MyPath

FINANCIAL STATEMENTS

June 30, 2018

(With Comparative Totals as of June 30, 2017)

Crosby & Kaneda
Certified Public Accountants

Dedicated to Nonprofit Organizations

MYPATH

Contents

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INDEPENDENT AUDITORS' REPORT

Board of Directors
MyPath
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of MyPath, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MyPath as of June 30, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the MyPath's June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby + Kaneda CPAs LLP

Oakland, California
February 12, 2019

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Statement of Financial Position
June 30, 2018
(With Comparative Totals as of June 30, 2017)

		2018		2017
Assets				
Current Assets				
Cash and cash equivalents	$	779,992	$	568,120
Accounts receivable		143,679		37,391
Grants receivable		1,157,000		730,103
Prepaid expenses		47,905		21,200
Total Current Assets		2,128,576		1,356,814
Property and equipment (Note 3)		36,595		71,993
Total Assets	$	2,165,171	$	1,428,807
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$	89,204	$	50,096
Accrued paid time off		41,205		40,314
Total Liabilities		130,409		90,410
Commitments and Contingencies (Notes 4 and 5)				
Net Assets				
Unrestricted		449,711		326,902
Temporarily restricted (Note 6)		1,585,051		1,011,495
Total Net Assets		2,034,762		1,338,397
Total Liabilities and Net Assets	$	2,165,171	$	1,428,807

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Statement of Activities
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	Total 2018	Total 2017
Support and Revenue				
Support				
Foundation and corporate	$ 72,458	$ 2,076,000	$ 2,148,458	$ 1,370,911
Government	387,417		387,417	363,358
Individual	5,890		5,890	6,574
In-kind contributions (Note 7)	1,594		1,594	25,720
Total Support	467,359	2,076,000	2,543,359	1,766,563
Revenue				
Program service fees	45,504		45,504	62,970
Interest	9,793		9,793	4,064
Total Revenue	55,297	-	55,297	67,034
Net assets released from donor restriction (Note 6)	1,502,444	(1,502,444)	-	-
Total Support and Revenue	2,025,100	573,556	2,598,656	1,833,597
Expenses				
Program	1,581,427		1,581,427	1,030,642
Management and general	257,385		257,385	182,101
Fundraising	63,479		63,479	60,056
Total Expenses	1,902,291	-	1,902,291	1,272,799
Change in net assets	122,809	573,556	696,365	560,798
Net Assets, beginning of year	326,902	1,011,495	1,338,397	777,599
Net Assets, end of year	$ 449,711	$ 1,585,051	$ 2,034,762	$ 1,338,397

See Notes to the Financial Statements

MYPATH

Statement of Cash Flows
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 696,365	$ 560,798
Adjustments to reconcile change in net assets to cash provided (used) by operating activities		
Depreciation	35,356	25,939
Loss on Disposition	42	-
Change in assets and liabilities:		
Accounts receivable	(106,288)	16,585
Grants receivable	(426,897)	(333,103)
Prepaid expenses	(26,705)	311
Accounts payable and accrued expenses	39,108	27,241
Accrued paid time off	891	(1,895)
Net cash provided (used) by operating activities	211,872	295,876
Cash flows from investing activities		
Purchases of property, software and equipment	-	(43,013)
Net cash provided (used) by investing activities	-	(43,013)
Net change in cash and cash equivalents	211,872	252,863
Cash and cash equivalents, beginning of year	568,120	315,257
Cash and cash equivalents, end of year	$ 779,992	$ 568,120

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Statement of Functional Expenses
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Program	Management and General	Fundraising	Total 2018	Total 2017
Salaries	$ 794,942	$ 156,281	$ 35,170	$ 986,393	$ 771,010
Retirement contributions	9,309	2,273	203	11,785	2,838
Employee benefits	64,940	13,168	3,537	81,645	64,193
Payroll taxes	66,267	13,453	2,860	82,580	65,244
Total Personnel	935,458	185,175	41,770	1,162,403	903,285
Contract services	407,401	39,647	17,243	464,291	110,092
Advertising and promotion	2,845	552	30	3,427	2,289
Supplies and office expense	31,162	4,431	831	36,424	21,415
Information technology	23,763	3,653	589	28,005	12,448
Occupancy	43,662	7,289	1,575	52,526	52,141
Travel and meals	43,883	1,098	214	45,195	55,922
Conferences and meetings	16,779	10,379	102	27,260	21,835
Depreciation	34,634	550	172	35,356	25,939
Insurance	3,532	603	126	4,261	3,796
Youth incentives	26,168	-	-	26,168	31,840
In-kind services	-	535	-	535	22,120
Staff development	6,340	2,745	666	9,751	1,618
Other expense	5,800	728	161	6,689	8,059
Total Expenses	$ 1,581,427	$ 257,385	$ 63,479	$ 1,902,291	$ 1,272,799

NOTE 1: NATURE OF ACTIVITIES

Established as the non-profit affiliate of Mission SF Federal Credit Union in 1989, MyPath (formerly Mission SF Community Financial Center) (the Organization) became an independent non-profit organization in April, 2011.

The Organization's purpose is to promote financial capability and economic mobility among low-income youth and young adults. The Organization achieves its purpose by designing, testing and replicating program models that provide youth and young adults with access to quality financial products; a working knowledge of personal finance best practices; and a social support system to develop and sustain sound financial habits.

The Organization uses its evaluation systems to gather and disseminate its programmatic outcomes data, lessons and best practices to build the field and engage new partners.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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 (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets **–** consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of June 30, 2018.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise 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 at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2018 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization’s tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Accounts and Grants Receivable

The Organization considers all accounts and grants receivable to be fully collectible at June 30, 2018. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Fair Value Measurements

Fair value is defined as 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 on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2018.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over $2,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment as follows:

Furniture and equipment	3-5 years
Internally developed software	3 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Prior Year Summarized Information

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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of February 12, 2019 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2018	2017
Furniture and equipment	$ 16,825	$ 22,926
Internally developed software	95,754	95,754
Less accumulated depreciation	(75,984)	(46,687)
Total	$ 36,595	$ 71,993

NOTE 4: COMMITMENTS

Operating Leases

The Organization is party to a lease for office space in San Francisco, California which expires in June 2019 and an equipment lease which expires September 2019.

Future minimum operating lease payments are as follows for the years ended June 30:

2019	$ 55,034
2020	688
Total	$ 55,722

Rent for the years ended June 30, 2018 and 2017 was $52,281 and $51,220, respectively.

NOTE 5: CONTINGENCIES

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization have complied with the terms of all grants.

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for program development in the amounts of $1,585,051 and $1,011,495 as of June 30, 2018, and 2017, respectively.

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying purposes specified by donors as follows for the years ending June 30:

	2018	2017
Program development	$ 1,452,444	$ 767,337
Passage of time	50,000	80,000
Total	$ 1,502,444	$ 847,337

NOTE 7: IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended June 30:

	2018	2017
Services	$ 535	$ 22,120
Goods and other	1,059	3,600
Total	$ 1,594	$ 25,720

NOTE 8: RELATED PARTY TRANSACTIONS

A board member of the Organization was engaged by the Organization to provide certain legal services to the Organization. Related party activity totaled $3,690 and $2,665 for the years ended June 30, 2018 and 2017, respectively.

NOTE 9: CONCENTRATIONS

Receivables

As of June 30, 2018 approximately 86% of accounts and grants receivables consisted of amounts due from two funders.

NOTE 10: RETIREMENT PLAN

The Organization offers a 401(k) plan to all eligible staff. Employees may contribute to the plan up to allowable limits. The Organization may make discretionary contributions to the plan based on board approval. During the years ended June 30, 2018 and 2017, the Organization contributed $11,785 and $2,838 to the plan, respectively.

NOTE 11: CONDITIONAL PROMISES TO GIVE

In addition to the activity reflected on the Organization's statement of activities, the Organization received certain conditional promises to give as of June 30, 2018:

Grant	Condition	Amount
Grant I	Program performance and reporting	$ 1,300,000

The Organization recognizes such promises to give as support once the related conditions are satisfied.

NOTE 12: PASS THROUGH ACTIVITY

In addition to the activity reflected in the financial statements the Organization partnered with another nonprofit as part of a collaborative program. $115,000 in funds received and disbursed related to this partnership were accounted for on a pass through basis during the year ended June 30, 2018

NOTE 13: UPCOMING ACCOUNTING STANDARDS

The FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). ASU 2016-14 changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. ASU 2016-14 requires amended presentation and disclosures. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization is in the process of evaluating the potential impact of this guidance on its financial statements.