

HeartSupport, Inc.

Financial Statements

For the Year Ended December 31, 2024



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To Management
HeartSupport, Inc.

We have reviewed the accompanying financial statements of HeartSupport, Inc. (a nonprofit organization), which comprise the statement of financial position – modified cash basis as of December 31, 2024, and the related statements of activities – modified cash basis, functional expenses – modified cash basis and cash flows – modified cash basis 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 the modified cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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 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 the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of HeartSupport, Inc. and to meet our other ethical responsibilities, in accordance with 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 the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

DK PARTNERS, PC

Austin, Texas
March 13, 2025

Financial Statements

HEARTSUPPORT INC.
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
(UNAUDITED)
As of December 31, 2024

		2024
Assets		
Current Assets		
Cash and cash equivalents	\$	112,812
Contributions receivable, net		25,000
Security deposit		12,214
Total Current Assets		150,026
Total Assets	\$	150,026
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$	25,519
Note payable - current portion		3,633
Total Current Liabilities		29,152
Long-Term Liabilities		
Note payable		145,770
Total Long-Term Liabilities		145,770
Net Assets		
Without donor restrictions		(24,896)
Total Net Assets		(24,896)
Total Liabilities and Net Assets	\$	150,026

See Accompanying Notes and Independent Accountants' Review Report

HEARTSUPPORT INC.
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
(UNAUDITED)
For the Year Ended December 31, 2024

		<u>Without Donor Restrictions</u>
Revenue		
Contributed Income		
Contributions and grants - cash	\$	501,629
Contributions and grants - non-cash		73,469
Total Contributed Income	\$	575,098
Earned Income		
Counseling referrals	\$	67,025
Other earned income		12,235
Total Earned Income	\$	79,260
Total Revenue	\$	654,358
Expenses		
Salaries & wages	\$	278,676
Professional fees		138,245
Conferences, conventions, and meetings		80,553
Payroll taxes		35,253
Information technology		21,903
Office expenses		20,058
Travel		11,832
Interest		11,198
Depreciation, depletion, and amortization		3,733
Insurance		1,824
Occupancy		379
Advertising & promotion		229
Other expenses		2,002
Total Expenses	\$	605,885
Change in Net Assets	\$	48,473
Net Assets at Beginning of Year		(73,369)
Net Assets at End of Year	\$	(24,896)

See Accompanying Notes and Independent Accountants' Review Report

HEARTSUPPORT INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS (UNAUDITED)
For the Year Ended December 31, 2024

	Peer Support (Program)	Outreach (Program)	Administrative	Fundraising	Total
Salaries & wages	\$ 97,314	\$ 118,343	\$ 35,702	\$ 27,317	\$ 278,676
Professional fees	78,444	59,801	-	-	138,245
Conferences, conventions, and meetings	-	80,553	-	-	80,553
Payroll taxes	10,407	14,975	3,878	5,993	35,253
Information technology	8,944	3,956	3,388	5,615	21,903
Office expenses	170	5,585	3,615	10,688	20,058
Travel	-	11,200	632	-	11,832
Interest	-	-	11,198	-	11,198
Depreciation, depletion, and amortization	3,733	-	-	-	3,733
Insurance	-	-	1,824	-	1,824
Occupancy	-	-	379	-	379
Advertising & promotion	-	177	52	-	229
Other expenses	-	2,002	-	-	2,002
Total Expenses	\$ 199,012	\$ 296,592	\$ 60,668	\$ 49,613	\$ 605,885

See Accompanying Notes and Independent Accountants' Review Report

HEARTSUPPORT INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
(UNAUDITED)
For the Year Ended December 31, 2024

	2024
Cash Flows From Operating Activities	
Net Income	\$ 48,473
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	3,733
Noncash officer salary and benefits	43,330
Increase in:	
Contributions receivable, net	(25,000)
Security deposit	(12,214)
Decrease in:	
Accounts payable	(3,317)
Net cash provided by operating activities	55,005
Cash Flows From Investing Activities	
Net cash used in investing activities	-
Cash Flows From Financing Activities	
Note repayment	(3,395)
Net cash provided by financing activities	(3,395)
Cash and cash equivalents, beginning of year	61,202
Increase in cash and cash equivalents	51,610
Cash and cash equivalents, end of year	\$ 112,812

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:	
Interest	\$ 11,198
Contributed goods and services (non-cash)	\$ 73,469

See Accompanying Notes and Independent Accountants' Review Report

HEARTSUPPORT, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 1 – NATURE OF ORGANIZATION

HeartSupport Inc. (the Organization or HeartSupport) is a nonprofit organization that specializes in community support for mental health, including help for depression, anxiety, self-harm, addictions and more. HeartSupport programs include the following:

- Recovery, Content, and Programs – The organization produces resources that help people think differently about and take action to better their mental health.
- Online Community and Technology – The organization develops technology and leverages online channels to deliver mental health peer support.
- Events, Outreach, and Awareness – The organization reaches out to people who otherwise might not have sought help for their mental health.

HeartSupport is primarily funded through contributions, grants, and program fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the organization are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (GAAP). This basis of accounting differs from GAAP primarily because certain revenue and related assets have been recognized when received rather than when earned and certain expenses and related liabilities have been recognized when paid rather than when the obligations were incurred.

The accompanying financial statements are not intended to present the financial position and results of operations in conformity with generally accepted accounting principles in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those used in the allocation of expenses and depreciation. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the organization considers cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents, unless designated for investment purposes.

Fixed Assets

Fixed assets, including significant improvements or renovations, costing greater than \$1,000 and with one or more years of useful service life are capitalized at cost, or if donated, at estimated fair value at the time of donation. Costs of routine repairs and maintenance are charged to expense as incurred. Depreciation is calculated using the straight-line method over estimated lives of seven years.

HEARTSUPPORT, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

Financial Statement Presentation

Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The financial statement presentation follows the Financial Accounting Standards Board ASC 958-205, Not-for-Profit Entities Presentation of Financial Statements:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. These net assets may be used for any purpose or designated for a specific purpose by action of the Board of Directors. There are no board designated net assets as of December 31, 2021.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that require the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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. Donor-restricted contributions are reported as revenue without donor restrictions if the restrictions are met in the same reporting period as the contribution.

In-Kind Contributions

Volunteers contribute significant amounts of time to the organization’s program services, administration and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by the modified cash basis of accounting. Contributed goods and donated professional services are recorded at the estimated fair value at the date of donation.

Functional Accounting

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated on the basis of time and effort among the programs and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program.

Revenue Recognition

Contributions - Contributions, including unconditional pledges receivable and grants, are recorded when received. In accordance with FASB Accounting Standards Codification (ASC) 958-605, Not-For-Profit Entities Revenue Recognition, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Conditional pledge receivables are recognized when the conditions on which they depend are substantially met. Donor-restricted contributions are reported as revenue without donor restrictions if the restrictions are met in the same reporting period as the contribution.

Federal Income Taxes

The organization is exempt from federal income taxes, except on unrelated business income, pursuant to the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Therefore, no provision for federal income taxes has been reflected in the financial statements.

HEARTSUPPORT, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

Credit Risk

At December 31, 2024, the full \$25,000 contributions receivable balance was related to a pledge from a single donor.

Financial instruments which potentially subject the organization to credit risk consist of cash and cash equivalents and certificates of deposit. The organization's bank accounts did not exceed the federal depository insurance limits as of December 31, 2021.

NOTE 3 – FIXED ASSETS

The organization disposed of all fixed assets during the year, and therefore, there was no fixed asset balance on the statement of financial position at December 31, 2024.

Depreciation expense for the year ended, December 31, 2024 was \$3,733.

NOTE 4 – NOTE PAYABLE

During June 2020, the U.S. Small Business Administration (SBA) authorized an Economic Injury Disaster Loan (EIDL) loan to HeartSupport Inc. in the amount of \$150,000, with an interest rate of 2.75%. The loan is payable over 30 years with monthly payments of \$641. Capitalized interest recorded and accrued on the loan payable was \$6,520.

Principal payments required for the next five years and thereafter:

<u>Year</u>	<u>Amount</u>
2025	\$ 3,633
2026	3,734
2027	3,838
2028	3,945
2029	4,055
2030 and thereafter	<u>130,198</u>
Total	\$ 149,403

NOTE 5 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of \$112,812 of cash and cash equivalents.

The organization manages day-to-day cash needs through a continually-refined system of tracking the cadence of contributions, as well as on-hand cash management.

NOTE 6 – RELATED PARTIES

HeartSupport's founder operated a gym where the organization's fixed assets were located at the beginning of 2024. During 2024, these fixed assets were distributed to the founder as payment for services as "Festival Director" for the organization. The \$43,330 expense related to this transaction is included within the "Salaries and wages" caption on the Statement of Activities. The organization no longer had any business relationship with the gym after this transaction was completed.

HEARTSUPPORT, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 7 - SUBSEQUENT EVENTS

In preparing the financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 13, 2025, the date the financial statements were available to be issued.

There are no subsequent events requiring disclosure as of March 13, 2025.