

Minds Matter Colorado, Inc.

Reviewed Financial Statements

June 30, 2023

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Independent Accountant's Review Report

To the Board of Directors of
Minds Matter of Colorado, Inc.

We have reviewed the accompanying financial statements of Minds Matter of Colorado, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2023, 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 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 American Institute of Certified Public Accountants. 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.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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 2022 financial statements and in our conclusion dated September 11, 2023, stated that based on our review, we were not aware of any material modifications that should be made to the 2022 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, 2022, for it to be consistent with the review.

Sax CPAs LLP

New York, NY
November 5, 2024

Minds Matter of Colorado, Inc.

Statement of Financial Position

At June 30, 2023
(With comparative totals at June 30, 2022)

	June 30	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 471,483	\$ 470,983
Investments	257,416	255,640
Pledges receivable	161,781	103,815
Prepaid expenses	23,840	1,070
Investments held for endowment	567,397	480,266
TOTAL ASSETS	\$ 1,481,917	\$ 1,311,774
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 125,344	\$ 145,995
Economic Injury Disaster loan payable	146,400	150,000
Total liabilities	271,744	295,995
NET ASSETS		
Without donor restrictions	642,776	535,513
With donor restrictions	567,397	480,266
Total net assets	1,210,173	1,015,779
TOTAL LIABILITIES AND NET ASSETS	\$ 1,481,917	\$ 1,311,774

See accompanying notes and independent accountant's review report.

Minds Matter of Colorado, Inc.

Statement of Activities

For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	Without Donor Restriction	With Donor Restriction	Total 6/30/23	Total 6/30/22
PUBLIC SUPPORT AND REVENUE				
Contribution	\$ 671,027	\$ 99,650	\$ 770,677	\$ 1,177,446
Government grants	7,874	-	7,874	6,563
Special events, net	190,082	-	190,082	87,108
In-kind contributions	120,550	-	120,550	28,994
Investment return	19,676	(12,519)	7,157	(34,398)
	<u>1,009,209</u>	<u>87,131</u>	<u>1,096,340</u>	<u>1,265,713</u>
EXPENSES				
Program services	<u>563,122</u>	<u>-</u>	<u>563,122</u>	<u>602,040</u>
Supporting services				
Management and general	154,998	-	154,998	130,180
Fundraising	<u>183,826</u>	<u>-</u>	<u>183,826</u>	<u>115,248</u>
Total supporting services	<u>338,824</u>	<u>-</u>	<u>338,824</u>	<u>245,428</u>
Total expenses	<u>901,946</u>	<u>-</u>	<u>901,946</u>	<u>847,468</u>
Change in net assets	107,263	87,131	194,394	418,245
Net assets - beginning of year	<u>535,513</u>	<u>480,266</u>	<u>1,015,779</u>	<u>597,534</u>
Net assets - end of year	<u><u>\$ 642,776</u></u>	<u><u>\$ 567,397</u></u>	<u><u>\$ 1,210,173</u></u>	<u><u>\$ 1,015,779</u></u>

See accompanying notes and independent accountant's review report.

Minds Matter of Colorado, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

		<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 6/30/23</u>	<u>Total 6/30/22</u>
Salaries and payroll taxes	\$ 202,632	\$ 75,309	\$ 162,085	\$ 440,026	\$ 434,410
Tuition	69,487	-	-	69,487	53,140
Scholarship awards and stipends	41,750	-	-	41,750	60,149
Mentoring and test prep (including in-kind)	92,012	-	-	92,012	29,254
License fees - Minds Matter, Inc.	-	20,676	-	20,676	21,252
Professional fees	80,515	-	-	80,515	91,281
Public relations and marketing (including in-kind)	-	-	21,741	21,741	29,811
Professional development	5,052	-	-	5,052	4,243
Event production	-	-	150,410	150,410	148,570
Office expenses and supplies	-	42,921	-	42,921	37,712
Travel and meals	25,174	-	-	25,174	49,223
Depreciation	-	-	-	-	1,965
Interest expense	-	4,092	-	4,092	4,028
Occupancy (including in-kind)	46,500	12,000	-	58,500	31,000
Total expenses	563,122	154,998	334,236	1,052,356	996,038
Less: direct special event expenses netted with revenue	-	-	(150,410)	(150,410)	(148,570)
Total expenses	\$ 563,122	\$ 154,998	\$ 183,826	\$ 901,946	\$ 847,468

See accompanying notes and independent accountant's review report.

Minds Matter of Colorado, Inc.

Notes to Financial Statements

June 30, 2023

	Years Ended June 30,	
	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 194,394	\$ 418,245
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	-	1,965
Realized/unrealized loss on investments	10,743	35,935
Changes in assets and liabilities:		
Pledges receivable	(57,966)	13,992
Prepaid expenses	(22,770)	(840)
Accounts payable and accrued expenses	(20,651)	40,743
Total adjustments	(90,644)	91,795
Net cash flows provided by operating activities	103,750	510,040
Cash flows from investing activities		
Purchase of investments	(99,650)	(771,841)
Net cash flows used for investing activities	(99,650)	(771,841)
Cash flows from financing activities		
Principal repayment on loan payable	(3,600)	-
Net cash flows used for financing activities	(3,600)	-
Net increase/(decrease) in cash and cash equivalents	500	(261,801)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	470,983	732,784
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 471,483	\$ 470,983
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 4,092	\$ 4,028
Income taxes paid	\$ -	\$ -

Minds Matter of Colorado, Inc.

Notes to Financial Statements

June 30, 2023

Note 1 - Organization

Minds Matter of Colorado, Inc. (the "Organization") 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 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 organization as defined in Section 509(a). The Organization is a part of Minds Matter, Inc.'s IRS group exemption.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

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

b. Recently Adopted Accounting Standards

Effective July 1, 2022, the Organization adopted Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected transition relief that allows entities, in the period of adoption, to present the current period under the FASB's Accounting Standards Codification ("ASC") 842 and the comparative period under FASB ASC 840. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. The adoption did not result in a material effect on amounts reported in the statement of activities for the year ended June 30, 2023.

Minds Matter of Colorado, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

c. *Basis of Presentation*

The financial statements are presented in accordance with the provisions of FASB ASC 958 Presentation of Financial Statement of Not-For-Profit Entities. Under FASB ASC 958, the Organization reports information regarding its financial position and activities according to the following specific 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.

d. *Revenue Recognition*

The Organization follows the requirements of the FASB's ASC 958-605 Revenue Recognition for recording contributions, which are recognized at the time a contribution 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.

Special event revenue is comprised of payments received from third parties to support and /or attend fundraising events. Special event revenue includes an exchange transaction component for the value of the goods or services rendered, which follows revenue recognition guidance under ASC 606 Revenue from Contracts with Customers. The amount paid by third parties that is above the value of goods or services is considered a contribution. Revenue is recognized at the time the fundraising event occurs.

Contributions that are due within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. All pledges receivable at June 30, 2023 are due within 12 months. 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.

e. *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.

Minds Matter of Colorado, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

f. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of cash accounts and money market accounts. The Organization places its temporary cash and money market accounts with financial institutions 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.

g. Investments

Investments with readily available market prices are reflected at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in investment return on the statement of activities. See Note 3 for additional information.

h. Donated Services

Donated services that either create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind, are recognized at fair value. Board members and other volunteers have donated a significant amount of time, but these services have not been recorded because they do not meet the criteria outlined above. See Note 7 for further details.

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. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. The following costs are allocated using time and effort as a basis:

- Salaries
- Payroll taxes and employee benefits.

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

j. Advertising Costs

Advertising costs are expensed as incurred.

k. Use of Estimates

The preparation of financial statements in conformity 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.

Minds Matter of Colorado, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

l. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2020 and later are subject to examination by applicable taxing authorities.

m. Comparative Financial 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, 2022, from which the summarized information was derived.

Note 3 - Investments

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Minds Matter of Colorado, Inc.

Notes to Financial Statements

June 30, 2023

Note 3 - Investments - Continued

	June 30, 2023		
	Level 1	Other (a)	Total
Equities	\$ 247,416	\$ -	\$ 247,416
U.S. government obligations	10,000	-	10,000
Hedge funds	-	567,397	567,397
Total	<u>\$ 257,416</u>	<u>\$ 567,397</u>	<u>\$ 824,813</u>

	June 30, 2022		
	Level 1	Other (a)	Total
Equities	\$ 245,640	\$ -	\$ 245,640
U.S. government obligations	10,000	-	10,000
Hedge funds	-	480,266	480,266
Total	<u>\$ 255,640</u>	<u>\$ 480,266</u>	<u>\$ 735,906</u>

(a) At June 30, 2023 and 2022, certain funds were invested in hedge funds which are reported at fair value utilizing the net asset values provided by fund managers. Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Note 4 - Investments Held for Endowment

The Organization's endowment consists of permanently restricted funds that are required to be held indefinitely. The income from these investments can be used to support general activities or are restricted to support the mentees' summer college program experiences.

Interpretation of Relevant Law

The Organization follows the State Prudent Management of Institutional Funds Act ("SPMIFA"). The Board of Directors has interpreted SPMFIA as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the fair value of the original gift as of the gift date for all donor-restricted endowment funds will be preserved. However, under certain circumstances, the Organization has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by SPMFIA.

As a result of this interpretation, the Organization classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditures; therefore, they have been classified in the class of net assets with donor restrictions.

Minds Matter of Colorado, Inc.

Notes to Financial Statements

June 30, 2023

Note 4 - Investments Held for Endowment - Continued

Spending Policies

In accordance with SPMFIA, the following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization's mission and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources available;
- (7) The investment policies;

Changes in endowment by net asset class were as follows:

	June 30, 2023		
	Endowment Earnings	Endowment Corpus	Total
Equities	\$ (29,734)	\$ 510,000	\$ 480,266
U.S. government obligations	-	99,650	99,650
Hedge funds	(12,519)	-	(12,519)
Total	<u>\$ (42,253)</u>	<u>\$ 609,650</u>	<u>\$ 567,397</u>

	June 30, 2022		
	Endowment Earnings	Endowment Corpus	Total
Equities	\$ -	\$ -	\$ -
Contributions	-	510,000	510,000
Net loss on investments, net of fees	(29,734)	-	(29,734)
Total	<u>\$ (29,734)</u>	<u>\$ 510,000</u>	<u>\$ 480,266</u>

Endowment Investment Policies

The Organization has adopted an investment policy for endowment assets that relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A diversified asset allocation is targeted that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or SPMIFA requires to be retained as a fund of perpetual duration. At June 30, 2023 and 2022, there were deficiencies of \$42,253 and \$29,734, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of contributions for donor-restricted endowment funds.

Minds Matter of Colorado, Inc.

Notes to Financial Statements

June 30, 2023

Note 5 - 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. The effective date for the loan was June 9, 2020 and matures 30 years from the date of the note on June 9, 2050. Interest accrues at 2.75% per annum and is payable in monthly installments of \$641. The loan is collateralized by all assets of the Organization.

As of June 30, 2023, future minimum principal payments on the EIDL loan payable are as follows:

2024	\$ 3,713
2025	3,816
2026	3,923
2027	4,032
2028	4,144
Thereafter	126,772
Total loan payable	<u>\$ 146,400</u>

Note 6 - Special Events

Special events are summarized as follows:

	June 30,	
	2023	2022
Gross revenue	\$ 340,492	\$ 235,678
Less: expenses with a direct benefit to donors	<u>(150,410)</u>	<u>(148,570)</u>
Net special event income	<u>\$ 190,082</u>	<u>\$ 87,108</u>

Note 7 - In-Kind Contributions

The following in-kind services and donations were recorded:

	June, 30	
	2023	2022
Mentoring and test prep	\$ 73,300	\$ -
Professional fees	-	4,494
Occupancy	46,500	24,500
Public relations and marketing	<u>750</u>	<u>-</u>
Total	<u>\$ 120,550</u>	<u>\$ 28,994</u>

Minds Matter of Colorado, Inc.

Notes to Financial Statements

June 30, 2023

Note 7 - In-Kind Contributions - Continued

Mentoring and test prep in-kind contributions are comprised of donated services valued at \$59,000 using the standard hourly rates charged for those services and \$14,300 for contributed computers that were valued based on the market price for identical computers. Both are allocated to program services on the statement of functional expenses. Donated professional services are included in management and general on the statement of functional expenses and are valued at the standard hourly rates for those services. Occupancy, which is allocated to program services, is valued at the amount that could be charged to renters for that space. Public relations and marketing is valued at the standard hourly-rate for the service and are allocated to fundraising on the statement of functional expenses.

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 years ended June 30, 2023 and 2022 are as follows:

	June 30,	
	2023	2022
Mentors	13,328	10,790
Executive committee	700	700

Note 8 - Related Party Transactions

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 \$20,676 and \$21,252 in license fees for the years ended June 30, 2023 and 2022, respectively.

Note 9 - 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, 2023, the financial statements 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	\$ 471,483
Investments	257,416
Pledges receivable	<u>161,781</u>
Total	<u><u>\$ 890,680</u></u>

Note 10 - Subsequent Events

Subsequent events have been evaluated through November 5, 2024 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.