Heart Math Tutoring, Inc.

Financial Statements

Year Ended June 30, 2026

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Heart Math Tutoring, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Heart Math Tutoring, Inc.
Charlotte, North Carolina

Opinion
We have audited the accompanying financial statements of Heart Math Tutoring, Inc. ("Heart" - a nonprofit organization), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heart Math Tutoring, Inc. as of June 30, 2026, 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 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 Heart Math Tutoring, Inc. 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 Heart Math Tutoring, Inc.'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 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, 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.

Heart Math Tutoring, Inc.
Charlotte, North Carolina

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 purposes of expressing an opinion on the effectiveness of Heart Math Tutoring, Inc.'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 Heart Math Tutoring, Inc.'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 Heart's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 6, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foard & Company, P.A.

October 5, 2026

Heart Math Tutoring, Inc.
Statement of Financial Position
June 30, 2026, with prior year comparative totals

	June 30, 2026	June 30, 2025
ASSETS		
Current Assets:		
Cash	$ 890,415	$ 680,027
Investments	4,664,084	4,251,686
Receivables:		
Pledges receivable, net	380,163	724,934
Accounts and other receivables	4,609	5,535
Prepaid expenses	48,487	49,501
Total Current Assets	***5,987,758***	***5,711,683***
Long-Term Assets:		
Pledges receivable, net	426,632	610,365
Security deposit	6,496	6,496
Operating right of use asset	180,907	238,818
Fixed assets, net	6,767	9,131
Software costs, net	-	3,712
Total Long-Term Assets	***620,802***	***868,522***
TOTAL ASSETS	***$ 6,608,560***	***$ 6,580,205***
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 9,703	$ 8,644
Accrued wages	151,611	150,181
Operating lease liability	69,640	64,428
Total Current Liabilities	***230,954***	***223,253***
Long-Term Liabilities:		
Operating lease liability, net of current portion	142,234	211,874
Total Long-Term Liabilities	***142,234***	***211,874***
Total Liabilities	***373,188***	***435,127***
Net Assets:		
Without donor restrictions	769,263	611,758
With donor restrictions	5,466,109	5,533,320
Total Net Assets	***6,235,372***	***6,145,078***
TOTAL LIABILITIES AND NET ASSETS	***$ 6,608,560***	***$ 6,580,205***

Heart Math Tutoring, Inc.

Statement of Activities

Year ended June 30, 2026, with prior year comparative totals

	Year Ended June 30, 2026			Prior Year
	Without Donor Restrictions	With Donor Restrictions	TOTALS	Comparative Totals
SUPPORT AND REVENUE				
Contributions and grants	$ 16,156	$ 3,163,698	$ 3,179,854	$ 4,405,541
Contract revenue	202,500	-	202,500	190,000
Investment income	158,484	-	158,484	152,618
Other income	1,300	-	1,300	9,973
Net assets released from restriction	3,230,909	(3,230,909)	-	-
Total Support and Revenue	***3,609,349***	***(67,211)***	***3,542,138***	***4,758,132***
EXPENSES				
Program services	2,345,959	-	2,345,959	2,136,415
Management and general	435,289	-	435,289	455,210
Fundraising	670,596	-	670,596	538,484
Total Expenses	***3,451,844***	***-***	***3,451,844***	***3,130,109***
CHANGE IN NET ASSETS	***157,505***	***(67,211)***	***90,294***	***1,628,023***
NET ASSETS, BEGINNING	***611,758***	***5,533,320***	***6,145,078***	***4,517,055***
NET ASSETS, ENDING	***$ 769,263***	***$ 5,466,109***	***$ 6,235,372***	***$ 6,145,078***

Heart Math Tutoring, Inc.

Statement of Functional Expenses

Year ended June 30, 2026, with prior year comparative totals

	Year Ended June 30, 2026				Prior Year
	Program Services	Management and General	Fundraising	TOTALS	Comparative Totals
PERSONNEL					
Salaries	$ 1,748,834	$ 321,095	$ 503,538	$ 2,573,467	$ 2,300,797
Payroll taxes	136,067	24,555	38,563	199,185	184,004
Benefits	160,889	34,415	55,716	251,020	184,399
Total Personnel	***2,045,790***	***380,065***	***597,817***	***3,023,672***	***2,669,200***
OTHER EXPENSES					
Operations	11,250	3,737	9,735	24,722	24,882
Contract services	65,306	30,297	23,037	118,640	157,798
Facilities, equipment, utilities	72,839	6,779	9,438	89,056	77,393
Fundraising	5,156	-	17,079	22,235	14,534
Supplies	22,623	4,530	1,502	28,655	26,852
Subscriptions	55,652	3,019	10,291	68,962	57,952
Travel	10,915	6,862	1,697	19,474	24,334
Tutoring supplies	33,672	-	-	33,672	51,645
Volunteer	16,680	-	-	16,680	19,106
Depreciation and amortization	6,076	-	-	6,076	6,413
Total Other Expenses	***300,169***	***55,224***	***72,779***	***428,172***	***460,909***
TOTAL EXPENSES	***$ 2,345,959***	***$ 435,289***	***$ 670,596***	***$ 3,451,844***	***$ 3,130,109***

Heart Math Tutoring, Inc.
Statement of Cash Flows
Year ended June 30, 2026, with prior year comparative totals

	Year Ended June 30, 2026	Year Ended June 30, 2025
OPERATING ACTIVITIES		
Change in net assets	$ 90,294	$ 1,628,023
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	6,076	6,413
Donated securities	(108,183)	(108,838)
Right of use lease	(6,517)	(2,418)
Change in operating assets:		
Receivables	529,430	(426,737)
Prepaid expense	1,014	(19,483)
Change in operating liabilities:		
Accounts payable	1,059	(18,206)
Accrued wages	1,430	9,800
Cash Flows from Operating Activities	***514,603***	***1,068,554***
INVESTING ACTIVITIES		
Purchases of investments	(4,984,093)	(7,702,313)
Sales of investments	4,679,878	5,739,318
Cash Flows from Investing Activities	***(304,215)***	***(1,962,995)***
NET CHANGE IN CASH	***210,388***	***(894,441)***
CASH, BEGINNING	***680,027***	***1,574,468***
CASH, ENDING	***$ 890,415***	***$ 680,027***

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities
Heart Math Tutoring, Inc. ("Heart"), is incorporated under the laws of the State of North Carolina. Heart's mission is to ensure that all elementary students develop the strong foundation in math and enthusiasm for academics needed for long-term success, by helping schools use volunteers as tutors. Community members commit one hour per week to deliver Heart's hands-on curriculum in one-on-one tutoring sessions during the school day while receiving real-time support.

In North Carolina and South Carolina, just 61% and 52% of fourth graders were proficient in elementary math on 2026 state tests, with disparities across subgroups based on socioeconomic status and race/ethnicity. Many students already behind in elementary school lack foundational number sense and are following rules and procedures without deep understanding. Unable to comprehend grade-level material in class, these students fall farther behind. Lack of math proficiency can become a barrier to a student's early self-identity as a successful student, high school graduation, post-secondary options, and success as an adult.

Researched methods show that correctly targeted, individualized attention in early years can close students' conceptual gaps. However, teachers' capacity for providing one-on-one attention to meet individual student needs is limited. Heart leverages volunteer tutors to provide approximately 50 hours per week of one-on-one, aligned instruction at each of its partner schools. Teachers nominate 50 students per school in grades K – 5 who are performing below grade level in math to receive one-on-one instruction for 30 minutes twice per week. Heart then assesses each student to determine his/her conceptual gaps, using assessments adapted with permission from Kathy Richardson's Assessing Math Concepts. Based on assessment data, Heart directs volunteers to appropriate, hands-on activities that target and fill those gaps.

The activities are organized into easy to follow 30-minute lesson plans sequenced across six concept level notebooks. Heart's Program Coordinators administer short mini-assessments during tutoring sessions throughout the year to constantly reevaluate student instructional needs and confirm student readiness for new curriculum levels. The result of frequent formative assessments and structured curriculum tools for volunteers is that post-assessment testing in May of 2026 demonstrated that 97% of students for the fiscal year ended June 30, 2026 met program growth goals. In addition, tutors act as mentors, providing much needed encouragement that can have a long-term positive impact. More than 90% of teachers have reported that students' confidence and/or enthusiasm towards math increased as a result of the program on end of year surveys.

During the 2025/26 school year (for the year ended June 30, 2026), more than 1,300 weekly volunteers worked as tutors for 1,558 students who were performing below grade level in math across Charlotte, NC; Charleston, SC; and Winston-Salem, NC. Heart offered in-person tutoring at 33 school sites and school-based virtual tutoring at four schools. In seven of the Charlotte schools, an expanded model was deployed, where volunteer-delivered tutoring was supplemented with staff-delivered, small-group tutoring focused on grades 3-5 math standards. In two of the Charlotte school sites, a model was piloted in which students were tutored in small groups by trained Heart Math staff members.

Sources of revenue
Heart receives contributions and grants primarily from individual donors, foundations, and businesses. Heart also received program revenue from the Charlotte-Mecklenburg Schools with whom we partner.

Federal income tax status
Heart is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code. Management has evaluated Heart's tax positions and concluded that there are no uncertain tax positions that require recognition or disclosure in the financial statements. Heart's federal information returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Basis of presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in the day-to-day operation of Heart and those resources invested in assets. Heart had no designated net assets as of June 30, 2026.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. These net assets may be temporary in nature, which are subject to donor-imposed stipulations that may or will be met, either by actions of Heart or the passage of time, and net assets that are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2026, Heart had no funds to be maintained in perpetuity.

Revenue recognition
Contributions are recognized as revenue in the period received, while unconditional promises to give (pledges) are recognized as revenue in the period the promise is made, regardless of when cash is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Heart earns program fees under contracts with school systems, principally the Charlotte-Mecklenburg School system, to provide tutoring services during the school year. These contracts contain a single performance obligation, satisfied over time as tutoring is delivered. Revenue is recognized as services are performed and is measured at the amount Heart expects to be entitled to under the contract. Amounts received before the related services are performed are recorded as deferred revenue. At June 30, 2026, Heart had met all performance obligations. Program fee revenue was $202,500 for the year ended June 30, 2026.

Fixed assets
Fixed assets with a value of $2,500 or more is recorded at cost if purchased or fair value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation expense is recorded using the straight-line method of depreciation over the estimated useful lives of the assets, which is five years.

Intangible assets
Software cost exceeding $2,500 is recorded at cost if purchased or fair value if donated. Amortization expense is recorded using the straight-line method of amortization over the estimated useful life of the asset, which is three years.

Leases
Heart determines if an arrangement is or contains a lease at inception. Leases are included in right of use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. Heart does not report ROU assets and lease liabilities for its leases with a term of 12 months or less; rather they are reported as a lease expense on a straight-line basis over the lease term.

Donated services and goods
Donated services and goods are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. During the year, Heart recorded no contributed services and donated goods.

In addition, many individuals, including members of the Board of Directors, volunteer their time and perform a variety of tasks that assist Heart with program services, management, and fundraising efforts. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

Use of estimates
The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Prior-year comparative totals
The financial statements include certain prior-year summarized information in total, but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Heart's 2025 financial statements, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2 – INVESTMENTS

As of June 30, 2026, all investments consist of U.S. Treasury Bills with maturity dates within one year of the statement of financial position date. The investments are classified as held-to-maturity debt securities as Heart has both the positive intent and ability to hold these securities to maturity. Investments are recorded at amortized cost, which approximates fair value. At June 30, 2026, the investment balance totaled approximately $4,664,000. Of the total amount, approximately $64,000 represents accrued interest.

U.S. GAAP requires the fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

> *Level 1* – Fair value is based on quoted prices in active markets for identical assets or liabilities.
>
> *Level 2* – Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
>
> *Level 3* – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Heart's investments are classified as Level 2 investments.

NOTE 3 – RECEIVABLES

Pledges receivable
Unconditional promises to give are presented net of the allowance for doubtful accounts as calculated by management. Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, and current economic conditions. Management has determined that no allowance is needed for promises to give. The present value discounts on those amounts are computed using a risk-free interest rate applicable to the years in which the promises are expected to be received. The discount of $49,755 as of June 30, 2026, is based on an interest rate of approximately 4.00%. Amortization of discounts is included in the contributions and grant revenue on the Statement of Activities.

Heart's pledges are expected to be collected during the year ending June 30,

2027	$	385,550
2028		258,000
2029		213,000
Total Promises to Give		856,550
Deduct:		
Discount for present value		49,755
NET PLEDGES RECEIVABLE	$	806,795

Accounts and other receivables
Accounts receivable are stated at net realizable value. Management has determined no allowance for credit loss is needed based on a review of the individual accounts. All receivables are expected to be collected in the following fiscal year.

NOTE 4 – FIXED ASSETS

Fixed assets used by Heart in its operations consist of the following at June 30, 2026:

Leasehold improvements	$	5,605
Furniture, fixtures, and equipment		6,873
Total		12,478
Less – accumulated depreciation		5,711
TOTAL FIXED ASSETS	$	6,767

NOTE 5 – INTANGIBLE ASSETS – SOFTWARE

Software cost exceeding $2,500 is recorded at cost if purchased or fair value if donated. Amortization expense is recorded using the straight-line method of amortization over the estimated useful life of the website, which is three years. The cost of the student and volunteer database was $89,195. The software cost was fully amortized as of June 30, 2026.

NOTE 6 – LEASES

Heart leases office space in Charlotte, North Carolina under a long-term non-cancelable operating lease arrangement. The lease expires April 2029. The lease provides for increases in future minimum annual rental payments. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term, which was 4.42%.

At June 30, 2026, the operating lease right-of-use asset balance was $180,907 and the operating lease liability was $211,874.

Total lease costs for the year ended June 30, 2026, was approximately $75,000.

Due to Heart only having one operating lease, the weighted-average discount rate is 4.42%, and a weighted-average remaining lease term of 2.75 years.

Future minimum lease payments required under the operating lease are as follows:

Year ended June 30,		
2027	$	77,618
2028		79,946
2029		68,452
Total lease payment		226,016
Less: imputed interest		14,142
PRESENT VALUE OF LIABILITY	$	211,874

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Restricted net assets as of June 30, 2026, are comprised of cash, investments, and receivables and consist of the following:

Purpose-restricted:		
Charlotte	$	3,848,220
Geography Strategy Grants		754,891
Winston-Salem		369,845
Charleston		385,403
Cabarrus		90,250
Other		17,500
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	$	5,466,109

The purpose restricted funds are also restricted for school years ranging from the 2026-27 school year to the 2029-30 school year.

NOTE 8 – RETIREMENT PLAN

Heart maintains a 401(k)-retirement plan. Full-time employees who have been employed for one year are eligible for a match up to three percent. The total amount contributed for the year ended June 30, 2026, was approximately $52,000.

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

Geographic location and funding
Heart operates in a small geographic area and receives support and revenue from a limited number of sources and is, therefore, sensitive to changes in the local economy.

Cash
Cash held in bank accounts are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). Heart holds cash in excess of the insured limits covered by the FDIC; however, Heart believes it is not exposed to any significant credit risk related to these accounts.

NOTE 10 – FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements of Heart report certain categories of expenses attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities, equipment, and utilities, which is allocated on a square footage basis, and salaries and benefits, which is allocated on the basis of time.

All other expenses are charged directly to program services, management and general, or fundraising when they benefit a single function. Costs that benefit more than one function are allocated based on management's estimate of the relative benefit received, consistently applied.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of June 30, 2026, Heart has $5,939,271 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash $890,415, investments of $4,664,084, and current receivables of $384,772. Of the financial assets available, $881,403 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Contributions and pledges made during the current fiscal year will support programs in the upcoming fiscal year. Heart sets a goal of having financial assets on hand by fiscal year-end to meet the normal operating expenses for the upcoming school year, which, on average, is approximately $2,000 to $2,500 per student. Heart hopes to reach 1,570 students in the 2026/2027 school year.

NOTE 12 – SUBSEQUENT EVENTS

Heart has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.