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Active Minds, Inc.  
Financial Statements  
And  
Independent Auditor's Report

Years Ended June 30, 2021 and 2020

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## **Independent Auditor's Report**

To the Board of Directors  
Active Minds, Inc.  
Washington, DC

We have audited the accompanying financial statements of Active Minds, Inc. (Active Minds), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Active Minds as of June 30, 2021, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Active Minds' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Abercrombie & Associates, LLC*

Abercrombie & Associates, LLC  
May 16, 2022  
Silver Spring, MD

Active Minds  
Statement of Financial Position  
June 30, 2021

(With summarized comparative financial information as of June 30, 2020)

	<b>6/30/21</b>	<b>6/30/20</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$4,670,090	\$ 2,161,376
Grants and accounts receivable, net	1,547,330	1,042,732
Prepaid expenses	118,674	93,162
Inventory	23,868	23,765
Other asset	11,559	3,922
Deposits	11,778	11,748
Investments	38,841	-
Property and equipment, net	83,789	16,962
<b>TOTAL ASSETS</b>	<b>\$6,505,929</b>	<b>\$ 3,353,667</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 192,794	\$ 132,464
Loans payable	267,690	232,720
Deferred revenue	40,800	33,550
Deferred rent	8,128	11,837
<b>Total Liabilities</b>	<b>509,412</b>	<b>410,571</b>
 <b>NET ASSETS</b>		
Without donor restrictions	4,193,427	1,940,226
With donor restrictions	1,803,090	1,002,870
<b>Total Net Assets</b>	<b>5,996,517</b>	<b>2,943,096</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$6,505,929</b>	<b>\$ 3,353,667</b>

The accompanying notes are an integral part of the financial statements

Active Minds  
Statement of Activities  
For the Year Ended June 30, 2021  
(With summarized comparative financial information for the year ended June 30, 2020)

<b>Revenue</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>FYE 6/30/21 Total</b>	<b>FYE 6/30/20 Total</b>
Contributions and grants	\$ 2,479,315	\$ 1,979,400	\$ 4,458,715	\$ 1,962,055
In-kind contributions	516,504	-	516,504	40,400
Conference and program sales revenue	114,091	-	114,091	270,458
Speaker and consulting fees	611,916	-	611,916	184,204
Special event income	294,574	-	294,574	341,699
Other income	10,746	-	10,746	5,841
Investment income	1,477	-	1,477	19,358
Net assets released from restrictions	1,179,180	(1,179,180)	-	-
<b>Total Revenue and Support</b>	<b>5,207,803</b>	<b>800,220</b>	<b>6,008,023</b>	<b>2,824,015</b>
<b>Expenses</b>				
Program Service	2,133,871	-	2,133,871	2,002,141
Management and General	345,165	-	345,165	276,976
Fundraising	475,566	-	475,566	355,226
<b>Total Expenses</b>	<b>2,954,602</b>	<b>-</b>	<b>2,954,602</b>	<b>2,634,343</b>
<b>Change in Net Assets</b>	<b>2,253,201</b>	<b>800,220</b>	<b>3,053,421</b>	<b>189,672</b>
<b>Net Assets, Beginning of Year</b>	<b>1,940,226</b>	<b>1,002,870</b>	<b>2,943,096</b>	<b>2,753,424</b>
<b>Net Assets, End of Year</b>	<b>\$ 4,193,427</b>	<b>\$ 1,803,090</b>	<b>\$ 5,996,517</b>	<b>\$ 2,943,096</b>

The accompanying notes are an integral part of the financial statements

Active Minds  
Statement of Functional Expenses  
For the Year Ended June 30, 2021

(With summarized comparative financial information for the year ended June 30, 2020)

	<b>Program Expenses</b>	<b>Management &amp; General Expenses</b>	<b>Fundraising Expenses</b>	<b>FYE 6/30/21 Total Expenses</b>	<b>FYE 6/30/20 Total Expenses</b>
Personnel expenses	1,065,508	194,615	281,795	1,541,918	1,184,466
Professional fees	60,804	66,968	20,429	148,201	123,961
Supplies, office expenses	46,972	5,256	33,969	86,197	68,882
Information technology	69,663	9,069	18,139	96,871	54,130
Travel	2,014	266	532	2,812	17,259
Rent	127,809	14,486	36,390	178,685	176,223
Conference, events, programs	321,503	110	3,997	325,610	898,781
Advertising/marketing	42,285	-	-	42,285	64,338
Depreciation, amortization	9,935	1,419	2,839	14,193	8,754
Donated services	387,378	51,650	77,476	516,504	37,179
Bad debt expense	-	1,027	-	1,027	235
Other expenses	-	299	-	299	135
<b>Total</b>	<b>2,133,871</b>	<b>345,165</b>	<b>475,566</b>	<b>2,954,602</b>	<b>2,634,343</b>

The accompanying notes are an integral part of the financial statements

Active Minds  
Statement of Cash Flows  
For the Year Ended June 30, 2021

(With summarized comparative financial information for the year ended June 30, 2020)

	<b>FYE 6/30/21</b>	<b>FYE 6/30/20</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 3,053,421	\$ 189,672
<b>Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:</b>		
Depreciation and amortization	14,193	8,754
Loan Forgiveness	(232,720)	-
(Increase) decrease in:		
Grants and accounts receivable	(504,598)	612,524
Prepaid expenses	(25,512)	(21,916)
Inventory	(102)	8,800
Other asset	(7,637)	-
Deposits	(30)	-
Increase (decrease) in:		
Accounts payable & accrued expenses	60,330	26
Deferred revenue	7,250	15,050
Deferred rent	(3,709)	291
<b>Net cash provided (used) by operating activities</b>	<b>2,360,886</b>	<b>813,201</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(81,021)	(3,382)
Purchase of investments	(38,841)	-
<b>Net cash provided (used) by investing activities</b>	<b>(119,862)</b>	<b>(3,382)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from loan	267,690	232,720
<b>Net cash provided (used) by financing activities</b>	<b>267,690</b>	<b>232,720</b>
<b>Increase (decrease) in Cash and Cash Equivalents</b>	<b>2,508,714</b>	<b>1,042,539</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>2,161,376</b>	<b>1,118,837</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$4,670,090</b>	<b>\$ 2,161,376</b>
Cash paid for interest	-	-

The accompanying notes are an integral part of the financial statements



Active Minds  
Notes to Financial Statements  
June 30, 2021

**Note 1 – Organization and Summary of Accounting Policies**

Organization

Active Minds, Inc. (Active Minds) is the nation's premier nonprofit organization supporting mental health awareness and education for young adults. Active Minds has a presence on over 800 college, university, and high school campuses nationwide, and is powered by a robust Chapter Network, the nationally acclaimed Send Silence Packing® exhibit, and inspiring Active Minds Speakers. The organization is dedicated to ending the silence and changing the conversation about mental health for everyone. Active Minds was incorporated in 2003 under the laws of the District of Columbia.

Basis of presentation

The financial statements of Active Minds are presented on the accrual basis of accounting.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Active Minds' financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Tax status

Active Minds has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that Active Minds is not a private foundation. Active Minds is required to report unrelated business income to the Internal Revenue Service and the District of Columbia.

Uncertain tax positions

The Financial Accounting Standards Board (FASB) has released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended June 30, 2021, Active Minds has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. Tax years ending June 30, 2020, 2019 and 2018 remain open with both Federal and state taxing authorities.

Cash and cash equivalents

For financial statement purposes, cash and cash equivalents include, operating cash accounts, petty cash and highly liquid money market fund accounts with original maturities of three months or less.

Investments

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the accompanying statement of activities. When received, donated securities are recorded at fair value, based on the fair market value of the securities as of the date of donation.

Active Minds  
Notes to Financial Statements  
June 30, 2021

Grants and contributions receivable

Grants receivable that are expected to be collected in future years are recorded at their 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 discount is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants and contributions receivable are considered by management to be fully collectible.

Inventory

Inventory consists of branded items recorded at cost.

Property and equipment

Property and equipment consist of furniture, office, computer equipment and intangible assets recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. Active Minds' capitalization policy currently records property and equipment acquisitions over \$1,000 with an expected life of more than a year.

Classification of net assets

Net assets without donor restrictions represent funds that are not subject to donor-imposed stipulations and are available for support of the organization's operations.

Net assets with donor restrictions represent funds subject to donor-imposed restrictions. Some donor-imposed restrictions 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 a 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Active Minds does not have any donor-imposed restrictions which are perpetual in nature at June 30, 2021.

Revenue recognition

Contributions

The majority of Active Minds' revenue is received through contributions. Active Minds performs an analysis of the contribution to determine if the revenue stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or not reciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions 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 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 financial statements.

Active Minds  
Notes to Financial Statements  
June 30, 2021

Program service revenue

Active Minds recognizes program service revenue when it is earned. Revenues are recognized in accordance with ASU 2014-09 Revenue from Contracts with Customers (Topic 606) The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Donated services, goods and facilities

Donated professional services are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Advertising costs

Advertising costs are expensed as incurred.

Use of estimates

Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Functional allocation of expenses

The costs of providing services and other activities are summarized on a functional basis in the statement of activities. Expenses directly attributable to specific functional areas of the organization are reported as expenses of those functional areas, while indirect costs that benefit multiple functional areas have been allocated among the various functional areas on a basis of time and effort, such as salary dollars based on labor hours of employees, or other reasonable basis.

Fair value measurement

Active Minds adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurement. Active Minds accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Active Minds  
Notes to Financial Statements  
June 30, 2021

New accounting pronouncements (not yet adopted)

FASB issued ASU 2019-01, Leases (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for annual reporting periods beginning after December 15, 2021. Active Minds plans to adopt the new ASU on its effective date, which for Active Minds is July 1, 2022. Management is currently in the process of evaluating the impact of the new standard on its financial statements.

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

**Note 2 - Grants and Accounts Receivable**

Active Minds uses the allowance method to account for uncollectible receivables. Receivables are determined uncollectible based on management's review. As of June 30, 2021, allowance for uncollectible receivables was zero as all receivables were deemed collectible. Grants and contributions due in more than one year have been discounted using a rate of 3.25%.

Grants receivable due in less than one year	\$ 973,838
Grants receivable due in one-to-five years	<u>600,000</u>
Subtotal	1,573,838
Less: Allowance to discount balance to present value	<u>(26,508)</u>
Grants receivable, net	\$ <u>1,547,330</u>

**Note 3 - Property and Equipment**

Furniture, equipment and intangible assets are recorded at cost. Depreciation and amortization are provided over the estimated useful lives of the respective assets, which range from three to ten years on a straight line basis. Active Minds capitalizes property and equipment in excess of \$1,000.

Property and equipment consist of the following at June 30, 2021:

Furniture and equipment	\$142,772
Intangible assets: Logo design, trademarks	13,977
Accumulated depreciation & amortization	<u>(72,960)</u>
Book value	\$ <u>83,789</u>

Depreciation and amortization expense were \$14,193 for the period ended June 30, 2021

Active Minds  
Notes to Financial Statements  
June 30, 2021

**Note 4 - Net Assets With Donor Restrictions**

Net assets with donor restrictions were available for the following purposes at June 30, 2021:

Chapter development/campus mental health	\$ 385,177
Passage of time	<u>1,417,913</u>
Total	<u>\$ 1,803,090</u>

**Note 5 - Net Assets Released From Restrictions**

Net assets were released from donor imposed restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for the year ended June 30, 2021.

Campus mental health	\$ 578,350
Passage of time	<u>600,830</u>
Total	<u>\$1,179,180</u>

**Note 6 - Commitments**

Active Minds leases its office space in Washington, DC under a non-cancellable operating lease that expires in July 2022. Rent expense for the year ended June 30, 2021 was \$ 178,684. In 2018 Active Minds entered into a five year contract for contact management hosting and software fees. The contract was stopped during the fiscal year, management is determining resolution of the contract. An estimate of \$21,000 for cancellation fees is included in accrued expenses at June 30, 2021.

Future minimum lease commitments under all operating leases and contracts are as follows:

June 30, 2022	167,831
June 30, 2023	7,007
Thereafter	-----
Total	<u>\$ 174,838</u>

**Note 7 - Liquidity**

Financial assets available for general expenditure, that is without donor restrictions or other restrictions limiting their use, within one year of the current Statement of Financial Position date, comprise the following:

Cash and cash equivalents	\$4,670,090
Grants, contributions receivable, net	<u>1,547,330</u>
Subtotal	6,217,420
Less: amounts with donor restrictions	<u>(1,803,090)</u>
Total financial assets available for use for general purposes within one year	<u>\$4,414,330</u>

Active Minds' policy is to structure its financial assets to become available as general expenditures, liabilities, and other obligations become due.

Active Minds  
Notes to Financial Statements  
June 30, 2021

**Note 8 - Concentration of Risk**

Financial instruments that potentially expose Active Minds to concentrations of credit risk consist primarily of cash and cash equivalents. Bank deposits at one institution are insured by the Federal Deposit Insurance Company (FDIC) up to a limit of \$250,000. Active Minds maintained a checking account balance in excess of federally insured limits (FDIC) and a money market account balance which is not federally insured at June 30, 2021. Management believed the risk is managed by maintaining all deposits with high quality financial institutions. Active Minds has not experienced, nor does it anticipate any loss of funds from its current concentration of risk.

**Note 9 - Investment Income**

Included in investment income are the following:

Dividends and interest	\$ 775
Gain on investment	<u>671</u>
Total investment income	<u>\$ 1,477</u>

**Note 10 - Other Asset**

Active Minds is a participant (“subscriber”) in a reciprocal insurance exchange for health insurance purposes. Active Minds accounts for this asset using the fair value method. As a subscriber, Active Minds received an allocation to its subscriber savings account (SSA) for its share of net gains from the reciprocal’s underwriting and investment activity. Active Minds’ share of net income in the amount of \$7,637 is included in Other Income on the Statement of Activities. The accumulated balance as of June 30, 2021 is \$11,559, which is included in the Statement of Financial Position as Other Asset.

**Note 11 - Retirement plan**

Active Minds offers qualifying full-time employees an opportunity to participate in the 401k plan. Employees are qualified to participate starting on the one year anniversary of their employment date at Active Minds. Active Minds matches up to 50% of an employee’s contribution to a 401k account with a cap of 3% of employee’s salary. For the year ended June 30, 2021, employer contributions totaled \$11,151.

**Note 12 - In-kind Contributions**

Active Minds received donated legal services in the amount of \$516,504 for the year ended June 30, 2021.

Active Minds  
Notes to Financial Statements  
June 30, 2021

**Note 13 - Payroll Protection Loan**

On January 29, 2021, Active Minds received a second Paycheck Protection Program loan (PPP loan) in the amount of \$267,690 at 1% per year from M&T Bank due in 60 months. Based upon guidance from ASC 105, Active Minds will account for the PPP loan as a government grant in substance. Management has determined that it is probable that it will meet both the eligibility criteria for the PPP loan and the loan forgiveness criteria for all or substantially all of the PPP loan.

Based upon guidance from ASC 105, Active Minds has chosen to account for the forgiveness of the first PPP loan as a government grant in substance. On November 24, 2020, management received confirmation from M&T Bank that it's application for forgiveness had been approved by the Small Business Administration (SBA).

**Note 14 - COVID-19**

On March 11, 2021, the World Health Organization declared the Coronavirus disease (COVID19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact Active Minds' operations. The overall potential impact is unknown at this time.

**Note 15 - Subsequent Events**

In preparing these financial statements, Active Minds has evaluated events and transactions for potential recognition or disclosure through May 16, 2022, the date the financial statements were issued.