

HEROIC HEARTS PROJECT, INC.

FINANCIAL STATEMENTS

for the year ended December 31, 2024

HEROIC HEARTS PROJECT, INC.

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Langdon & Company ^{LLP}
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Heroic Hearts Project, Inc.

Opinion

We have audited the accompanying financial statements of Heroic Hearts Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 Heroic Hearts Project, Inc. as of December 31, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis 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 Heroic Hearts Project, 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 Heroic Hearts Project, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements 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.

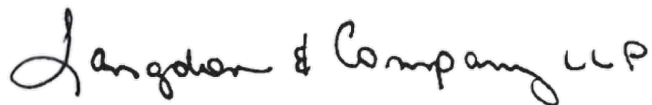
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Heroic Hearts Project, 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 Heroic Hearts Project, 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 the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Garner, North Carolina
November 14, 2025

HEROIC HEARTS PROJECT, INC.

STATEMENT OF FINANCIAL POSITION

as of December 31, 2024
with comparative totals as of December 31, 2023

	ASSETS	
	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 1,782,243	\$ 280,955
Promises to give, net	110,097	133,000
Prepaid expenses	25,003	3,545
Total current assets	<u>1,917,343</u>	<u>417,500</u>
 Total assets	 <u>\$ 1,917,343</u>	 <u>\$ 417,500</u>
	LIABILITIES AND NET ASSETS	
Current liabilities:		
Accounts payable	\$ 261,836	\$ 87,362
Accrued expenses	-	99,325
Balance held - Healing Breakthrough (Note 6)	1,211,677	-
Current installments on short-term debt	-	17,086
Total current liabilities	<u>1,473,513</u>	<u>203,773</u>
 Net assets:		
Without donor restrictions	188,018	87,236
With donor restrictions	<u>255,812</u>	<u>126,491</u>
Total net assets	<u>443,830</u>	<u>213,727</u>
 Total liabilities and net assets	 <u>\$ 1,917,343</u>	 <u>\$ 417,500</u>

*The accompanying notes are an
integral part of the financial statements.*

HEROIC HEARTS PROJECT, INC.

STATEMENT OF ACTIVITIES

for the year ended December 31, 2024
with comparative totals for 2023

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contributions, gifts and grants	\$ 2,478,875	\$ 3,499,549	\$ 5,978,424	\$ 2,024,049
Special event revenue, net of special event expenses of \$126,653 and \$157,838 for 2024 and 2023, respectively	118,487	-	118,487	114,500
In-kind contributions	77,430	352,258	429,688	19,980
Other income	481	-	481	-
Interest	8,942	-	8,942	-
	<u>2,684,215</u>	<u>3,851,807</u>	<u>6,536,022</u>	<u>2,158,529</u>
Net assets released from restrictions	<u>3,722,486</u>	<u>(3,722,486)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>6,406,701</u>	<u>129,321</u>	<u>6,536,022</u>	<u>2,158,529</u>
Expenses:				
Program services	5,725,866	-	5,725,866	2,126,427
Supporting services:				
Management & general	142,144	-	142,144	103,169
Fundraising	437,909	-	437,909	222,781
Total supporting services	<u>580,053</u>	<u>-</u>	<u>580,053</u>	<u>325,950</u>
Total expenses	<u>6,305,919</u>	<u>-</u>	<u>6,305,919</u>	<u>2,452,377</u>
Change in net assets	100,782	129,321	230,103	(293,848)
Net assets at beginning of year	<u>87,236</u>	<u>126,491</u>	<u>213,727</u>	<u>507,575</u>
Net assets at end of year	<u>\$ 188,018</u>	<u>\$ 255,812</u>	<u>\$ 443,830</u>	<u>\$ 213,727</u>

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

HEROIC HEARTS PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

**for the year ended December 31, 2024
with comparative totals for 2023**

	2024				2023				
	Program Services				Supporting Services				
	Treatment and Coaching	Research, Training, and Education	Advocacy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Grand Total	Grand Total
Salaries, benefits, & taxes	\$ 22,313	\$ 17,501	\$ 3,938	\$ 43,752	\$ 13,996	\$ 46,431	\$ 60,427	\$ 104,179	\$ 151,232
Contractors	362,329	166,960	37,566	566,855	5,933	46,254	52,187	619,042	340,897
In-kind professional fees	-	20,750	-	20,750	2,080	50,000	52,080	72,830	19,980
Professional fees	33,985	26,655	5,997	66,637	47,735	85,749	133,484	200,121	47,153
Retreats	911,760	-	-	911,760	-	-	-	911,760	847,108
Coaching	464,215	-	-	464,215	-	-	-	464,215	273,894
Digital & media publications and educational outreach	-	2,036,857	1,637	2,038,494	-	-	-	2,038,494	303,692
Lobbying expenses	-	-	469,950	469,950	-	-	-	469,950	-
Sponsorships	701,500	-	-	701,500	-	-	-	701,500	-
Marketing & promotion	-	-	-	-	2,705	82,690	85,395	85,395	65,498
Travel & meetings	374,216	31,585	6,826	412,627	1,259	41,727	42,986	455,613	335,527
Services fees	-	-	-	-	8,710	28,377	37,087	37,087	13,705
Insurance	187	147	33	367	1,282	-	1,282	1,649	1,508
Office supplies & expense	9,432	123	28	9,583	4,708	3,467	8,175	17,758	669
Technology & website	294	230	52	576	38,110	53,214	91,324	91,900	30,900
Charitable donations	7,242	5,680	1,278	14,200	-	-	-	14,200	9,061
In-kind other expenses	4,600	-	-	4,600	-	-	-	4,600	-
Interest expense	-	-	-	-	15,626	-	15,626	15,626	11,553
Total expenses	\$ 2,892,073	\$ 2,306,488	\$ 527,305	\$ 5,725,866	\$ 142,144	\$ 437,909	\$ 580,053	\$ 6,305,919	\$ 2,452,377

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

HEROIC HEARTS PROJECT, INC.

STATEMENT OF CASH FLOWS

for the year ended December 31, 2024
with comparative totals for 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from contributions, gifts, and grants.	\$ 6,120,295	\$ 2,326,006
Cash paid to employees, contractors and suppliers	(4,947,495)	(2,344,270)
Interest received	8,942	-
Interest paid	(15,626)	(11,553)
Net cash provided by (used in) operating activities	<u>1,166,116</u>	<u>(29,817)</u>
Cash flows from investing activities:		
Sale of investments	<u>352,258</u>	<u>-</u>
Net cash provided by investing activities	<u>352,258</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from issuance of short-term loans	-	57,100
Repayment of short-term loans	(17,086)	(40,014)
Repayment of PPP loan	-	(9,567)
Net cash (used in) provided by financing activities	<u>(17,086)</u>	<u>7,519</u>
Net increase (decrease) in cash	1,501,288	(22,298)
Cash at beginning of year	<u>280,955</u>	<u>303,253</u>
Cash at end of year	<u>\$ 1,782,243</u>	<u>\$ 280,955</u>
Noncash investing activities:		
Donated stock	<u>\$ 352,258</u>	<u>\$ -</u>

*The accompanying notes are an
integral part of the financial statements.*

HEROIC HEARTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Heroic Hearts Project, Inc. (the "Organization"), a not-for-profit organization, was incorporated in the state of Florida on May 26, 2017 and operates nationwide. The Organization's mission is to build a healing community that helps veterans suffering from military trauma recover and thrive by providing them with safe, supervised access to psychedelic treatments, professional coaching, and ongoing peer support. The Organization's major programs include the following:

Treatment and Coaching – Activities include providing support and professional counseling to veterans and veteran spouses seeking alternative mental health treatment options and connecting them with therapy centers where they can safely and legally pursue the treatment options they desire.

Research, Training & Education – Activities include developing and contributing to the growing base of psychedelic research; development of research-based products and programs to inform and educate people on the therapeutic potential of psychedelics and using the research, data, and testimonials to counter the stigma associated with psychedelics and to help change the laws limiting access to psychedelics as therapeutics.

Advocacy – Activities include advocating for federal funding of psychedelic research, pursuing large-scale appropriations to support MDMA and psilocybin studies, and promoting changes to drug policies and laws at both the federal and state levels. The Organization also supports and advocates for the Department of Veterans Affairs' Innovative Psychedelic Therapies (IPT) task force, encouraging the VA to take a leadership role in implementing these treatments on a broader scale.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash accounts with one financial institution, which may at times exceed federally insured limits. The Organization has not experienced any losses in this account.

Paycheck Protection Program ("PPP")

Funds were received pursuant to PPP under Division A, Title I of the CARES Act, enacted March 27, 2020. The Organization received two PPP loans and under the terms of the PPP, the Organization initially recognized these funds as debt. In February 2022, the Organization received forgiveness and was legally released from the debt of one PPP loan. The remaining PPP loan with an outstanding balance of \$9,567 was paid in full in January 2023.

Advertising

Advertising costs, which consist primarily of promotional videos and digital marketing, are expensed as incurred. Advertising costs amounted to \$77,123 and \$55,620 for the years ended December 31, 2024 and 2023, respectively.

Comparative Totals

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 December 31, 2023, from which the summarized information was derived.

HEROIC HEARTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets, revenues, 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 available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

Revenue Recognition

Contributions, gifts, and grants received are recorded as revenue with donor restrictions or revenue without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return - are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value using a risk adjusted discount rate. When a restriction expires, such as a stipulated time restriction ends or a 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.

Promises to give consist of unconditional promises to give and are stated at unpaid balances, less an allowance for doubtful accounts. All are expected to be collected; thus, no allowance for doubtful accounts is necessary. Approximately 31% and 75% of promises to give, as of December 31, 2024 and 2023, respectively, were due from one grantor.

The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) required specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

All contributed nonfinancial assets were utilized by the Organization in program and supporting services. There are no restrictions for contributed nonfinancial assets. The value of all in-kind donations are determined by the donor based on fair market value of the asset or service provided.

HEROIC HEARTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Donations of marketable securities are monetized promptly upon receipt.

Volunteers and members of the community perform various services for the Organization and these services are significant and form an integral part of the efforts of the Organization. The Organization does not control the activities of the volunteers as it would paid employees and there is no clearly measurable basis for an amount of contributed services to be recorded. Therefore, the Organization does not record the amount of volunteer services rendered as contributions and a corresponding amount as expense.

The Organization received the following donated stock and services for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Professional services	\$ 72,830	\$ 19,980
Donated stock	352,258	-
Donated lodging	4,600	-
	<u>\$ 429,688</u>	<u>\$ 19,980</u>

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

The Organization directly codes certain expenses that are identifiable with a specific function. Other expenses are allocated to functions on the basis of estimates of time and effort and include the following: salaries, benefits, and taxes, contractors, insurance, travel and meetings, and technology and website.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization.

The Organization evaluates any uncertain tax positions. Accordingly, the Organization's policy is to record a liability for any tax positions taken that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management does not believe any significant income tax uncertainties existed as of December 31, 2024 or 2023.

Reclassifications

Certain amounts included in the 2024 financial statements have been reclassified to conform to the 2025 presentation. Change in net assets of the Organization previously reported for 2024 was not affected by these reclassifications.

HEROIC HEARTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY

The Organization is primarily funded through contributions, gifts and private grants, some of which are donor-restricted. Because a donor's restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. The Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,782,243	\$ 280,955
Promises to give, net	110,097	133,000
	<u>1,892,340</u>	<u>413,955</u>
Less amounts not available to be used within one year, due to:		
Donor-restricted for purpose	<u>255,812</u>	<u>126,491</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,636,528</u>	<u>\$ 287,464</u>

3. SHORT-TERM DEBT

During the year ended December 31, 2023, the Organization entered into two American Express Business Lines of Credit Loan Agreements and Personal Guarantees as follows:

- May 24, 2023 - 6-month loan in the amount of \$28,300 with an annual interest rate of 15.13%. This loan was payable in monthly payments, with the full balance repaid as of November 26, 2023.
- July 10, 2023 - 12-month loan in the amount of \$28,800 with an annual interest rate of 15.14%. This loan is payable in monthly payments of \$2,616, with the full balance repaid as of July 10, 2024.

4. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2024 and 2023, net assets with donor restrictions were available for the following purposes:

Restricted for purpose:	<u>2024</u>	<u>2023</u>
Research	\$ 7,175	\$ 10,025
Education	166,237	116,466
The Mission Within Foundation	12,400	-
Breathwork Studies	45,000	-
National Psychedelic Landscape Assessment	25,000	-
	<u>\$ 255,812</u>	<u>\$ 126,491</u>

HEROIC HEARTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

4. NET ASSETS WITH DONOR RESTRICTIONS *(Continued)*

Net assets of \$3,722,486 and \$1,046,009 were released from donor restrictions for the years ended December 31, 2024 and 2023, respectively, by incurring expenses satisfying the restricted purpose or other events specified by the donors and are included in the accompanying statement of activities.

5. CONCENTRATIONS

Psychedelic-assisted therapy is still illegal in most of the United States, leaving the Organization with a limited number of facilities that can provide these treatments. Approximately 54% of the Organization's retreat expense was paid to two vendors for the year ended December 31, 2024. Approximately 48% of the Organization's retreat expense was paid to one vendor for the year ended December 31, 2023.

6. RELATED PARTY TRANSACTIONS

In October 2024, the Organization entered into a fiscal sponsorship agreement with Mission Within Foundation (MWF), a nonprofit organization and also one of the Organization's primary retreat vendors. Under the terms of the agreement, the Organization would receive and administer funds on behalf of MWF. During the period of fiscal sponsorship, total funds collected for the benefit of MWF were \$713,900; these funds were recorded as restricted donations upon receipt. Total disbursements paid to MWF under this sponsorship agreement during the year ended December 31, 2024, were \$701,500.

In March 2022, the Organization entered into a Trademark License Agreement with affiliate Heroic Hearts Project Canada (HHPC) that allows HHPC to use the Organization's trademark for a period of five years for nominal fee of \$100.

For the year ended December 31, 2024 and 2023, the Organization had legal expenses of approximately \$3,227 and \$6,600, respectively, paid on behalf of affiliate organization, Heroic Hearts Project UK (HHPUK), to support HHPUK's corporate registration, policy framework development and charity commission application.

In May of 2021, the Organization entered into a subscription agreement with Homecoming Health (the Company), a for profit company started by a past board chair. The Company is an innovator and proponent of therapeutic uses of psychedelic drugs for treatment of mental health. The subscription agreement offered a 10% initial equity interest in the Company for a nominal purchase price of \$10. To date, no money has been received from Homecoming Health and the value of the equity interest is not readily available.

In December 2024, the Organization received a cash transfer of \$1,211,677 from Healing Breakthrough ("HB"), a not-for-profit organization, which is reflected on the accompanying Statement of Financial Position as Balance Held – Healing Breakthrough. One member of the Organization's Board of Directors also serves on HB's board, and another board member serves as HB's Executive Director.

7. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 14, 2025, the date which the financial statements were available for issue.