Financial Beginnings USA

Financial Statements

June 30, 2023

TABLE OF CONTENTS

Dougall Conradie LLC
Certified Public Accountants

Geoffrey Dougall, CPA
Heather Jackson, CPA
Lee Owen, CPA
Richard Winkel, CPA
Members of AICPA & OSCPA

Independent Auditor's Report

To the Board of Directors
Financial Beginnings USA
Portland, Oregon

Opinion

We have audited the accompanying financial statements of Financial Beginnings USA (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 Financial Beginnings USA as of June 30, 2023, 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 Financial Beginnings USA 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 Financial Beginnings USA'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.

PO Box 400, Beaverton, OR 97075 • 971 249 9920 • www.cpanw.com

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 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 Financial Beginnings USA'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 Financial Beginnings USA'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.

Report on Summarized Comparative Information

We have previously audited Financial Beginnings USA's 2022 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated January 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dougall Conradie LLC

Portland, Oregon
February 21, 2024

Financial Beginnings USA

STATEMENT OF FINANCIAL POSITION

June 30, 2023
(With Comparative Totals for June 30, 2022)

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 456,226	$ 37,674
Accounts receivable	398,516	24,585
Prepaid expenses	2,222	3,953
Total current assets	856,964	66,212
Right to use lease asset	35,403	-
Fixed assets	-	975
Total non-current assets	35,403	975
Total assets	$ 892,367	$ 67,187
LIABILITIES		
Current liabilities		
Accounts payable	$ 25,141	$ 3,037
Accrued payroll	48,394	32,741
Accrued vacation	35,831	34,979
Lease liability - current	21,968	-
Total current liabilities	131,334	70,757
Lease liability - long-term	16,917	-
Total liabilities	148,251	70,757
NET ASSETS		
Net assets without restrictions	744,116	(3,570)
Total net assets	744,116	(3,570)
Total liabilities and net assets	$ 892,367	$ 67,187

The accompanying notes are an integral part of these financial statements

Financial Beginnings USA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
Revenues:		
Grants and contributions	$ 1,629,730	$ 526,666
Contributions of non-financial assets	4,854	19,504
Program income	194,458	209,068
Interest income	5,145	49
Other income	60,340	-
Total revenues	1,894,527	755,287
Operating expenses:		
Program services	830,131	754,219
General and administrative	128,505	54,935
Fundraising	188,205	164,758
Total expenses	1,146,841	973,912
Change in net assets	747,686	(218,625)
Net assets, beginning of year	(3,570)	215,055
Net assets, end of year	$ 744,116	$ (3,570)

The accompanying notes are an integral part of these financial statements

Financial Beginnings USA

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023				2022
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries and wages	$ 535,010	$ 84,404	$ 120,911	$ 740,325	$ 582,388
Employee benefits	55,884	8,816	12,630	77,330	55,231
Payroll taxes	44,270	4,428	11,522	60,220	48,976
Program expense	65,301	-	-	65,301	9,995
Cost of materials sold	29,337	-	-	29,337	34,449
Occupancy	17,485	5,342	5,513	28,340	20,554
Communications	7,876	2,559	2,559	12,994	9,585
Advertising and marketing	1,754	3,101	317	5,172	9,180
Office expenses	13,600	8,555	15,794	37,949	17,102
Travel	2,635	2,626	1,785	7,046	7,208
Professional fees	52,733	8,004	11,467	72,204	163,589
Fundraising event	-	-	4,748	4,748	10,312
Insurance	3,541	559	800	4,900	4,366
Depreciation	705	111	159	975	977
Total expenses	$ 830,131	$ 128,505	$ 188,205	$ 1,146,841	$ 973,912

The accompanying notes are an integral part of these financial statements

Financial Beginnings USA

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Cash received from grants and contributions	$ 1,262,710	$ 559,666
Cash received from affiliates, licensing and sale of materials	187,547	192,078
Cash received from interest and other revenue	65,485	49
Cash paid to employees and suppliers	(1,097,190)	(961,949)
Net cash provided by (used in) operating activities	418,552	(210,156)
Net change in cash	418,552	(210,156)
Cash and cash equivalents, beginning of year	37,674	247,830
Cash and cash equivalents, end of year	$ 456,226	$ 37,674

The accompanying notes are an integral part of these financial statements

NOTE A – ORGANIZATION

Financial Beginnings USA (the “Organization”) is a nonprofit corporation organized in the State of Oregon. The Organization works to increase the financial literacy of youth and young adults in the United States of America. The Organization receives funding from grants and contributions and payments from affiliates for products and services.

The Organization uses an affiliate model for operations. Under this model Financial Beginnings executes agreements with affiliates, which are separate 501(c)(3) nonprofit organizations. Under the affiliate agreements the Organization retains ownership of all intellectual property and provides curricula and certain services to the affiliates. The affiliates in turn agree to purchase curricula only from the Organization, pay the Organization annual dues, and provide free financial literacy classes using the Financial Beginnings curricula.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follow.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization 's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term debt instruments purchased with an original maturity of three months or less to be cash equivalents.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. At June 30, 2023 there were no cash balances that exceeded FDIC insurance limits. The Organization cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Accounts Receivable

Accounts receivable are stated at the amount invoiced to the client, less a reasonable allowance for doubtful accounts. The allowance for doubtful accounts is estimated by management based on the amount and regularity of subsequent collections, payment history, and management's knowledge of current financial circumstances of the client or contracting agency. Receivables are written off when management determines that the possibility of collection is remote. Management has determined that no allowance was deemed necessary at June 30, 2023.

Grants and Contributions

Grants and 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-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of 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 statements of activities as net assets released from restrictions.

New Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), which among other things, requires the recognition of right-of-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term of greater than 12 months. The ASU is expected to impact the financial statements as the Organization has certain operating leases for which it is the lessee.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are recorded at cost. Acquisitions, renovations and repairs which increase the value of assets and have an estimated useful life in excess of one year are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the assets are expensed in the period in which the cost is incurred. Contributed assets are recorded at fair market value on the date of contribution. Contributed services which extend the useful life or increase the value of assets are recorded at fair value. Depreciation is recorded on a straight-line basis over the estimated useful life of the assets, which is generally seven years for furniture and equipment and three years for leasehold improvements.

Advertising Costs

Advertising is expensed as incurred.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, prepaid expenses and other assets, and accounts payable, their fair value approximates carrying value.

Income Taxes

The Organization received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Fundraising Expenses

The Organization follows the guidance in ASC 958-720 related to accounting for costs of activities that include fundraising. As a result, if a fundraising activity contains joint costs that might be allocated to programs or other activities, specific criteria regarding the audience and purpose of activity will be considered before costs will be allocated. If the criteria are not met, all costs are reported as fundraising expenses. During the year ended June 30, 2023 no joint costs were allocated to programs or other activities. Total fundraising expenses for the year were $188,205.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Summarized Financial Information for 2022

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. Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2023:

Financial assets at year end:		
Cash and cash equivalents	$	456,226
Accounts receivable		398,516
Total financial assets available	$	854,742

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization's cash needs are expected to be met on a monthly basis from regular revenue sources. In general, the Organization maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs.

NOTE D – CONTRIBUTED NONFINANCIAL ASSETS

For the year ended June 30, 2023, contributed nonfinancial assets recognized in the statement of activities were as follows:

		Revenue Recognized	Utilization in Programs	Donor Restrictions	Valuation Techniques
Office space rent	$	2,904	Program services and administrative	None	Fair value of rent
Gift cards		1,950	Program services	None	Face value of the gift cards
	$	4,854			

NOTE D – CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

Contributed office space is valued at the contract rate for the existing office lease.

Gift cards are valued at the face value of the gift cards.

NOTE E – FURNISHINGS AND EQUIPMENT

Furnishings and equipment at June 30, 2023 consists of the following:

Office furnishings	$	4,705
Less accumulated depreciation		(4,705)
	$	-

Depreciation expense was $975 for the year ended June 30, 2023.

NOTE F – OPERATING LEASE

The Organization leases office space under a non-cancelable operating lease agreement which expires in March, 2025.

At June 30, 2023 the Organization had a right to use asset of $35,403 and a lease liability of $38,885 related to this operating lease. The lease has a weighted average remaining lease term of 21 months and a weighted average discount rate of 1.32% for the calculation of the present value of the lease asset and liability.

The operating lease liability matures as follows:

Year Ending June 30:		Amount
2024	$	22,350
2025		17,010
Total lease payments		39,360
Less interest		(475)
Present value of lease liability	$	38,885

Total rent expense under the terms of the operating lease agreements was $20,502 for the year ended June 30, 2023. Total cash flow under the terms of the operating lease was $21,702 for the year ended June 30, 2023.

NOTE G – RELATED PARTY TRANSACTIONS

The Organization has four affiliates in Oregon, Washington, California and Nebraska. During the year ended June 30, 2023 the Organization had the following transactions with these related parties:

Affiliate Licensing Dues, Services, Materials Sold revenue:		
Oregon affiliate	$	61,659
Washington affiliate		37,654

NOTE H – SALE OF MATERIALS

The Organization sells materials to affiliates for use in their programs. Sales and cost of materials was as follows for the year ended June 30, 2023:

Sales	$	46,438
Cost of sales		29,337
Net margin	$	17,101

NOTE I – SUBSEQUENT EVENTS

The Organization has evaluated for subsequent events through February 21, 2024, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2023.