

STAND STRONG USA, INC., D/B/A BE STRONG

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2021



STEVE RICE, CPA

STAND STRONG USA, INC., D/B/A BE STRONG

December 31, 2021

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7-11



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stand Strong USA, Inc., d/b/a Be Strong

Opinion

We have audited the accompanying financial statements of **Stand Strong USA, Inc., d/b/a Be Strong** (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Stand Strong USA, Inc., d/b/a Be Strong** as of December 31, 2021, and the change in 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 of 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 **Stand Strong USA, Inc., d/b/a Be Strong** 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 these 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 **Stand Strong USA, Inc., d/b/a Be Strong'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the 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 including 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 **Stand Strong USA, Inc., d/b/a Be Strong'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 **Stand Strong USA, Inc., d/b/a Be Strong'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.



Steve Rice, CPA, Inc.
Fort Lauderdale, Florida
September 15, 2022



STAND STRONG USA, INC., D/B/A BE STRONG
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Cash	\$ 91,473
Total current assets	<u>91,473</u>
Property and equipment, net	<u>3,964</u>
Total long term assets	<u>3,964</u>
Total assets	<u><u>\$ 95,437</u></u>

LIABILITIES

Accounts Payable	\$ 2,739
Accrued Interest	315
Credit Cards	<u>510</u>
Total current liabilities	<u>3,564</u>
Loans Payable US Govt	<u>41,865</u>
Total long term liabilities	<u>41,865</u>
Total liabilities	<u>\$ 45,429</u>

NET ASSETS

Without Donor Restrictions	
Undesignated	<u>50,008</u>
Total net assets	<u>50,008</u>
Total liabilities and net assets	<u><u>\$ 95,437</u></u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

**STAND STRONG USA, INC., D/B/A BE STRONG
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NET ASSETS WITHOUT DONOR RESTRICTIONS
SUPPORT AND REVENUE**

Contributions	\$ 603,921
In-Kind Product Contributions	100
Gain from Forgiveness of Debt	<u>44,617</u>
Total support and revenue	<u>648,638</u>
 EXPENSES:	
Program services	335,205
Management and general	215,930
Fundraising expenses	<u>81,019</u>
Total expenses	<u>632,154</u>
Change in net assets without donor restrictions	<u>16,484</u>
 TOTAL INCREASE IN NET ASSETS FROM ACTIVITIES	 16,484
 NET ASSETS, beginning of year	 <u>33,524</u>
 NET ASSETS, end of year	 <u><u>\$ 50,008</u></u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

**STAND STRONG USA, INC., D/B/A BE STRONG
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program	Management and General	Fund- Raising	Total Expenses
Accounting	\$ -	\$ 4,944	\$ -	\$ 4,944
Advertising	13,429	-	-	13,429
Bank Charges	-	819	-	819
Cost of Goods Sold	-	711	-	711
Depreciation	-	3,044	-	3,044
Digital (Internet Host Storage)	-	7,158	-	7,158
Insurances	-	9,484	-	9,484
Interest Paid	-	17	-	17
Legal and Professional fees	-	89,134	-	89,134
Merchant fees	-	1,382	-	1,382
Miscellaneous	-	-	1,701	1,701
Payroll	65,774	85,713	60,050	211,537
Payroll Taxes	5,437	7,085	4,964	17,486
Professional/Product In-Kind	100	-	-	100
Program Development	250,465	-	13,824	264,289
Supplies	-	3,805	-	3,805
Travel	-	2,634	480	3,114
Total functional expenses	<u>335,205</u>	<u>215,930</u>	<u>81,019</u>	<u>632,154</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

**STAND STRONG USA, INC., D/B/A BE STRONG
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 16,484
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	3,044
Pledges Receivable	50,000
Changes in operating assets and liabilities:	
Increase in accrued expenses	<u>(60,835)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,693

CASH FLOWS FROM INVESTING ACTIVITIES

Change in furniture and equipment	<u>(4,708)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(4,708)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Change in loans Payable US Govt	<u>(2,752)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>(2,752)</u>

INCREASE IN CASH	1,233
CASH, beginning of year	<u>90,240</u>
CASH, end of year	<u><u>\$ 91,473</u></u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

STAND STRONG USA, INC., D/B/A BE STRONG
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Stand Strong USA, Inc., d/b/a Be Strong (the “Organization”), is a Florida Not-for-profit organization formed in 2015 to save and improve the lives of students by focusing on developing resilience. The Organization focuses on a student led approach to equip and serve youth via “student leaders on campus” initiatives, emotional skill building, events, and digital tools.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets 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. 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.

Cash

Cash consist of non-interest bearing demand deposit accounts. The concentration of credit risk associated with cash is considered low due to the credit quality of the financial institutions and the immediate availability of these financial instruments.



STAND STRONG USA, INC., D/B/A BE STRONG
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Acquisitions of property and equipment in excess of \$750 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Land is reported at cost. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized currently. Other repairs and maintenance are charged to expense as incurred.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Revenue Recognition

The Organization receives revenue and support primarily from grants, contributions, and program sponsorships. Grants and contributions are recorded when received. Grants and contributions received with donor stipulations that limit their use are reported as temporarily restricted. When the donor stipulation is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Donor restricted grants and contributions whose restrictions are met in the same reporting period are reported as unrestricted in that period.

Donated Assets and Services

Assets donated are reflected in the financial statements at their estimated fair value. For the year ended December 31, 2021, the Organization recorded \$100 of contributed assets. The donations are included as In-kind Contributions in the accompanying statement of activities. Contributed services are recognized as contributions at their estimated fair value, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Services provided by volunteers throughout the year are not recognized as contributions in the financial statements since these services are not susceptible to objective measurement or valuation.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



STAND STRONG USA, INC., D/B/A BE STRONG
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are expensed as incurred and were \$13,429 for the year ended December 31, 2021 and are reported in the statement of functional expenses.

Income Taxes

The Organization is a not-for-profit organization and a public charity, as described in Section 501(c)(3) and 509(a) of the Internal Revenue Code, and exempt from Federal Income taxes and from state income tax pursuant to Florida law, except that unrelated business income is taxable. The Organization had no unrelated business income tax during the year ended December 31, 2021.

GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. There are currently no audits for any tax periods in progress. Management believes the Organization is no longer subject to income tax examinations for the years prior to 2019.

Financial Statement Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities as of the date of the statements and the financial condition and activities. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Recent Accounting Guidance

In September 2020, FASB issued Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities (Topic 958) – Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is intended to increase transparency of contributed non-financial assets for not-for-profit entities through enhancements to presentation and disclosure and applies to all not-for-profit entities. The amendments in ASU 2020-07 should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. The Organization is currently assessing the impact ASU 2020-07 may have on its financial statements.

STAND STRONG USA, INC., D/B/A BE STRONG
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE B – LIQUIDITY AND AVAILABILITY

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

Cash	\$ 91,473
Less: Current liabilities	<u>(3,564)</u>
Total	<u>\$ 87,909</u>

As part of the Organization’s liquidity management plan, the Organization is authorized to invest cash in excess of daily requirements in short-term investments, CDs, and money market funds. The Board is able to designate a portion of any operating surplus to an operating reserve account.

NOTE C – PROPERTY AND EQUIPMENT

Following is a summary of property and equipment as of December 31, 2021:

Furniture and Equipment	<u>\$ 13,772</u>
Less accumulated depreciation	<u>(9,808)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 3,964</u>

Depreciation expense for the year ended December 31, 2021 was \$3,044.

NOTE D – PAYCHECK PROTECTION PROGRAM LOAN

Under the PPP, the Organization applied for and received full forgiveness of the loan amount of \$44,617 in April 2021. The Organization recognized the gain in debt forgiveness in the accompanying statement of activities for the year ended December 31, 2021. A second round of loans were introduced (PPP2) in 2021 and the Organization applied for, and entered into an agreement with its financial institution, for a loan under the Small Business Administration’s (SBA) Paycheck Protection Program (PPP) for \$41,865.

NOTE E – DONATED SERVICES

During the year ended December 31, 2021, the Organization received donated services from a variety of unpaid volunteers assisting the Organization in the programs and fundraisers. No amounts have been recognized in the accompanying statement of activities for these services because the criteria for recognition of such volunteer effort under U.S. generally accepted accounting principles have not been satisfied.



STAND STRONG USA, INC., D/B/A BE STRONG
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE F – SUBSEQUENT EVENTS

Under the PPP, the Organization applied for full forgiveness of the loan amount at the end of the stipulated period beginning on the date of the loan's disbursement (the covered period). In accordance with the guidance from the SBA and CARES Act, management used the loan proceeds to retain its workforce for the covered period substantially satisfying the requirements for forgivability of the loan. On May 5, 2022, the Organization received forgiveness for the full amount.

Management evaluated activity of the Organization subsequent to December 31, 2021 through September 15, 2022, the date in which the financial statements were available to be issued, for events that require recognition in the financial statements or disclosure in the notes thereto.

