

COMBINED FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**

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, 2024 and 2023, 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, 2024 and 2023, 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 \$785,769 and \$201,690, respectively, as of December 31, 2024, and total support and revenues of \$5,813,177 and \$1,583,571, 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 \$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. 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

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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 20, 2025

STRONGMINDS, INC. AND RELATED ENTITIES
COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023

ASSETS			
		<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	6,423,842	\$ 6,878,246
Grants and contributions receivable		562,952	377,379
Prepaid expenses		155,476	75,464
Other current assets		<u>4,229</u>	<u>4,279</u>
Total current assets		<u>7,146,499</u>	<u>7,335,368</u>
PROPERTY AND EQUIPMENT, NET		<u>356,530</u>	<u>440,674</u>
OTHER ASSETS			
Security deposits		8,249	8,360
Operating leases - right-of-use assets, net		135,540	131,993
Grants and contributions receivable, net		<u>232,558</u>	<u>-</u>
Total other assets		<u>376,347</u>	<u>140,353</u>
TOTAL ASSETS	\$	<u>7,879,376</u>	<u>7,916,395</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	173,517	\$ 276,973
Refundable advances		-	48,195
Operating lease liabilities		<u>53,638</u>	<u>80,233</u>
Total current liabilities		<u>227,155</u>	<u>405,401</u>
LONG-TERM LIABILITIES			
Operating lease liabilities, net		<u>42,532</u>	<u>11,414</u>
Total liabilities		<u>269,687</u>	<u>416,815</u>
NET ASSETS			
Without donor restrictions		6,531,589	6,603,917
With donor restrictions		<u>1,078,100</u>	<u>895,663</u>
Total net assets		<u>7,609,689</u>	<u>7,499,580</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>7,879,376</u>	<u>7,916,395</u>

STRONGMINDS, INC. AND RELATED ENTITIES

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Corporate and foundation grants	\$ 2,552,538	\$ 5,310,755	\$ 7,863,293
Contributions	2,014,640	-	2,014,640
Interest and other income	252,808	-	252,808
Contributed non-financial assets	102,587	-	102,587
Net assets released from donor restrictions	<u>5,128,318</u>	<u>(5,128,318)</u>	<u>-</u>
Total support and revenue	<u>10,050,891</u>	<u>182,437</u>	<u>10,233,328</u>
EXPENSES			
Program Services	<u>6,030,178</u>	<u>-</u>	<u>6,030,178</u>
Supporting Services:			
General and Administrative	3,105,514	-	3,105,514
Fundraising	<u>1,011,289</u>	<u>-</u>	<u>1,011,289</u>
Total supporting services	<u>4,116,803</u>	<u>-</u>	<u>4,116,803</u>
Total expenses	<u>10,146,981</u>	<u>-</u>	<u>10,146,981</u>
Changes in net assets before other item	(96,090)	182,437	86,347
OTHER ITEM			
Foreign currency translation gain	<u>23,762</u>	<u>-</u>	<u>23,762</u>
Changes in net assets	(72,328)	182,437	110,109
Net assets at beginning of year	<u>6,603,917</u>	<u>895,663</u>	<u>7,499,580</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,531,589</u>	<u>\$ 1,078,100</u>	<u>\$ 7,609,689</u>

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>
SUPPORT AND REVENUE			
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>
EXPENSES			
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)
OTHER ITEM			
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>
NET ASSETS AT END OF YEAR	<u>\$ 6,603,917</u>	<u>\$ 895,663</u>	<u>\$ 7,499,580</u>

STRONGMINDS, INC. AND RELATED ENTITIES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

		Supporting Services			Total Expenses
		Program Services	General and Administrative	Fundraising	
Salaries	\$ 2,819,601	\$ 1,843,321	\$ 643,243	\$ 2,486,564	\$ 5,306,165
Employee benefits	439,567	281,166	122,654	403,820	843,387
Mobilization and facilitation	663,992	-	-	-	663,992
Consultants	431,115	111,436	96,873	208,309	639,424
Payroll taxes	261,596	167,071	54,697	221,768	483,364
Meetings and trainings	228,322	54,683	2,690	57,373	285,695
Partners	253,271	-	-	-	253,271
IT hardware and software	56,127	176,537	19,226	195,763	251,890
Travel	148,090	53,168	35,596	88,764	236,854
Transportation	194,694	20,504	4,474	24,978	219,672
Lease expense	98,578	62,240	7,642	69,882	168,460
Telephone and communications	87,317	42,765	60	42,825	130,142
Professional fees	-	114,342	-	114,342	114,342
Depreciation	81,780	30,928	-	30,928	112,708
Printing and postage	98,860	2,253	2,333	4,586	103,446
Office supplies	51,583	28,222	91	28,313	79,896
Insurance	22,155	23,672	-	23,672	45,827
Office security	29,347	14,941	-	14,941	44,288
Meals and entertainment	30,582	6,701	2,703	9,404	39,986
Advertising and promotion	22,628	8,706	6,638	15,344	37,972
Bank charges	473	20,285	12,089	32,374	32,847
Other	2,133	17,216	280	17,496	19,629
Repairs and maintenance	4,722	9,413	-	9,413	14,135
Payroll processing fees	-	10,210	-	10,210	10,210
Utilities	3,645	5,734	-	5,734	9,379
TOTAL	\$ 6,030,178	\$ 3,105,514	\$1,011,289	\$ 4,116,803	\$ 10,146,981

STRONGMINDS, INC. AND RELATED ENTITIES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

		Supporting Services			
		General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Program Services					
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 and facilitation	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	52,971	125,203
Other	2,266	82,756	15	82,771	85,037
Depreciation	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
TOTAL	\$ 5,698,135	\$ 3,254,336	\$ 789,778	\$ 4,044,114	\$ 9,742,249

STRONGMINDS, INC. AND RELATED ENTITIES

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 110,109	\$ (837,473)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	112,708	72,721
Loss on disposal of property and equipment	-	50,374
Change in discount on grants and contributions receivable	(17,442)	-
Foreign exchange translation (gain) loss	(23,762)	29,034
Amortization of right-of-use assets	105,301	97,258
(Increase) decrease in:		
Grants and contributions receivable	(400,689)	81,642
Prepaid expenses	(80,012)	35,067
Other current assets	50	(1,524)
Security deposits	111	846
(Decrease) increase in:		
Accounts payable and accrued liabilities	(103,456)	(283,687)
Refundable advances	(48,195)	48,195
Operating lease liabilities	<u>(104,315)</u>	<u>(144,710)</u>
Net cash used by operating activities	<u>(449,592)</u>	<u>(852,257)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(4,812)</u>	<u>(278,251)</u>
Net cash used by investing activities	<u>(4,812)</u>	<u>(278,251)</u>
Net decrease in cash and cash equivalents	(454,404)	(1,130,508)
Cash and cash equivalents at beginning of year	<u>6,878,246</u>	<u>8,008,754</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,423,842</u>	<u>\$ 6,878,246</u>
SCHEDULE OF NONCASH TRANSACTIONS		
Right-of-Use Assets - Operating	<u>\$ 109,824</u>	<u>\$ 159,172</u>
Operating Lease Liabilities for Right-of-Use Assets	<u>\$ 99,792</u>	<u>\$ 159,172</u>

STRONGMINDS, INC. AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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' mission is to radically expand 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. Those activities ceased effective December 31, 2024.

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, 2024 AND 2023**

**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 \$252,769 and \$480,588 of cash and cash equivalents held at financial institutions in foreign countries as of December 31, 2024 and 2023, 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 expense for the years ended December 31, 2024 and 2023 totaled \$112,708 and \$72,721, 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.

STRONGMINDS, INC. AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

**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.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. StrongMinds had no refundable advances as of December 31, 2024. StrongMinds' refundable advances totaled \$48,195 as of December 31, 2023.

In addition, StrongMinds may obtain funding source agreements related to conditional contributions, which will be received in future years. StrongMinds' unrecognized conditional contributions to be received in future years totaled approximately \$3,109,000 as of December 31, 2024. StrongMinds had no conditional contributions to be received in future years as of December 31, 2023.

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 and professional services. Contributed non-financial assets are recognized as contributions if the services (a) create or enhance non-financial 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.

STRONGMINDS, INC. AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

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

Functional allocation of expenses (continued) -

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 \$23,762 and \$(29,034), for the years ended December 31, 2024 and 2023, respectively.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2024 and 2023, contributors to StrongMinds have made written promises to give totaling \$812,952 and \$377,379, respectively. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 7.5%. Grants are due as follows at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 562,952	\$ 377,379
One to five years	<u>250,000</u>	<u>-</u>
Total	812,952	377,379
Less: Allowance to discount balance to present value	<u>(17,442)</u>	<u>-</u>
GRANTS AND CONTRIBUTIONS RECEIVABLE	<u>\$ 795,510</u>	<u>\$ 377,379</u>

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Equipment	\$ 52,545	\$ 63,855
Furniture and fixtures	46,653	81,179
Vehicles	<u>497,922</u>	<u>499,422</u>
Total property and equipment	597,120	644,456
Less: Accumulated depreciation	<u>(240,590)</u>	<u>(203,782)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 356,530</u>	<u>\$ 440,674</u>

STRONGMINDS, INC. AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified program purposes	\$ 595,542	\$ 695,663
Subject to passage of time	<u>482,558</u>	<u>200,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,078,100</u>	<u>\$ 895,663</u>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the years ended December 31, 2024 and 2023 respectively:

	<u>2024</u>	<u>2023</u>
Purpose restrictions accomplished	\$ 4,928,318	\$ 5,600,399
Passage of time	<u>200,000</u>	<u>200,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 5,128,318</u>	<u>\$ 5,800,399</u>

5. LIQUIDITY

Financial assets available for use within one year of the Combined Statements of Financial Position comprise the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 6,423,842	\$ 6,878,246
Grants and contributions receivable	562,952	377,379
Less: Net assets with donor restrictions (program restricted)	<u>(595,542)</u>	<u>(695,663)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 6,391,252</u>	<u>\$ 6,559,962</u>

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

6. CONTRIBUTED NON-FINANCIAL ASSETS

StrongMinds was the beneficiary of certain contributed non-financial assets which allowed StrongMinds to provide greater resources towards its various programs. No donor-imposed restrictions were associated with the contributed non-financial assets, which are recorded at their estimated fair market value as of the date of the gift.

The contributed non-financial assets consisted of the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Legal services	\$ 15,425	\$ 7,000
Other professional services	<u>87,162</u>	<u>12,500</u>
TOTAL	<u>\$ 102,587</u>	<u>\$ 19,500</u>

STRONGMINDS, INC. AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

6. CONTRIBUTED NON-FINANCIAL ASSETS (Continued)

The contributed non-financial assets have been recorded in support and in the following functional expense categories for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
General and Administrative	\$ <u>102,587</u>	\$ <u>19,500</u>

7. 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 has three leases for office space in Uganda with varying terms through 2026.

StrongMinds has a lease agreement to lease office space at 515 Valley Street in Maplewood, New Jersey, through April 30, 2025. Monthly lease payments are \$2,750. On May 1, 2025, a new lease for \$1,200 per month went into effect for a new, smaller space within the same building.

As of December 31, 2024, the weighted-average remaining lease term and rate for the leases is 1.82 years and 14.44%, respectively.

As of December 31, 2023, the weighted-average remaining lease term and rate for the 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, 2024:

<u>Year Ending December 31,</u>	
2025	\$ 62,997
2026	45,265
Less: Imputed interest	(12,092)
Less: Current portion	<u>(53,638)</u>
LONG-TERM PORTION	\$ <u>42,532</u>

Lease expense for the years ended December 31, 2024 and 2023 was \$168,460 and \$193,717, respectively, and total cash paid was \$120,000 and \$118,769, 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 \$41,570 and \$34,680 for the years ended December 31, 2024 and 2023, respectively.

STRONGMINDS, INC. AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

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 20, 2025, the date the combined financial statements were issued.

SUPPLEMENTAL INFORMATION

STRONGMINDS, INC. AND RELATED ENTITIES
COMBINING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024

ASSETS

	StrongMinds USA	StrongMinds Uganda	StrongMinds Zambia	Eliminations	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 6,171,073	\$ 241,421	\$ 11,348	\$ -	\$ 6,423,842
Grants and contributions receivable	562,659	293	-	-	562,952
Due from related parties	-	-	153,215	(153,215)	-
Prepaid expenses	47,173	98,419	9,884	-	155,476
Other current assets	15	2,633	1,581	-	4,229
Total current assets	6,780,920	342,766	176,028	(153,215)	7,146,499
PROPERTY AND EQUIPMENT, NET	17,907	324,961	13,662	-	356,530
OTHER ASSETS					
Security deposits	2,433	5,816	-	-	8,249
Operating leases - right-of-use assets, net	11,314	112,226	12,000	-	135,540
Grants and contributions receivable, net	232,558	-	-	-	232,558
Total other assets	246,305	118,042	12,000	-	376,347
TOTAL ASSETS	\$ 7,045,132	\$ 785,769	\$ 201,690	\$ (153,215)	\$ 7,879,376

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 43,764	\$ 23,117	\$ 106,636	\$ -	\$ 173,517
Due to related parties	153,215	-	-	(153,215)	-
Operating lease liabilities	11,469	42,169	-	-	53,638
Total current liabilities	208,448	65,286	106,636	(153,215)	227,155
LONG-TERM LIABILITIES					
Operating lease liabilities, net	-	42,532	-	-	42,532
Total liabilities	208,448	107,818	106,636	(153,215)	269,687
NET ASSETS					
Without donor restrictions	5,758,584	677,951	95,054	-	6,531,589
With donor restrictions	1,078,100	-	-	-	1,078,100
Total net assets	6,836,684	677,951	95,054	-	7,609,689
TOTAL LIABILITIES AND NET ASSETS	\$ 7,045,132	\$ 785,769	\$ 201,690	\$ (153,215)	\$ 7,879,376

STRONGMINDS, INC. AND RELATED ENTITIES

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	StrongMinds USA			StrongMinds Uganda		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Corporate and foundation grants	\$ 1,732,956	\$ 5,310,755	\$ 7,043,711	\$ 519,261	\$ -	\$ 519,261
Contributions	2,012,916	-	2,012,916	5,273,942	-	5,273,942
Interest and other income	232,834	-	232,834	19,974	-	19,974
Contributed non-financial assets	102,587	-	102,587	-	-	-
Net assets released from restrictions	5,128,318	(5,128,318)	-	-	-	-
Total support and revenue	9,209,611	182,437	9,392,048	5,813,177	-	5,813,177
EXPENSES						
Program Services	7,218,690	-	7,218,690	4,303,055	-	4,303,055
Supporting Services:						
General and Administrative	1,524,642	-	1,524,642	1,361,274	-	1,361,274
Fundraising	1,009,321	-	1,009,321	-	-	-
Total supporting services	2,533,963	-	2,533,963	1,361,274	-	1,361,274
Total expenses	9,752,653	-	9,752,653	5,664,329	-	5,664,329
Changes in net assets before other item	(543,042)	182,437	(360,605)	148,848	-	148,848
OTHER ITEM						
Foreign currency translation (loss) gain	(451)	-	(451)	9,724	-	9,724
Changes in net assets	(543,493)	182,437	(361,056)	158,572	-	158,572
Net assets at beginning of year	6,302,077	895,663	7,197,740	519,379	-	519,379
NET ASSETS AT END OF YEAR	\$ 5,758,584	\$ 1,078,100	\$ 6,836,684	\$ 677,951	\$ -	\$ 677,951

STRONGMINDS, INC. AND RELATED ENTITIES

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	StrongMinds Zambia				
	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Grand Total
SUPPORT AND REVENUE					
Corporate and foundation grants	\$ 300,321	\$ -	\$ 300,321	\$ -	\$ 7,863,293
Contributions	1,283,250	-	1,283,250	(6,555,468)	2,014,640
Interest and other income	-	-	-	-	252,808
Contributed non-financial assets	-	-	-	-	102,587
Net assets released from restrictions	-	-	-	-	-
Total support and revenue	1,583,571	-	1,583,571	(6,555,468)	10,233,328
EXPENSES					
Program Services	1,063,901	-	1,063,901	(6,555,468)	6,030,178
Supporting Services:					
General and Administrative	219,598	-	219,598	-	3,105,514
Fundraising	1,968	-	1,968	-	1,011,289
Total supporting services	221,566	-	221,566	-	4,116,803
Total expenses	1,285,467	-	1,285,467	(6,555,468)	10,146,981
Changes in net assets before other item	298,104	-	298,104	-	86,347
OTHER ITEM					
Foreign currency translation (loss) gain	14,489	-	14,489	-	23,762
Changes in net assets	312,593	-	312,593	-	110,109
Net assets at beginning of year	(217,539)	-	(217,539)	-	7,499,580
NET ASSETS AT END OF YEAR	\$ 95,054	\$ -	\$ 95,054	\$ -	\$ 7,609,689