STRONGER FAMILIES

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022
(See Independent Accountant's Review Report)

To the Board of Directors
Stronger Families

Independent Accountant's Review Report

We have reviewed the accompanying financial statements of Stronger Families (a non-profit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 entity 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 engagements 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.

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

Accountant's Conclusion

Based on our reviews, 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.

Smith Bunday Berman Britton, P.S.

Bellevue, Washington
January 22, 2025

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STRONGER FAMILIES

STATEMENT OF FINANCIAL POSITION

(See Independent Accountant's Review Report)

Assets

	December 31	
	2023	2022
Current assets:		
Cash and cash equivalents	$ 1,947,018	$ 1,831,472
Accounts receivable	5,710	-
Grant receivable	39,000	51,000
Prepaid expenses	43,826	45,805
Total current assets	2,035,554	1,928,277
Other assets	600	600
Total assets	$ 2,036,154	$ 1,928,877

Liabilities and Net Assets

	2023	2022
Current liabilities:		
Accounts payable	42,734	20,297
Accrued payroll and vacation	87,812	70,841
Total liabilities	130,546	91,138
Commitment - Note 3		
Net assets:		
Without donor restrictions	1,905,608	1,599,903
With donor restrictions	-	237,836
Total net assets	1,905,608	1,837,739
Total liabilities and net assets	$ 2,036,154	$ 1,928,877

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

STRONGER FAMILIES

STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(See Independent Accountant's Review Report)

	2023	2022
Changes in net assets without donor restrictions:		
Revenues and support		
Contributions and grants	$ 1,050,748	$ 1,031,537
Fee for service income and sales of books and products	734,907	340,731
In-kind gifts and services	286,960	213,205
Other income	47,277	4,896
Total revenues and support without donor restrictions	2,119,892	1,590,369
Net assets released from restriction	237,836	243,536
Expenses:		
Program services:		
Communications	583,112	565,583
Community strategies	1,111,184	1,161,307
Supporting services:		
Management and general	26,569	18,204
Fundraising	331,158	306,782
Total expenses	2,052,023	2,051,876
Increase (decrease) in net assets without donor restrictions	305,705	(217,971)
Changes in net assets with donor restrictions:		
Contributions and grants	-	150,000
Net assets released from restriction	(237,836)	(243,536)
Decrease in net assets with donor restrictions	(237,836)	(93,536)
Increase (decrease) in total net assets	67,869	(311,507)
Net assets, beginning of year	1,837,739	2,149,246
Net assets, end of year	$ 1,905,608	$ 1,837,739

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

STRONGER FAMILIES

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

(See Independent Accountant's Review Report)

	Program Services		Supporting Services		
	Communications	Community Strategies	Management and general	Fundraising	Total
Salaries and wages	$ 230,706	$ 427,480	$ 12,855	$ 64,696	$ 735,737
In-kind gift expense for auction	140,529	15,489	-	140,529	296,547
Travel	11,073	244,263	356	7,418	263,110
Payroll taxes and benefits	52,468	100,642	8,874	18,986	180,970
Professional services	41,127	53,291	925	27,955	123,298
Facility rental and catering	44,605	4,043	335	43,342	92,325
Materials	-	83,248	-	-	83,248
IT and computer	26,385	26,442	1,051	2,213	56,091
Printing	3,082	35,786	-	3,082	41,950
Royalty - Note 5	-	36,940	-	-	36,940
Supplies	14,169	9,490	158	12,302	36,119
Postage and shipping	645	33,116	62	301	34,124
Office expenses	4,439	11,795	746	1,625	18,605
Bank fees	7,560	3,717	219	6,735	18,231
Rent	4,083	10,466	711	1,401	16,661
Product development and procurement	-	10,912	-	-	10,912
Telephone and internet	1,588	3,737	277	545	6,147
Advertising	653	327	-	28	1,008
Total expenses	$ 583,112	$ 1,111,184	$ 26,569	$ 331,158	$ 2,052,023

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

STRONGER FAMILIES

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(See Independent Accountant's Review Report)

	Program Services		Supporting Services		
	Communications	Community Strategies	Management and general	Fundraising	Total
Salaries and wages	$ 243,890	$ 479,332	$ 6,432	$ 82,329	$ 811,983
Travel	12,553	230,525	288	10,259	253,625
In-kind gift expense for auction	103,138	24,160	-	103,138	230,436
Payroll taxes and benefits	52,351	122,148	7,536	14,835	196,870
Professional services	49,032	67,066	1,208	29,622	146,928
Facility rental and catering	34,075	14,027	224	32,958	81,284
IT and computer	22,614	50,051	1,217	2,462	76,344
Printing	6,380	58,821	-	2,371	67,572
Materials	796	48,988	-	-	49,784
Supplies	15,599	6,413	137	11,254	33,403
Bank fees	13,774	2,508	154	13,006	29,442
Postage and shipping	698	19,557	36	359	20,650
Office expenses	3,509	13,503	359	1,710	19,081
Product development and procurement	1,700	12,070	1	1,251	15,022
Rent	2,555	6,847	368	723	10,493
Telephone and internet	1,300	3,640	187	368	5,495
Advertising	1,228	376	1	26	1,631
Depreciation and amortization	391	914	56	111	1,472
Miscellaneous	-	361	-	-	361
Total expenses	$ 565,583	$ 1,161,307	$ 18,204	$ 306,782	$ 2,051,876

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

STRONGER FAMILIES

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(See Independent Accountant's Review Report)

	2023	2022
Cash flows from operating activities:		
Cash received from contributions and grants	$ 1,062,748	$ 1,303,037
Cash received from service fee income and sale of books and products	729,197	395,017
Cash paid to suppliers and employees	(1,723,676)	(1,789,603)
Interest received	47,277	4,896
Net cash provided by (used in) operating activities	115,546	(86,653)
Net increase (decrease) in cash	115,546	(86,653)
Cash and cash equivalents, beginning of year	1,831,472	1,918,125
Cash and cash equivalents, end of year	$ 1,947,018	$ 1,831,472

Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities

	2023	2022
Change in net assets	$ 67,869	$ (311,507)
Adjustments to reconcile to net cash used in operations:		
Depreciation and amortization	-	1,471
Change in related asset and liability accounts:		
Decrease in grant receivable	12,000	121,500
Decrease (increase) in accounts receivable	(5,710)	54,286
Decrease in prepaid expenses	1,979	14,609
Increase in other assets	-	(600)
Increase (decrease) in accounts payable	22,437	(945)
Increase in accrued expenses	16,971	34,533
	47,677	224,854
Net cash provided by (used in) operating activities	$ 115,546	$ (86,653)

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

STRONGER FAMILIES

NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant's Review Report)

NOTE 1 – ACTIVITIES OF THE ORGANIZATION:

Stronger Families exists to offer life-changing relationships skills to our military, veteran, and first responder heroes and their families. We team with departments and battalions to serve their teams. We also offer retreats and workshops for couples. Through live retreats, online workshops, and training, we help strengthen relationships thus creating strong and thriving families for our heroes. We also offer curriculum for singles and workplaces of our heroes to help strengthen interpersonal relationships.

Stronger Families is headquartered in Bellevue, Washington and has an office in Rockwall, TX. We serve in 42 states, in 76 battalions, and in 11 countries. To date we have served over 90,000 men and women who serve our country and communities.

Due to their field of work, our heroes witness danger, trauma, and experiences that impact them deeply as individuals. We are here to help our heroes learn how to cope and offer hope and tools to help them navigate between the worlds of work and home. We are committed to making sure that the heroes that protect us have a strong home to return to at the end of their shift or deployment.

A life of service comes with unique stressors that can greatly impact those who serve emotionally, mentally, and relationally. Stronger Families helps support all these areas. Through our acclaimed OXYGEN program, those who serve are given tools and support to manage stress, keep their relationships strong, and improve their mental health.

Our vision is for healthy relationships and stronger families in every First Responder and Military community. Our heroes in our communities sacrifice greatly and we are committed to helping protect what they value most—their family.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Recently Adopted Accounting Pronouncement-Allowance for Credit Losses –

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption

Note 2 - continued:

was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Financial statement presentation - The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification 958, *Not-for-Profit Entities*. Under the provisions of this statement, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

> *Net Assets Without Donor Restrictions* – net assets that are not subject to or are no longer subject to donor-imposed restrictions. The board of directors has discretionary control over the net assets. Designated amounts represent those net assets that the board has set aside for a particular purpose.
>
> *Net Assets With Donor Restrictions* – net assets whose use is limited by donor-imposed restrictions. Net assets with donor restrictions include contributions and grants.

Revenues and support are reported as increases in net assets without donor restrictions unless the use of related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. 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 restriction.

Cash and cash equivalents - For purposes of reporting cash flows, cash includes cash on hand, demand deposits with a bank and investments with maturity of three months or less from the date of purchase.

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable - Accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. Payment terms are generally 30 days. Management estimates the allowance for credit losses based on historical collections together with a review of the current status of the existing accounts receivable. As of December 31, 2023 and 2022, there was no allowance for credit losses receivable deemed necessary.

Promises to give - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Donor-restricted promises to give are not included as support until the

Note 2 - continued:

conditions are substantially met.

Property and equipment - Property and equipment are recorded at cost if purchased and, if donated, at fair market value at the date of donation. Expenditures for maintenance and repairs are expensed as incurred. Costs of renewals and betterments of a nature considered to materially extend the useful lives of assets in excess of $2,500 are capitalized. Depreciation expense was $0 and $1,472, respectively, for the years ended December 31, 2023 and 2022.

Depreciation is provided for in amounts sufficient to relate the cost or donated value of depreciable assets to operations over their estimated useful lives of five to fifteen years, on a straight-line basis.

Leases - In accordance with ASC 842, the Company determines if an arrangement is a lease at inception. Lease liabilities are calculated using the effective interest method, regardless of classification, while the amortization of ROU assets varies depending upon classification. Finance lease classification results in a front-loaded expense recognition pattern over the lease term which amortizes the ROU asset by recognizing interest expense and amortization expense as separate components of lease expense and calculates the amortization expense component on a straight-line basis. Conversely, operating lease classification results in a straight-line expense recognition pattern over the lease term and recognizes lease expense as a single expense component, which results in amortization of the ROU asset that equals the difference between lease expense and interest expense.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the reasonably certain lease term.

Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Revenue recognition - The Organization generally measures revenue based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization charges base fees and is reimbursed for travel and other costs for seminars provided. Seminar kits are sold and shipped for the seminars. Earned revenue from seminars is recognized as seminars are held and upon shipment of seminar kits. Contract assets consist of accounts receivable.

The Organization performs an analysis of contracts, grants, and contributions to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit-Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.*

Note 2 - continued:

Contributions and grants qualifying under the contribution rules, are recognized as revenue in the period received, and recorded in the appropriate net asset category in accordance with donor-imposed restrictions. Contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. However, if the restrictions expire in the year in which the contributions are recognized, they are reported as increases in net assets without donor restrictions.

Contributions may include gifts of cash, donated items, or promises to give. Contributions of assets other than cash (gifts in kind) are reported at their estimated fair value at the date of donation. When considered material, contributions and grants to be received after one (1) year are discounted at an appropriate discount rate commensurate with the risk involved. Multi-year commitments are recorded during the year of the initial pledge.

Marketable securities received as gifts are recorded at their estimated market values and are held as investments until sold. The Organization's policy is to liquidate all donated marketable securities within thirty days of receipt. Changes in the fair value of contributed marketable securities are recorded as adjustments to contributions.

The Organization recognizes in-kind services in accordance with applicable accounting standards if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Income taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the U.S. government. The Organization has analyzed the tax positions taken and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is open for routine income tax examinations for the current year and prior two years based on applicable laws and regulations.

Concentration - Approximately 23% and 13%, respectively, of the Organization's revenues and support was obtained from one entity during the years ended December 31, 2023 and 2022.

Fundraising - Fundraising costs incurred in one period may result in contributions that will be received in future periods. However, fundraising costs are expensed as incurred.

Functional allocation of expenses - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of employee time and effort.

Note 2 - continued:

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 amount of assets, liabilities, net assets, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. In preparing the accompanying financial statements, management used estimates that have a significant effect on the financial statements of the Organization. These estimates are based on factors that are sensitive to change. It is at least reasonably possible that if these factors change in the future, management's estimates will likewise change. These estimates include the allocation of functional expenses, depreciable lives of property and equipment, valuation of receivables, valuation of in-kind donations and capitalized software costs.

NOTE 3 - LEASES:

On February 23, 2021, the Organization entered into a month-to-month cancellable operating lease agreement for office space commencing on March 1, 2021.

On September 30, 2022, the Organization entered into a six month non-cancellable operating lease agreement for another office space commencing on October 1, 2022 and expiring March 31, 2023. The lease was subsequently amended twice to extend the lease term for two one year periods through March 31, 2025. The lease required $600 security deposit.

Total rent expense was $16,661 and $10,493, respectively, for the years ended December 31, 2023 and 2022.

NOTE 4 - DEFINED CONTRIBUTION PENSION PLAN:

The Organization maintains a SIMPLE IRA plan under which it contributes 3% of eligible employee compensation to separately maintained participant directed accounts. The plan covers substantially all employees. Pension expense was $20,033 and $21,437, respectively, for the years ended December 31, 2023 and 2022.

NOTE 5 – RELATED PARTY TRANSACTION:

On April 27, 2023, the Organization entered into a licensing agreement for the OXYGEN Curriculum and Assessment (Oxygen) with the Organization's President and Chief Executive Officer. This agreement requires the Organization to pay a quarterly royalty for all revenues received for Oxygen curriculum. The term of the royalty agreement is indefinite and there is a maximum payment of $50,000 per year, adjusted annually based on the Consumer Price Index. Royalty expense under this agreement was $36,940 for the year ended December 31, 2023. The total outstanding royalty payable of $12,107 at December 31, 2023 is included in accounts payable.

NOTE 6 - ALLOCATION OF JOINT COSTS:

The Organization conducts activities that include both program functions and fundraising activities. The activities are primarily related to a special event and direct mailing campaigns. During the annual special event, significant time is dedicated to providing attendees with relationship education in areas other than the Organization's cause. The costs of conducting those activities, including the fair value of in-kind gifts, in 2023 and 2022 was $662,316 and $613,564, respectively. These joint costs were allocated as follows:

	2023	2022
Fundraising	$331,158	$306,782
Communications	331,158	306,782
	$662,316	$613,564

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS:

The net assets released from donor restrictions during the years ended December 31, 2023 and 2022 are expended primarily for supporting the general operations of the Organization in 2023 and 2022.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for future periods or for specific programs. There are no net assets with donor restrictions at December 31, 2023.

Net assets with donor restrictions consists of the following at December 31, 2022:

Subject to expenditure for specific purpose and time -	
Program staff salary for 2023 to 2024	$87,836
Subject to passage of time -	
General operations in 2023	150,000
Total net assets with donor restrictions	$237,836

NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

The Organization's financial assets that are readily available within one year of December 31, 2023 and 2022 to meet general expenditures include:

Note 9 - continued:

	2023	2022
Cash and cash equivalents	$1,947,018	$1,831,472
Accounts receivable	5,710	-
Grant receivable	39,000	51,000
Available financial assets	1,991,728	1,882,472
Less: financial assets unavailable for general expenditures due to designations		
Donor imposed time/purpose restrictions	-	(237,836)
Available financial assets, net	$1,991,728	$1,644,636

The organization's cash and cash equivalents is comprised of checking and money market accounts with two financial institutions. The money market account is used to invest excess cash and maximize interest income. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

NOTE 10 - SUBSEQUENT EVENTS:

Management of the Organization has evaluated subsequent events through January 22, 2025, the date these financial statements were available to be issued.