

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA



Minds Matter

MINDS MATTER COLORADO, INC.

Reviewed Financial Statements

June 30, 2021

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Minds Matter Colorado Inc.

We have reviewed the accompanying financial statements of Minds Matter Colorado, Inc. (the "Organization"), 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

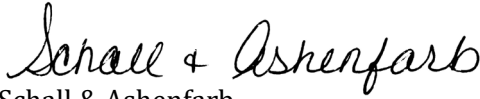
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed the Organization's June 30, 2020 financial statements and in our conclusion dated December 12, 2020, stated that based on our review, we were not aware of any material modifications that should be made to the June 30, 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2020, for it to be consistent with the reviewed financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

April 27, 2022

MINDS MATTER COLORADO, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2021
(With comparative totals at June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Assets		
Cash and cash equivalents	\$732,784	\$366,634
Loan receivable (Note 4)	0	150,000
Pledges receivable	117,807	16,093
Prepaid expenses	230	650
Fixed assets, net	<u>1,965</u>	<u>2,948</u>
Total assets	<u><u>\$852,786</u></u>	<u><u>\$536,325</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$105,252	\$81,572
Economic Injury Disaster loan payable (Note 4)	150,000	150,000
Paycheck Protection Program loan (Note 5)	0	59,417
Deferred revenue	0	7,500
Total liabilities	<u>255,252</u>	<u>298,489</u>
Net assets:		
Without donor restrictions	415,835	237,836
With donor restrictions (Note 2b)	<u>181,699</u>	<u>0</u>
Total net assets	<u>597,534</u>	<u>237,836</u>
Total liabilities and net assets	<u><u>\$852,786</u></u>	<u><u>\$536,325</u></u>

See accompanying notes and independent accountant's review report.

MINDS MATTER COLORADO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	6/30/21	6/30/20
Public support and revenue:				
Individual contributions	\$134,908		\$134,908	\$115,194
Foundation contributions	222,350	\$210,000	432,350	184,420
Corporate contributions	209,937		209,937	45,456
Government grants	13,875		13,875	0
Paycheck Protection Program grant (Note 5)	59,417		59,417	0
Economic Injury Disaster grant			0	2,000
Special events, net (Note 6)	124,657		124,657	160,930
In-kind services and facilities (Note 7)	6,150		6,150	40,450
Investment income	365		365	4,999
Net assets released from restriction	28,301	(28,301)	0	0
Total public support and revenue	799,960	181,699	981,659	553,449
Expenses:				
Program services	389,837		389,837	350,201
Supporting services:				
Management and general	118,272		118,272	68,205
Fundraising	113,852		113,852	112,797
Total supporting services	232,124	0	232,124	181,002
Total expenses	621,961	0	621,961	531,203
Change in net assets	177,999	181,699	359,698	22,246
Net assets - beginning of year	237,836	0	237,836	215,590
Net assets - end of year	\$415,835	\$181,699	\$597,534	\$237,836

See accompanying notes and independent accountant's review report.

MINDS MATTER COLORADO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

(With comparative totals for the year ended June 30, 2020)

		Supporting Services				
	Program	Management		Total	Total	Total
	Services	and	Fundraising	Supporting	Expenses	Expenses
		General		Services	6/30/21	6/30/20
Salaries and payroll taxes	\$158,469	\$56,079	\$71,249	\$127,328	\$285,797	\$302,795
Tuition	39,703			0	39,703	24,162
Scholarship awards and stipends	76,550			0	76,550	24,543
Mentoring and test prep	35,473			0	35,473	24,239
License fees - Minds Matter, Inc. (Note 3)		20,538		20,538	20,538	18,920
Professional fees (including in-kind)	52,200			0	52,200	54,705
Public relations and marketing			42,603	42,603	42,603	17,358
Professional development	5,158			0	5,158	2,618
Event production			101,093	101,093	101,093	118,237
Office expenses and supplies		30,408		30,408	30,408	11,141
Travel and meals	22,284			0	22,284	22,298
Depreciation		983		983	983	1,474
Interest expense		3,664		3,664	3,664	0
Occupancy		6,600		6,600	6,600	26,950
Total expenses	389,837	118,272	214,945	333,217	723,054	649,440
Less direct special event expenses netted with revenue			(101,093)	(101,093)	(101,093)	(118,237)
Total expenses for statement of activities	<u>\$389,837</u>	<u>\$118,272</u>	<u>\$113,852</u>	<u>\$232,124</u>	<u>\$621,961</u>	<u>\$531,203</u>

See accompanying notes and independent accountant's review report.

MINDS MATTER COLORADO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Cash flows from operating activities:		
Change in net assets	\$359,698	\$22,246
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	983	1,474
Realized/unrealized gain on investments	0	(3,356)
Changes in assets and liabilities:		
Loan receivable	150,000	0
Pledges receivable	(101,714)	8,207
Prepaid expenses	420	380
Accounts payable and accrued expenses	23,680	(38,486)
Paycheck Protection Program loan	(59,417)	59,417
Deferred revenue	(7,500)	7,215
	<u>6,452</u>	<u>34,851</u>
Total adjustments		
Net cash flows provided by operating activities	<u>366,150</u>	<u>57,097</u>
Cash flows from investing activities:		
Proceeds from sales of investments	<u>0</u>	<u>148,246</u>
Net cash flows provided by investing activities	<u>0</u>	<u>148,246</u>
Net increase in cash and cash equivalents	366,150	205,343
Cash and cash equivalents - beginning of year	<u>366,634</u>	<u>161,291</u>
Cash and cash equivalents - end of year	<u><u>\$732,784</u></u>	<u><u>\$366,634</u></u>
No interest or taxes were paid.		

See accompanying notes and independent accountant's review report.

MINDS MATTER COLORADO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Organization

Minds Matter Colorado, Inc., (the "Organization"), formerly Minds Matter of Denver, Inc., is a not-for-profit organization that is dedicated to bringing bright and motivated inner-city high school students together with dedicated mentors to achieve academic excellence and expand educational horizons.

The Organization entered into an affiliation and license agreement with Minds Matter, Inc., which grants the Organization rights to use the licensed marks of Minds Matter, Inc.

The Organization's support comes primarily from individual, corporate, and foundation donors' contributions as well as special event fundraising activities.

Minds Matter, Inc. has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. They have not been determined to be a private foundation as defined in Section 509(a). Minds Matter Colorado, Inc. is a part of Minds Matter, Inc.'s IRS group exemption.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. At June 30, 2021, net assets with donor restrictions consisted of funds restricted for the translation of the Minds Matter Colorado curriculum to an online/hybrid access model.

c. Revenue Recognition

The Organization follows the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature.

Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Contributions that are due within one year are recorded at net realizable value. All pledges receivable at June 30, 2021 are expected to be received within 12 months. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. Management assesses receivable balances for collectability. Based on a review of several factors, including the credit worthiness of the donor and historical experience, management deems these receivables to be fully collectable and has not established any reserves.

d. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of cash and money market accounts. The Organization places its temporary cash and money market accounts with a financial institution that management deems to be creditworthy. At times, balances may exceed federally insured limits; however, the Organization has not experienced any losses from these accounts due to bank failure.

f. Fixed Assets

Fixed assets in excess of \$1,000 to which the Organization retains title and capital items purchased, which benefit future periods, are capitalized at cost, or if donated, at the estimated fair value at the time of the donation. Fixed assets consist of vehicles, which are carried at cost and depreciated over their estimated useful lives (five years) using the straight-line method.

g. Donated Services

The Organization recognizes contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills, and would typically be purchased if not donated.

Board members and other individuals volunteer their time and perform a variety of services that assist the Organization. These services do not meet the criteria to be recorded and have not been included in the financial statements. See Note 7 for further details.

h. Use of Estimates

The 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 those estimates.

i. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following costs are allocated using time and effort as the basis:

- Salaries
- Payroll taxes and employee benefits

All other expenses have been charged directly to the applicable program or supporting services.

j. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2018 and later are subject to examination by applicable taxing authorities.

k. Prior Year Comparative Information

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020 from which the summarized information was derived.

l. New Accounting Pronouncement

FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

The Organization is in the process of evaluating the impact this standard will have on future financial statements.

Note 3 - Related Party Transaction

The Organization has signed an affiliation and license agreement to use the licensed marks of Minds Matter, Inc. The license fees are used to pay program and administrative costs incurred by Minds Matter, Inc. The Organization paid \$20,538 and \$18,920 in license fees for the years ended June 30, 2021 and 2020, respectively.

Note 4 - Economic Injury Disaster Loan Payable

On June 9, 2020, the Organization entered into a loan agreement with the Small Business Administration ("SBA") in the amount of \$150,000 through the Economic Injury Disaster Loan ("EIDL") Program for working capital. Payments on the loan will begin 12 months from the date of the note. Interest will accrue at 2.75% per annum. Monthly installments of \$641, including principal and interest will be payable over 30 years from the date of the note. The loan is collateralized by all assets of the Organization. While the effective date of the loan was June 9, 2020, the funds were not received by the Organization until July 20, 2020.

Note 5 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the Organization obtained a loan from the Small Business Administration ("SBA") in the amount of \$59,417 through the Paycheck Protection Program ("PPP"). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. Portions of the loan that were not forgiven are payable over a five-year period, with a ten-month deferral of payment and interest accruing at 1%. The Organization accounts for the PPP loan as a conditional contribution in accordance with FASB ASC 958-605. The conditions for forgiveness on this loan were met during the year ended June 30, 2021 and the full amount was recognized as revenue during the year then ended.

Note 6 - Special Events

Special events can be summarized as follows:

	<u>6/30/21</u>	<u>6/30/20</u>
	<u>CELEBRATE</u>	Casino
Gross revenue	\$225,750	Night
Less: expenses with a		
direct benefit to donors	<u>(101,093)</u>	<u>(118,237)</u>
Net special event income	<u>\$124,657</u>	<u>\$160,930</u>

Note 7 - In-Kind Contributions

The Organization received use of facilities without charge with an estimated value of \$19,950 June 30, 2020. Additionally, the Organization received in-kind legal services with an estimated value of \$6,150 and \$20,500 for the years ended June 30, 2021 and 2020, respectively.

The Organization received donated services from a variety of unpaid volunteers to assist programs or provide administrative assistance. No amounts have been recognized because the criteria for recognition of such volunteers has not been satisfied. The estimated hours of services provided by unpaid volunteers for the year ended June 30, 2021 are as follows:

Mentors	10,790
Executive committee	700

Note 8 - Liquidity and Availability of Financial Resources

The Organization maintains cash on hand to be available for general expenditures and on-going operations. At June 30, 2021, the financial assets available to meet cash needs for general expenditures for the upcoming fiscal year were as follows:

Financial assets at year-end:	
Cash and cash equivalents	\$732,784
Pledges receivable	<u>117,807</u>
Total financial assets	\$850,591
Less amounts not available for general expenditures:	
Net assets with donor restrictions – program restrictions	<u>(181,699)</u>
Total	<u>\$668,892</u>

Note 9 - Subsequent Events

Subsequent events have been evaluated through April 27, 2022, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.

Note 10 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.