

**COMBINED FINANCIAL STATEMENTS**



**FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

# STRONGMINDS, INC. AND RELATED ENTITIES

## CONTENTS

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 4
EXHIBIT A - Combined Statements of Financial Position, as of December 31, 2023 and 2022	5
EXHIBIT B - Combined Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2023	6
EXHIBIT C - Combined Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2022	7
EXHIBIT D - Combined Statement of Functional Expenses, for the Year Ended December 31, 2023	8
EXHIBIT E - Combined Statement of Functional Expenses, for the Year Ended December 31, 2022	9
EXHIBIT F - Combined Statements of Cash Flows, for the Years Ended December 31, 2023 and 2022	10
NOTES TO COMBINED FINANCIAL STATEMENTS	11 - 16
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Combining Statement of Financial Position, as of December 31, 2023	17
SCHEDULE 2 - Combining Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2023	18 - 19



**CPAs & ADVISORS**

## **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, 2023 and 2022, 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, 2023 and 2022, 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 \$963,200 and \$92,596, respectively, as of December 31, 2023, and total support and revenues of \$5,570,366 and \$869,298, 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 \$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. 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 combined 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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • WWW.GRFCPA.COM

---

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 17 - 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.

*Gelman Rosenberg & Freedman*

May 20, 2024

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2023 AND 2022**

<b>ASSETS</b>		<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	6,878,246	\$ 8,008,754
Grants and contributions receivable		377,379	459,021
Prepaid expenses		75,464	110,531
Other current assets		<u>4,279</u>	<u>2,755</u>
Total current assets		<u>7,335,368</u>	<u>8,581,061</u>
<b>PROPERTY AND EQUIPMENT, NET</b>		<u>440,674</u>	<u>285,518</u>
<b>OTHER ASSETS</b>			
Security deposits		8,360	9,206
Right of use assets, net		<u>131,993</u>	<u>70,137</u>
Total other assets		<u>140,353</u>	<u>79,343</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>7,916,395</u></b>	<b>\$ <u>8,945,922</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	276,973	\$ 560,660
Refundable advances		48,195	-
Lease liabilities		<u>80,233</u>	<u>48,209</u>
Total current liabilities		<u>405,401</u>	<u>608,869</u>
<b>LONG-TERM LIABILITIES</b>			
Lease liabilities, net		<u>11,414</u>	<u>-</u>
Total liabilities		<u>416,815</u>	<u>608,869</u>
<b>NET ASSETS</b>			
Without donor restrictions		6,603,917	6,929,062
With donor restrictions		<u>895,663</u>	<u>1,407,991</u>
Total net assets		<u>7,499,580</u>	<u>8,337,053</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>7,916,395</u></b>	<b>\$ <u>8,945,922</u></b>

## STRONGMINDS, INC. AND RELATED ENTITIES

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Corporate and foundation grants	\$ 1,846,263	\$ 5,288,071	\$ 7,134,334
Contributions	1,483,160	-	1,483,160
Interest and other income	296,816	-	296,816
Contributed non-financial assets	19,500	-	19,500
Net assets released from donor restrictions	<u>5,800,399</u>	<u>(5,800,399)</u>	<u>-</u>
Total support and revenue	<u>9,446,138</u>	<u>(512,328)</u>	<u>8,933,810</u>
<b>EXPENSES</b>			
Program Services	<u>5,698,135</u>	<u>-</u>	<u>5,698,135</u>
Supporting Services:			
General and Administrative	3,254,336	-	3,254,336
Fundraising	<u>789,778</u>	<u>-</u>	<u>789,778</u>
Total supporting services	<u>4,044,114</u>	<u>-</u>	<u>4,044,114</u>
Total expenses	<u>9,742,249</u>	<u>-</u>	<u>9,742,249</u>
Changes in net assets before other item	(296,111)	(512,328)	(808,439)
<b>OTHER ITEM</b>			
Foreign currency translation loss	<u>(29,034)</u>	<u>-</u>	<u>(29,034)</u>
Changes in net assets	(325,145)	(512,328)	(837,473)
Net assets at beginning of year	<u>6,929,062</u>	<u>1,407,991</u>	<u>8,337,053</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 6,603,917</u></b>	<b><u>\$ 895,663</u></b>	<b><u>\$ 7,499,580</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>			
Corporate and foundation grants	\$ 2,770,505	\$ 3,248,232	\$ 6,018,737
Contributions	2,258,524	-	2,258,524
Interest and other income	45,606	-	45,606
Contributed non-financial assets	31,741	-	31,741
Net assets released from donor restrictions	<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 FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<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	\$ 2,552,760	\$ 1,636,796	\$ 469,641	\$ 2,106,437	\$ 4,659,197
Consultants	526,964	176,216	104,345	280,561	807,525
Employee benefits	444,527	237,598	79,580	317,178	761,705
Mobilization	443,898	-	-	-	443,898
Payroll taxes	234,797	149,871	35,896	185,767	420,564
Meetings and trainings	221,140	100,149	3,571	103,720	324,860
Partners	303,196	-	-	-	303,196
Travel	143,966	88,436	53,870	142,306	286,272
Transportation	206,390	37,658	4,228	41,886	248,276
Professional fees	354	231,283	-	231,283	231,637
IT hardware and software	104,285	104,325	5,144	109,469	213,754
Telephone and communications	141,617	39,704	419	40,123	181,740
Lease expense	87,419	98,636	7,662	106,298	193,717
Advertising and promotion	70,675	54,287	5,534	59,821	130,496
Office supplies	72,232	52,834	137	-	125,203
Other	2,266	82,756	15	82,771	85,037
Depreciation and amortization	14,947	57,774	-	57,774	72,721
Office security	40,136	15,277	-	15,277	55,413
Meals and entertainment	33,843	12,224	5,993	18,217	52,060
Printing and postage	34,577	4,025	2,034	6,059	40,636
Insurance	6,944	25,938	-	25,938	32,882
Bank charges	835	18,291	11,709	30,000	30,835
Repairs and maintenance	7,824	15,257	-	15,257	23,081
Utilities	2,543	7,429	-	7,429	9,972
Payroll processing fees	-	7,572	-	7,572	7,572
<b>TOTAL</b>	<b><u>\$ 5,698,135</u></b>	<b><u>\$ 3,254,336</u></b>	<b><u>\$ 789,778</u></b>	<b><u>\$ 4,044,114</u></b>	<b><u>\$ 9,742,249</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
Lease expense	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>\$ 5,243,448</b>	<b>\$ 2,173,792</b>	<b>\$ 628,449</b>	<b>\$ 2,802,241</b>	<b>\$ 8,045,689</b>

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (837,473)	\$ 314,633
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	72,721	36,119
Loss on disposal of property and equipment	50,374	-
Amortization of right-of-use assets	97,258	48,042
Decrease (increase) in:		
Grants and contributions receivable	81,642	980,704
Prepaid expenses	35,067	(57,873)
Other current assets	(1,524)	10,884
Security deposits	846	(2,683)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(283,687)	255,813
Refundable advances	48,195	-
Lease liabilities	<u>(115,676)</u>	<u>(69,960)</u>
Net cash (used) provided by operating activities	<u>(852,257)</u>	<u>1,515,679</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(278,251)</u>	<u>(199,723)</u>
Net cash used by investing activities	<u>(278,251)</u>	<u>(199,723)</u>
Net (decrease) increase in cash and cash equivalents	(1,130,508)	1,315,956
Cash and cash equivalents at beginning of year	<u>8,008,754</u>	<u>6,692,798</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 6,878,246</u></b>	<b><u>\$ 8,008,754</u></b>
<b>SCHEDULE OF NONCASH TRANSACTIONS</b>		
<b>Right-of-Use Assets</b>	<b><u>\$ 159,172</u></b>	<b><u>\$ 133,679</u></b>
<b>Lease Liabilities for Right-of-Use Assets</b>	<b><u>\$ 159,172</u></b>	<b><u>\$ 118,169</u></b>

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**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. Strongminds radically expands mental healthcare for people with depression globally.

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 StrongMinds, Inc.'s 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, StrongMinds, Inc. 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 programs in the United States.

In 2023, StrongMinds, Inc. transitioned from a master collaboration to a grant form of agreement to document the terms and conditions governing its relationships with StrongMinds Uganda and StrongMinds Zambia.

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 combined 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 accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## STRONGMINDS, INC. AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions (continued)** - Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

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 \$480,588 and \$935,900 of cash and cash equivalents held at financial institutions in foreign countries as of December 31, 2023 and 2022, respectively. The majority of funds invested in foreign countries are uninsured.

Grants and contributions receivable -

Grants and contribution receivables include unconditional promises to give that are expected to be collected in future years. Grants and contribution receivables are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

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 are incurred. Depreciation and amortization expense for the years ended December 31, 2023 and 2022 totaled \$72,721 and \$36,119, respectively.

Income taxes -

StrongMinds, Inc. is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. StrongMinds is not a private foundation.

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

Contributions and grants -

Contributions and grants are recognized in the appropriate category of net assets in the period received. Contributions and grants include grants from corporations and private foundations which is equal to the amount presented in the Combined Statement of Activities and Changes in Net Assets.

**STRONGMINDS, INC. AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

Contributions and grants (continued) -

Contributions are recognized in the appropriate category of net assets in the period received. StrongMinds performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions 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, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying combined financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

For contributions and grants treated as contributions, StrongMinds did not have any unrecognized conditional awards as of December 31, 2023 and 2022.

For grants and contributions received for future activities, these are treated as conditional awards and therefore presented as refundable advances on the Combined Statements of Financial Position.

Contributed non-financial assets -

Contributed non-financial assets are recorded at their fair value as of the date of the gift and consisted of contributed legal services (\$7,000 and \$14,625 for 2023 and 2022, respectively), and professional services (\$12,500 and \$17,476 for 2023 and 2022, respectively). Contributed non-financial assets are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by StrongMinds. None of the contributed non-financial assets were restricted by donors and none of the donated goods were monetized through sale.

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.

**STRONGMINDS, INC. AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

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 loss (gain) related to foreign currency translation totaled \$29,034 and \$(5,714), for the years ended December 31, 2023 and 2022, respectively.

**2. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Health data platform	\$ -	\$ 50,374
Equipment	63,855	59,696
Furniture and fixtures	81,179	67,955
Vehicles	499,422	255,836
Total property and equipment	644,456	433,861
Less: Accumulated depreciation and amortization	(203,782)	(148,343)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>\$ 440,674</b>	<b>\$ 285,518</b>

**3. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
<b>Subject to Expenditure for Specified Program Purposes</b>	<b>\$ 895,663</b>	<b>\$ 1,407,991</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>2023</b>	<b>2022</b>
Purpose restrictions accomplished	\$ 5,800,399	\$ 2,877,153
Passage of time	-	385,495
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b>\$ 5,800,399</b>	<b>\$ 3,262,648</b>

**STRONGMINDS, INC. AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**4. LIQUIDITY**

Financial assets available for use within one year of the Combined Statements of Financial Position comprise the following at December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 6,878,246	\$ 8,008,754
Grants and contributions receivable	377,379	459,021
Less: Net assets with donor restrictions	(895,663)	(1,407,991)
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ 6,359,962</b>	<b>\$ 7,059,784</b>

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

**5. LEASE COMMITMENTS**

StrongMinds follows FASB ASC 842 *Leases* and has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. StrongMinds has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

StrongMinds Zambia entered into a two (2) year lease agreement to rent office space at in Lusaka, Zambia commencing on April 1, 2023 and expires on March 31, 2025. Monthly lease payments are \$4,000 per month.

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 are \$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.

As of December 31, 2023, the weighted-average remaining lease term and rate for the financing leases is 1.51 years and 3.96%, respectively.

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of December 31, 2023:

<b><u>Year Ending December 31,</u></b>	
2024	\$ 82,055
2025	11,206
Less: Imputed interest	(1,614)
Less: Current portion	(80,233)
<b>LONG-TERM PORTION</b>	<b>\$ 11,414</b>

Lease expense for the years ended December 31, 2023 and 2022 was \$193,717 and \$147,558, respectively, and total cash paid was \$118,769 and \$70,398.



**STRONGMINDS, INC. AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**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 \$34,680 and \$28,836 for the years ended December 31, 2023 and 2022, respectively.

**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 20, 2024, the date the combined financial statements were issued.

## **SUPPLEMENTAL INFORMATION**

**STRONGMINDS, INC. AND RELATED ENTITIES**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2023**

**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	\$ 6,397,658	\$ 470,031	\$ 10,557	\$ -	\$ 6,878,246
Grants and contributions receivable	377,379	-	-	-	377,379
Due from related parties	488,771	-	-	(488,771)	-
Prepaid expenses	17,633	50,324	7,507	-	75,464
Other current assets	-	2,564	1,715	-	4,279
Total current assets	<u>7,281,441</u>	<u>522,919</u>	<u>19,779</u>	<u>(488,771)</u>	<u>7,335,368</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>21,397</u>	<u>406,008</u>	<u>13,269</u>	<u>-</u>	<u>440,674</u>
<b>OTHER ASSETS</b>					
Security deposits	2,433	5,927	-	-	8,360
Right-of-use assets, net	44,099	28,346	59,548	-	131,993
Total other assets	<u>46,532</u>	<u>34,273</u>	<u>59,548</u>	<u>-</u>	<u>140,353</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,349,370</u></b>	<b><u>\$ 963,200</u></b>	<b><u>\$ 92,596</u></b>	<b><u>\$ (488,771)</u></b>	<b><u>\$ 7,916,395</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 59,336	\$ 185,058	\$ 32,579	\$ -	\$ 276,973
Due to related parties	-	258,763	230,008	(488,771)	-
Refundable advances	48,195	-	-	-	48,195
Lease liabilities	32,685	-	47,548	-	80,233
Total current liabilities	<u>140,216</u>	<u>443,821</u>	<u>310,135</u>	<u>(488,771)</u>	<u>405,401</u>
<b>LONG-TERM LIABILITIES</b>					
Lease liabilities, net	11,414	-	-	-	11,414
Total liabilities	<u>151,630</u>	<u>443,821</u>	<u>310,135</u>	<u>(488,771)</u>	<u>416,815</u>
<b>NET ASSETS</b>					
Without donor restrictions	6,302,077	519,379	(217,539)	-	6,603,917
With donor restrictions	895,663	-	-	-	895,663
Total net assets	<u>7,197,740</u>	<u>519,379</u>	<u>(217,539)</u>	<u>-</u>	<u>7,499,580</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 7,349,370</u></b>	<b><u>\$ 963,200</u></b>	<b><u>\$ 92,596</u></b>	<b><u>\$ (488,771)</u></b>	<b><u>\$ 7,916,395</u></b>

## STRONGMINDS, INC. AND RELATED ENTITIES

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	StrongMinds USA			StrongMinds Uganda		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Corporate and foundation grants	\$ 1,557,090	\$ 5,288,071	\$ 6,845,161	\$ 203,293	\$ -	\$ 203,293
Contributions	1,606,567	-	1,606,567	5,355,708	-	5,355,708
Interest and other income	285,212	-	285,212	11,365	-	11,365
Contributed non-financial assets	19,500	-	19,500	-	-	-
Net assets released from restrictions	5,800,399	(5,800,399)	-	-	-	-
Total support and revenue	9,268,768	(512,328)	8,756,440	5,570,366	-	5,570,366
<b>EXPENSES</b>						
Program Services	6,908,565	-	6,908,565	4,286,457	-	4,286,457
Supporting Services:						
General and Administrative	1,604,421	-	1,604,421	1,487,961	-	1,487,961
Fundraising	789,271	-	789,271	-	-	-
Total supporting services	2,393,692	-	2,393,692	1,487,961	-	1,487,961
Total expenses	9,302,257	-	9,302,257	5,774,418	-	5,774,418
Changes in net assets before other item	(33,489)	(512,328)	(545,817)	(204,052)	-	(204,052)
<b>OTHER ITEM</b>						
Foreign currency translation loss	(1,179)	-	(1,179)	(16,449)	-	(16,449)
Changes in net assets	(34,668)	(512,328)	(546,996)	(220,501)	-	(220,501)
Net assets at beginning of year	6,336,745	1,407,991	7,744,736	739,880	-	739,880
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 6,302,077</b>	<b>\$ 895,663</b>	<b>\$ 7,197,740</b>	<b>\$ 519,379</b>	<b>\$ -</b>	<b>\$ 519,379</b>

**STRONGMINDS, INC. AND RELATED ENTITIES**

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>StrongMinds Zambia</b>				
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Eliminations</b>	<b>Grand Total</b>
<b>SUPPORT AND REVENUE</b>					
Corporate and foundation grants	\$ 85,880	\$ -	\$ 85,880	\$ -	\$ 7,134,334
Contributions	783,179	-	783,179	(6,262,294)	1,483,160
Interest and other income	239	-	239	-	296,816
Contributed non-financial assets	-	-	-	-	19,500
Net assets released from restrictions	-	-	-	-	-
<b>Total support and revenue</b>	<b>869,298</b>	<b>-</b>	<b>869,298</b>	<b>(6,262,294)</b>	<b>8,933,810</b>
<b>EXPENSES</b>					
Program Services	765,407	-	765,407	(6,262,294)	5,698,135
Supporting Services:					
General and Administrative	161,954	-	161,954	-	3,254,336
Fundraising	507	-	507	-	789,778
<b>Total supporting services</b>	<b>162,461</b>	<b>-</b>	<b>162,461</b>	<b>-</b>	<b>4,044,114</b>
<b>Total expenses</b>	<b>927,868</b>	<b>-</b>	<b>927,868</b>	<b>(6,262,294)</b>	<b>9,742,249</b>
Changes in net assets before other item	(58,570)	-	(58,570)	-	(808,439)
<b>OTHER ITEM</b>					
Foreign currency translation loss	(11,406)	-	(11,406)	-	(29,034)
Changes in net assets	(69,976)	-	(69,976)	-	(837,473)
Net assets at beginning of year	(147,563)	-	(147,563)	-	8,337,053
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ (217,539)</b>	<b>\$ -</b>	<b>\$ (217,539)</b>	<b>\$ -</b>	<b>\$ 7,499,580</b>