

**Inward Bound Mindfulness
Education,
Inc.
d/b/a Inward Bound Mindfulness**

Financial Statements
October 31, 2023 and 2022

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Management's Discussion and Analysis (MD&A): Fiscal Year 2023

Fiscal Year 2023 (FY23) marked another year of transition for Inward Bound Mindfulness (Inward Bound) as we continued to navigate the aftermath of the pandemic. Despite our best efforts, we incurred a small net loss for the year, primarily due to economic inflation that affected various facets of our operations. Inflation posed challenges on both the expense and income fronts, requiring us to strategize and adapt to operate more effectively and efficiently.

On the expense side, Inward Bound faced heightened program costs, particularly with retreat center rentals and staff travel. These increased expenses strained our budget, necessitating careful management and resource allocation to maintain the quality and accessibility of our programs. Expenses experienced a growth of approximately \$137,000, indicative of the dynamic nature of our financial landscape as we diligently navigated our fiscal responsibilities.

Meanwhile, our income streams have been impacted by a decrease in grassroots and mid-level donations, along with a reduction in program fees received for our public retreats. The latter was particularly significant, as it corresponded to a surge in scholarship requests driven by families' own economic hardships. However, despite these challenges, there was a bright spot: our revenue grew by nearly \$469,000, underscoring the resilience and appeal of Inward Bound's offerings.

Notably, our Custom Programs exceeded expectations, with projected revenue surpassing our FY23 goal by an impressive 180%. This success underscores the value and demand for tailored program offerings within our community. However, looking ahead to FY24, we had to enact organization-wide budget cuts as we strive to maintain financial sustainability amidst evolving economic conditions.

We are pleased to report that despite the financial challenges, the overall financial health of the organization has stabilized, providing a solid foundation for future growth and development. As we chart our course for the coming years, one of our key initiatives will be the recruitment of a new Executive Director in 2024. The primary goals of the new Executive Director will be to increase organizational efficiency, create and implement multifaceted development strategies as the organization's chief fundraiser, and ensure diversification and growth of income streams to support Inward Bound's mission.

Beyond the financials, FY23 was a year of profound impact and growth in Inward Bound's programmatic endeavors. Across our seven in-person summer and winter retreats, we provided scholarships to 245 participants, totaling \$356,904—a record figure reflecting the increasing need for financial support among our community members. Furthermore, our commitment to inclusivity continued to be evident in the demographic makeup of our participants, with 52% identifying as BIPOC and 51% identifying as LGBTQIA+. These statistics represent significant increases from our national pre-pandemic averages of 32% and 30%, respectively, highlighting Inward Bound's success in fostering a diverse and welcoming environment for all.

In conclusion, while FY23 presented its share of financial and operational challenges, it also showcased the resilience and adaptability of Inward Bound Mindfulness. As we move forward into FY24 and beyond, we remain committed to our mission of providing transformative experiences to all individuals who participate in our programs, irrespective of their background or circumstances. With prudent financial management, continued innovation, and unwavering community support, we are confident in our ability to overcome obstacles and emerge stronger than ever before.



Independent Auditors' Report

To the Board of Directors
Inward Bound Mindfulness Education, Inc. d/b/a Inward Bound Mindfulness

Opinion

We have audited the accompanying financial statements of Inward Bound Mindfulness Education, Inc. d/b/a Inward Bound Mindfulness (the Organization), which comprise the statements of financial position as of October 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of October 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 the Organization'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 the Organization'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.

Baker Tilly US, LLP

Baker Tilly US, LLP
Tewksbury, Massachusetts
June 20, 2024

Statements of Financial Position

Inward Bound Mindfulness Education, Inc.
d/b/a Inward Bound Mindfulness

October 31	2023	2022
Assets		
Current Assets:		
Cash	\$ 99,252	\$ 219,571
Current Portion of Contributions Receivable	302,000	119,000
Other Receivable	-	30,000
Prepaid Expenses and Other Current Assets	6,704	6,352
Total Current Assets	407,956	374,923
Contributions Receivable, Net of Current Portion	10,000	-
Total Assets	\$ 417,956	\$ 374,923
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 48,636	\$ 7,325
Accrued Expenses	108,611	47,008
Deferred Revenue	13,502	23,678
Total Current Liabilities	170,749	78,011
Net Assets:		
Net Assets without Donor Restrictions	114,538	276,912
Net Assets with Donor Restrictions	132,669	20,000
Total Net Assets	247,207	296,912
Total Liabilities and Net Assets	\$ 417,956	\$ 374,923

Statements of Activities

**Inward Bound Mindfulness Education, Inc.
d/b/a Inward Bound Mindfulness**

For the Years Ended October 31

2023

2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities:						
Revenue and Other Support:						
Contributions	\$ 799,768	\$ 325,000	\$ 1,124,768	\$ 540,500	\$ 92,034	\$ 632,534
Program Services Revenue	369,410	-	369,410	390,037	-	390,037
Other Revenue	6,876	-	6,876	9,967	-	9,967
Net Assets Released from Restriction	212,331	(212,331)	-	157,763	(157,763)	-
Total Revenue and Other Support	1,388,385	112,669	1,501,054	1,098,267	(65,729)	1,032,538
Operating Expenses:						
Program Services	1,292,885	-	1,292,885	1,177,227	-	1,177,227
General and Administrative	174,020	-	174,020	140,626	-	140,626
Fundraising	83,854	-	83,854	94,133	-	94,133
Total Operating Expenses	1,550,759	-	1,550,759	1,411,986	-	1,411,986
(Decrease) Increase in Net Assets from Operations	(162,374)	112,669	(49,705)	(313,719)	(65,729)	(379,448)
Net Assets, Beginning of Year	276,912	20,000	296,912	590,631	85,729	676,360
Net Assets, End of Year	\$ 114,538	\$ 132,669	\$ 247,207	\$ 276,912	\$ 20,000	\$ 296,912

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

Statements of Functional Expenses

Inward Bound Mindfulness Education, Inc.
d/b/a Inward Bound Mindfulness

For the Years Ended October 31

2023

2022

	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Payroll	\$ 511,580	\$ 50,538	\$ 59,269	\$ 621,387	\$ 372,681	\$ 59,629	\$ 64,598	\$ 496,908
Retreat Expense	520,305	431	-	520,736	576,814	1,431	-	578,245
Marketing and Advertising	88,066	31,363	2,672	122,101	76,870	1,280	1,824	79,974
Contracted Services	38,443	63,618	2,304	104,365	38,814	59,411	2,103	100,328
Employee Benefits	52,266	5,163	6,055	63,484	44,915	7,186	7,785	59,886
Payroll Taxes	52,046	5,141	6,030	63,217	29,620	4,739	5,134	39,493
Other Expense	12,624	5,082	1,446	19,152	9,280	2,415	4,547	16,242
Office Expense	10,422	1,947	4,839	17,208	12,039	1,961	5,354	19,354
Insurance	559	9,685	97	10,341	9,704	1,553	1,682	12,939
Credit Card and Bank Fees	5,699	912	990	7,601	5,280	845	915	7,040
Telecommunications	875	140	152	1,167	1,210	176	191	1,577
	\$ 1,292,885	\$ 174,020	\$ 83,854	\$ 1,550,759	\$ 1,177,227	\$ 140,626	\$ 94,133	\$ 1,411,986

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

Statements of Cash Flows
**Inward Bound Mindfulness Education, Inc.
d/b/a Inward Bound Mindfulness**

For the Years Ended October 31	2023	2022
Cash Flows from Operating Activities:		
Decrease in Net Assets	\$ (49,705)	\$ (379,448)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used in Operating Activities:		
(Increase) Decrease in Contributions Receivable	(193,000)	123,000
Decrease in Other Receivable	30,000	78,616
(Increase) Decrease in Prepaid Expenses and Other Current Assets	(352)	15,092
Increase (Decrease) in Accounts Payable	41,311	(11,747)
Increase (Decrease) in Accrued Expenses	61,603	(433)
Decrease in Deferred Revenue	(10,176)	(78,491)
Net Cash Used in Operating Activities	(120,319)	(253,411)
Net Decrease in Cash	<u>(120,319)</u>	<u>(253,411)</u>
Cash, Beginning of Year	<u>219,571</u>	<u>472,982</u>
Cash, End of Year	<u>\$ 99,252</u>	<u>\$ 219,571</u>

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

1. Organization and Summary of Significant Accounting Policies:

Nature of Organization: Inward Bound Mindfulness Education, Inc. d/b/a Inward Bound Mindfulness (the Organization) is a nonprofit organization incorporated on July 7, 2010 in the Commonwealth of Massachusetts. The Organization offers in-depth mindfulness programming for youth and the parents and professionals who support them. The Organization's programming guides teens and young adults in developing self-awareness, compassion and ethical decision making, and empowers them to apply these skills in improving their lives and communities.

Basis of Presentation: The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) of the Financial Accounting Standards Board (FASB).

The Organization reports 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 Board of Directors. Net assets without donor restrictions include net assets designated by the board for specific purposes.

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, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue and Other Support: Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue represents amounts derived from program service fees and contributions.

Revenue is recognized when control of the goods and services provided is transferred to the Organization's customers and in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods and services using the following steps: 1) identification of the contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction price, 4) allocation of the transaction price to the performance obligations in the contract and 5) recognition of revenue when or as the Organization satisfies the performance obligations.

Program services revenue is recognized when the services are performed.

The Organization invoices its customers as services are provided except for program services for in-depth mindfulness programming retreats which are invoiced in advance of the services. Typical payment terms provide that customers pay upon receipt of the invoice.

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.

Donor restricted contributions are 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

1. Organization and Summary of Significant Accounting Policies (Continued):

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or space is received.

The Organization must determine whether a contribution (or a promise to give) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. The Organization cannot consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

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 present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Contract Balances: The Organization's contract balances, resulting from contracts with customers, include deferred revenue. Deferred revenue represents payments received for which the aforementioned revenue recognition criteria have not been met.

Opening and closing balances for contract balances from contracts with customers consist of the following:

	October 31, 2023	October 31, 2022	November 1, 2021
Deferred Revenue	\$ 13,502	\$ 23,678	\$ 102,169

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

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, contributions receivable, and other receivable. The Organization maintains its cash with high-credit quality financial institutions. The Organization believes it is not exposed to any significant losses due to credit risk on cash. Contributions receivable and other receivable are carried at amounts based upon management's judgment of potential defaults. Management identifies troubled receivables balances by assessing the donor's credit worthiness. As of October 31, 2023 and 2022, management has determined all receivables are collectible.

Advertising Costs: The Organization expenses advertising costs as incurred. During the years ended October 31, 2023 and 2022, the Organization incurred advertising expense in the amounts of \$122,101 and \$79,974, respectively.

Functional Allocation of Expenses: The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

1. Organization and Summary of Significant Accounting Policies (Continued):

The expenses that are allocated include the following:

Expense	Method of Allocation
Payroll	Time and Effort
Payroll Taxes	Time and Effort
Employee Benefits	Time and Effort
Credit Card and Bank Fees	Time and Effort
Insurance	Time and Effort
Office Expense	Time and Effort
Telecommunications	Time and Effort
Other Expense	Time and Effort

Income Taxes: The Organization is a nonprofit Organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. As of October 31, 2023 and 2022, management believes that the Organization has not generated any unrelated business taxable income.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statements of activities. The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of October 31, 2023 and 2022. The Organization does not expect any material change in uncertain tax benefits within the next 12 months.

Use of Estimates: Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the financial statements in accordance with GAAP. Actual results experienced by the Organization may differ from those estimates.

Subsequent Events: Management has evaluated subsequent events spanning the period from October 31, 2023 through June 20, 2024, the date the financial statements were available to be issued.

2. Availability and Liquidity:

The following reflects the Organization's financial assets as of October 31, 2023 and 2022, reduced by amounts not available for general use within one year of October 31, 2023 and 2022 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2023	2022
Cash	\$ 99,252	\$ 219,571
Current Portion of Contributions Receivable	302,000	119,000
Contributions Receivable, Net of Current Portion	10,000	-
Other Receivable	-	30,000
Total Financial Assets at End of Year	411,252	368,571
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Purpose Restrictions	132,699	20,000
Contributions Receivable, Net of Current Portion	10,000	-
	142,699	20,000
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	\$ 268,553	\$ 348,571

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 may come due.

3. Related Party Transactions:

During the years ended October 31, 2023 and 2022, three members of the Organization's Board of Directors received stipends in the aggregate amounts of \$24,877 and \$28,001, respectively, for teaching and program support, which was recorded as retreat expense in the accompanying statements of functional expenses.

4. Contributions Receivable:

Contributions receivable as of October 31, 2023 and 2022 consists of the following:

	2023	2022
Receivable in Less than One Year	\$ 302,000	\$ 119,000
Receivable in One to Five Years	10,000	-
	\$ 312,000	\$ 119,000

As of October 31, 2023, the Organization determined the discount required to present value the long-term portion contributions receivable using a risk-adjusted rate based on the daily treasury yield curves was immaterial to the financial statements.

5. Net Assets with Donor Restrictions:

Net assets with donor restrictions as of October 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Program Support	\$ 132,669	\$ 20,000
Total Purpose Restrictions	<u>132,669</u>	<u>20,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 132,669</u>	<u>\$ 20,000</u>

6. Net Assets Released from Restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended October 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Program Support	\$ 176,059	\$ 80,435
Scholarships	<u>36,272</u>	<u>77,328</u>
	<u>\$ 212,331</u>	<u>\$ 157,763</u>

7. Retirement Plan:

The Organization sponsors a defined contribution plan covering substantially all of its employees who meet certain eligibility requirements. The Organization makes a 3% matching contribution of eligible employees' wages to the plan. During the years ended October 31, 2023 and 2022, the Organization made matching contributions to the plan in the amounts of \$13,010 and \$11,463, respectively.

8. Economic Dependency:

During the years ended October 31, 2023 and 2022, the Organization generated a substantial portion of its contributions from one and two donors, respectively. Contributions from these donors approximated 27% and 26% of the Organization's total contributions during the years ended October 31, 2023 and 2022, respectively.

As of October 31, 2023 and 2022, contributions receivable from two and four donors represented approximately 85% and 91%, each respectively, of the Organization's total contributions receivable.

9. Commitments and Contingencies:

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of October 31, 2023 and 2022, no amounts have been accrued related to such indemnification provisions.