



INNER STRENGTH EDUCATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



INNER STRENGTH EDUCATION

JUNE 30, 2024

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Morey, Nee, Buck & Oswald, LLC

Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

Board of Directors
Inner Strength Education
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of Inner Strength Education (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inner Strength Education as of June 30, 2024, and the changes 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.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of Inner Strength Education and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Inner Strength Education's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the 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 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 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 Inner Strength Education's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inner Strength Education's 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.

Morey, Nee, Buck & Oswald, LLC

Morey, Nee, Buck & Oswald, LLC
Spring House, Pennsylvania
November 25, 2024

INNER STRENGTH EDUCATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

Assets:

Cash and cash equivalents	\$ 752,820
Accounts receivable	171,530
Prepays	<u>6,798</u>
Total assets	<u>\$ 931,148</u>

Liabilities:

Accounts payable and accruals	\$ 11,248
Accrued compensation and taxes	<u>4,653</u>
Total liabilities	<u>15,901</u>

Net assets:

Without donor restrictions	769,603
With donor restrictions	<u>145,644</u>
Total net assets	<u>915,247</u>
Total liabilities and net assets	<u>\$ 931,148</u>

The accompanying notes are an integral part of these audited financial statements.

INNER STRENGTH EDUCATION
STATEMENT OF ACTIVITIES
JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions and grants	\$ 208,244	\$ 145,644	\$ 353,888
Program revenue	738,016	-	738,016
Interest income	13,641	-	13,641
Net assets released	<u>256,287</u>	<u>(256,287)</u>	<u>-</u>
 Total revenues, gains and other support	 <u>1,216,188</u>	 <u>(110,643)</u>	 <u>1,105,545</u>
 Expenses:			
Program services	352,382	-	352,382
Administration	137,151	-	137,151
Development	<u>160,575</u>	<u>-</u>	<u>160,575</u>
 Total expenses	 <u>650,108</u>	 <u>-</u>	 <u>650,108</u>
 Change in net assets	 566,080	 (110,643)	 455,437
 Net assets at beginning of year	 <u>203,523</u>	 <u>256,287</u>	 <u>459,810</u>
 Net assets at end of year	 <u>\$ 769,603</u>	 <u>\$ 145,644</u>	 <u>\$ 915,247</u>

The accompanying notes are an integral part of these audited financial statements.

INNER STRENGTH EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2024

	<u>Program</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Salaries, wages and payroll taxes	\$ 312,824	\$ 76,054	\$ 142,305	\$ 531,183
Program costs	5,214	432	137	5,783
Facilities expense	66	-	6,707	6,773
Office supplies	5,644	3,665	1,702	11,011
Travel	9,247	304	-	9,551
Conferences	250	-	-	250
Professional services	17,976	41,205	9,114	68,295
Dues and subscriptions	815	355	-	1,170
Insurance	-	14,995	-	14,995
Bank and finance	20	18	497	535
Miscellaneous	<u>326</u>	<u>123</u>	<u>113</u>	<u>562</u>
Total	<u>\$ 352,382</u>	<u>\$ 137,151</u>	<u>\$ 160,575</u>	<u>\$ 650,108</u>

The accompanying notes are an integral part of these audited financial statements.

INNER STRENGTH EDUCATION
STATEMENT OF CASH FLOWS
JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 455,437
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	130,962
Prepaid expenses	(4,296)
Increase (decrease) in liabilities:	
Accounts payable and accruals	10,374
Accrued compensation and taxes	<u>4,653</u>
Net cash provided by operating activities	<u>597,130</u>
Net increase in cash and cash equivalents	597,130
CASH AND CASH EQUIVALENTS, beginning of year	<u>155,690</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 752,820</u>

The accompanying notes are an integral part of these audited financial statements.

INNER STRENGTH EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

1. NATURE OF ORGANIZATION

Inner Strength Education (the Organization), a Pennsylvania nonprofit corporation, was formed in 2014 for the purposes of uplifting the minds, hearts, and actions of youth through mindful, contemplative awareness and developmental thinking to help them realize their higher potentials. The Organization's mission is to empower teens to realize their higher potential by teaching them skills that cultivate calm, curiosity, and care.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at the Board of Directors discretion; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time as well as resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Adoption Of New Accounting Pronouncement

The Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements, as amended. This pronouncement requires not-for-profit entities to measure all expected credit losses for financial instruments, such as trade receivables, loans, net investments in leases, and held-to-maturity debt securities, held at the reporting date.

The Organization adopted the new guidance utilizing the modified retrospective method. The adoption of this Standard did not have a material impact on the Organization's financial statements and no beginning cumulative adjustment was necessary.

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 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

INNER STRENGTH EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an Organization that is not a private Organization under Section 509(a) (2). The Organization is also exempt from Pennsylvania taxation under the applicable provisions of the Commonwealth's nonprofit Organization statutes.

Accounting for Uncertainty in Income Taxes

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken. Management has performed their evaluation and believes there are no unrecognized tax positions that are required to be disclosed.

The Organization's policy is to classify income tax related interest and penalties, if any, in interest expense and other expenses, respectively.

Cash and Cash Equivalents

Cash represents all operational checking and money market accounts.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to their program service or a supporting function of administration and development. Those expenses include payroll costs, and other various costs. Payroll costs are allocated based on time and efforts studies of the Organization's employees. Other various costs are allocated based on estimates or actual use across each of the three classifications.

Revenue Recognition

Contributions are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions for which purpose or timing of use has not been restricted by donors include earned revenue and interest income. Net assets with donor restrictions are grants/gifts which are received with donor stipulations limiting use of the contribution by time or purpose.

Accounts Receivable

The Organization carries its accounts receivable at net realizable value. All accounts receivable is considered fully collectible; accordingly, no allowance for uncollectible accounts has been established. On a periodic basis, the Organization evaluates its accounts receivable and, if warranted, may establish an allowance for doubtful accounts, based on its assessment of the collectability of various items. Accounts are written off as uncollectible when the Organization determines that collection is unlikely.

INNER STRENGTH EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
Promises to Give

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the 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 and reported in the statement of activities as net assets released from restrictions.

Net Assets With and Without Donor Restrictions Revenue and Support

Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. If donor support is restricted to a specific purpose, the revenue is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

3. FISCAL SPONSORSHIP

Inner Strength Education was formed in 2014, it entered a fiscal sponsorship with Urban Affairs Coalition (UAC) in March 2016, marking the onset of a collaborative effort aimed at creating curriculum to support teens. This dynamic partnership flourished over the following years. As of July 1, 2023, Inner Strength Education spun off from UAC and transitioned into an independent 501(c)(3).

4. CASH

Cash and cash equivalents are comprised of the following:

Cash and cash equivalents	<u>\$ 752,820</u>
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In November 2024, the Organization transferred \$640,000 to Fidelity Investments from their bank account to bring their exposed cash balance under \$250,000. The funds are invested in Treasury bonds at Fidelity.

CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains all cash balances in a financial institution located in Delaware. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. There are times throughout the year when the Organization's cash balances exceed the insured amount. However, the Organization utilizes the banks Insured Cash Sweep (ICS) service to access FDIC protection on large balances.

The Organization has not incurred any losses due to its cash balance exceeding insured amounts and believes they are not exposed to any significant credit risk.

INNER STRENGTH EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

5. ACCOUNTS RECEIVABLE

As of June 30, 2024, account receivable consisted of grants and contract revenue due from three organizations. The multi-year grant is not to be collected in full until November 2025 and the portion due in more than one year was discounted to its present value at the discount rate of 4.71% corresponding to the date of the grant will be redeemed.

Accounts receivable on June 30, 2024 are as follows:

Amounts due in:	
Less than one year, contract revenue	\$ 25,886
Less than one year, grant	75,000
More than one year, grant	<u>75,000</u>
	175,886
Less:	
Discount to net present value	<u>(4,356)</u>
Accounts receivable, net	<u>\$ 171,530</u>

The Organization believes the balance will be collected in full and no allowance has been made for uncollectible grants.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include grants and contributions from which donor-imposed stipulations were not satisfied as of June 30, 2024, because of time.

As of June 30, 2024, net assets with donor restrictions were comprised of:

Time	\$ 150,000
Less:	
Discount to net present value	<u>(4,356)</u>
Net Assets with donor restrictions, net	<u>\$ 145,644</u>

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors.

Net assets with donor restrictions released:

Education	<u>\$ 256,287</u>
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INNER STRENGTH EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

8. *DATE OF MANAGEMENT'S REVIEW*

Management has evaluated subsequent events and transactions for potential recognition or disclosure through November 25, 2024, which is the date on which the financial statements were available to be issued.