-	(242,661)	-
Prepaid expenses	20,106	84,379	6,046	-	110,531
Other current assets	-	269	2,486	-	2,755
Total current assets	<u>7,786,106</u>	<u>843,211</u>	<u>194,405</u>	<u>(242,661)</u>	<u>8,581,061</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>75,476</u>	<u>199,364</u>	<u>10,678</u>	<u>-</u>	<u>285,518</u>
<b>OTHER ASSETS</b>					
Right-of-use asset, net	11,106	59,031	-	-	70,137
Security deposits	2,433	6,773	-	-	9,206
Total other assets	<u>13,539</u>	<u>65,804</u>	<u>-</u>	<u>-</u>	<u>79,343</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,875,121</u></b>	<b><u>\$ 1,108,379</u></b>	<b><u>\$ 205,083</u></b>	<b><u>\$ (242,661)</u></b>	<b><u>\$ 8,945,922</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 119,279	\$ 284,561	\$ 156,820	\$ -	\$ 560,660
Due to related parties	-	46,835	195,826	(242,661)	-
Lease liability	11,106	37,103	-	-	48,209
Total liabilities	<u>130,385</u>	<u>368,499</u>	<u>352,646</u>	<u>(242,661)</u>	<u>608,869</u>
<b>NET ASSETS</b>					
Without donor restrictions	6,336,745	739,880	(147,563)	-	6,929,062
With donor restrictions	1,407,991	-	-	-	1,407,991
Total net assets	<u>7,744,736</u>	<u>739,880</u>	<u>(147,563)</u>	<u>-</u>	<u>8,337,053</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 7,875,121</u></b>	<b><u>\$ 1,108,379</u></b>	<b><u>\$ 205,083</u></b>	<b><u>\$ (242,661)</u></b>	<b><u>\$ 8,945,922</u></b>

## STRONGMINDS, INC. AND RELATED ENTITIES

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	StrongMinds USA			StrongMinds Uganda		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 2,578,434	\$ -	\$ 2,578,434	\$ 5,483,894	\$ -	\$ 5,483,894
Corporate and foundation grants	2,257,287	3,248,232	5,505,519	328,039	-	328,039
Contributed services and materials	31,741	-	31,741	-	-	-
Interest and other income	5,428	-	5,428	40,178	-	40,178
Net assets released from restrictions	3,262,648	(3,262,648)	-	-	-	-
Total support and revenue	8,135,538	(14,416)	8,121,122	5,852,111	-	5,852,111
<b>EXPENSES</b>						
Program Services	6,804,188	-	6,804,188	4,123,493	-	4,123,493
Supporting Services:						
General and Administrative	1,037,161	-	1,037,161	1,026,407	-	1,026,407
Fundraising	628,365	-	628,365	-	-	-
Total supporting services	1,665,526	-	1,665,526	1,026,407	-	1,026,407
Total expenses	8,469,714	-	8,469,714	5,149,900	-	5,149,900
Change in net assets before other item	(334,176)	(14,416)	(348,592)	702,211	-	702,211
<b>OTHER ITEM</b>						
Foreign currency translation loss	-	-	-	273	-	273
Changes in net assets	(334,176)	(14,416)	(348,592)	702,484	-	702,484
Net assets at beginning of year	6,670,921	1,422,407	8,093,328	37,396	-	37,396
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 6,336,745</b>	<b>\$ 1,407,991</b>	<b>\$ 7,744,736</b>	<b>\$ 739,880</b>	<b>\$ -</b>	<b>\$ 739,880</b>

**STRONGMINDS, INC. AND RELATED ENTITIES**

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>StrongMinds Zambia</b>		<b>Total</b>	<b>Eliminations</b>	<b>Grand Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>			
<b>SUPPORT AND REVENUE</b>					
Contributions	\$ -	\$ -	\$ -	\$ (5,626,863)	\$ 2,435,465
Corporate and foundation grants	692,701	-	692,701	(684,463)	5,841,796
Contributed services and materials	-	-	-	-	31,741
Interest and other income	-	-	-	-	45,606
Net assets released from restrictions	-	-	-	-	-
Total support and revenue	<u>692,701</u>	<u>-</u>	<u>692,701</u>	<u>(6,311,326)</u>	<u>8,354,608</u>
<b>EXPENSES</b>					
Program Services	<u>627,093</u>	<u>-</u>	<u>627,093</u>	<u>(6,311,326)</u>	<u>5,243,448</u>
Supporting Services:					
General and Administrative	110,224	-	110,224	-	2,173,792
Fundraising	84	-	84	-	628,449
Total supporting services	<u>110,308</u>	<u>-</u>	<u>110,308</u>	<u>-</u>	<u>2,802,241</u>
Total expenses	<u>737,401</u>	<u>-</u>	<u>737,401</u>	<u>(6,311,326)</u>	<u>8,045,689</u>
Change in net assets before other item	(44,700)	-	(44,700)	-	308,919
<b>OTHER ITEM</b>					
Foreign currency translation loss	<u>5,441</u>	<u>-</u>	<u>5,441</u>	<u>-</u>	<u>5,714</u>
Changes in net assets	(39,259)	-	(39,259)	-	314,633
Net assets at beginning of year	<u>(108,304)</u>	<u>-</u>	<u>(108,304)</u>	<u>-</u>	<u>8,022,420</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ (147,563)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (147,563)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,337,053</u></b>