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# MYPATH

## FINANCIAL STATEMENTS

June 30, 2016

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015)

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**CROSBY & KANEDA**  
Certified Public Accountants

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Dedicated to Nonprofit Organizations

# **MYPATH**

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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, 2016, 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, 2016, and the results of its operations 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, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Oakland, California

October 17, 2016

**MYPATH**

**Statement of Financial Position**  
**June 30, 2016**  
**(With Comparative Totals as of June 30, 2015)**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 315,257	\$ 366,786
Accounts receivable	53,976	63,606
Grants receivable	397,000	125,173
Prepaid expenses	21,511	28,556
Total Current Assets	<u>787,744</u>	<u>584,121</u>
Property and equipment (Note 3)	<u>54,919</u>	<u>3,190</u>
Total Assets	<u>\$ 842,663</u>	<u>\$ 587,311</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 22,855	\$ 46,852
Accrued paid time off	42,209	32,393
Total Liabilities	<u>65,064</u>	<u>79,245</u>
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	261,870	184,422
Temporarily restricted (Note 6)	515,729	323,644
Total Net Assets	<u>777,599</u>	<u>508,066</u>
Total Liabilities and Net Assets	<u>\$ 842,663</u>	<u>\$ 587,311</u>

See Notes to the Financial Statements

## MYPATH

### Statement of Activities For the Year Ended June 30, 2016 (With Comparative Totals for the Year Ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Total	
			2016	2015
<b>Support and Revenue</b>				
Support				
Foundation and corporate	\$ 93,734	\$ 1,030,287	\$ 1,124,021	\$ 517,060
Government	363,758		363,758	268,800
Individual	5,432		5,432	9,458
In-kind contributions (Note 7)	47,724		47,724	61,055
Total Support	<u>510,648</u>	<u>1,030,287</u>	<u>1,540,935</u>	<u>856,373</u>
Revenue				
Program service fees	\$ 72,048		72,048	-
Interest	1,583		1,583	900
Miscellaneous	2,822		2,822	2,167
Total Revenue	<u>76,453</u>	<u>-</u>	<u>76,453</u>	<u>3,067</u>
Net assets released from donor restriction (Note 6)				
	838,202	(838,202)	-	-
Total Support and Revenue	<u>1,425,303</u>	<u>192,085</u>	<u>1,617,388</u>	<u>859,440</u>
<b>Expenses</b>				
Program	1,058,641		1,058,641	738,499
Management and general	238,332		238,332	176,341
Fundraising	50,882		50,882	24,977
Total Expenses	<u>1,347,855</u>	<u>-</u>	<u>1,347,855</u>	<u>939,817</u>
Change in net assets	77,448	192,085	269,533	(80,377)
Net Assets, beginning of year	<u>184,422</u>	<u>323,644</u>	<u>508,066</u>	<u>588,443</u>
Net Assets, end of year	<u>\$ 261,870</u>	<u>\$ 515,729</u>	<u>\$ 777,599</u>	<u>\$ 508,066</u>

See Notes to the Financial Statements

# MYPATH

## Statement of Cash Flows For the Year Ended June 30, 2016 (With Comparative Totals for the Year Ended June 30, 2015)

	2016	2015
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 269,533	\$ (80,377)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities		
Depreciation	12,339	2,297
Change in assets and liabilities:		
Accounts receivable	9,630	(1,204)
Grants receivable	(271,827)	73,601
Prepaid expenses	7,045	(23,443)
Accounts payable and accrued expenses	(23,997)	7,876
Accrued paid time off	9,816	5,144
Net cash provided (used) by operating activities	<u>12,539</u>	<u>(16,106)</u>
<b>Cash flows from investing activities</b>		
Purchases of property, software and equipment	(64,068)	(3,060)
Net cash provided (used) by investing activities	<u>(64,068)</u>	<u>(3,060)</u>
Net change in cash	(51,529)	(19,166)
Cash, beginning of year	<u>366,786</u>	<u>385,952</u>
Cash, end of year	<u>\$ 315,257</u>	<u>\$ 366,786</u>

See Notes to the Financial Statements

**MYPATH**

**Statement of Functional Expenses  
For the Year Ended June 30, 2016  
(With Comparative Totals for the Year Ended June 30, 2015)**

	Program	Management and General	Fundraising	Total	
				2016	2015
Salaries	\$ 545,760	\$ 44,820	\$ 37,789	\$ 628,369	\$ 432,998
Employee benefits	38,653	4,510	2,554	45,717	33,499
Payroll taxes	46,516	3,742	3,177	53,435	37,566
<b>Total Personnel</b>	<b>630,929</b>	<b>53,072</b>	<b>43,520</b>	<b>727,521</b>	<b>504,063</b>
Grants	3,815	-	-	3,815	-
Legal	3,593	1,163	-	4,756	9,671
Accounting	-	165,396	-	165,396	129,512
Contract services	199,521	4,818	2,218	206,557	68,354
Supplies and office expense	19,688	2,771	998	23,457	22,634
Bank fees	-	-	-	-	107
Information technology	12,292	500	656	13,448	6,931
Occupancy	46,049	2,890	2,281	51,220	46,952
Travel and meals	24,190	972	49	25,211	21,136
Conferences and meetings	14,026	-	-	14,026	1,454
Depreciation	12,108	126	105	12,339	2,297
Insurance	627	1,734	30	2,391	775
Youth incentives	41,534	-	-	41,534	42,685
In-kind services	41,640	3,840	720	46,200	58,415
In-kind goods	1,524	-	-	1,524	2,640
Other expense	7,105	1,050	305	8,460	22,191
<b>Total Expenses</b>	<b>\$ 1,058,641</b>	<b>\$ 238,332</b>	<b>\$ 50,882</b>	<b>\$ 1,347,855</b>	<b>\$ 939,817</b>

See Notes to the Financial Statements



## MyPATH

### Notes to the Financial Statements For the Year Ended June 30, 2016 (With Comparative Totals for the Year Ended June 30, 2015)

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#### 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 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. Temporarily restricted net assets may also include accumulated appreciation of permanently restricted endowment funds that have not been appropriated by the Organization.

*Permanently restricted net assets* – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of June 30, 2016.

## **MYPATH**

### **Notes to the Financial Statements For the Year Ended June 30, 2016 (With Comparative Totals for the Year Ended June 30, 2015)**

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#### **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, 2016 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, 2016. 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

## MYPATH

### Notes to the Financial Statements For the Year Ended June 30, 2016 (With Comparative Totals for the Year Ended June 30, 2015)

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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, 2016.

#### **Property and Equipment**

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$600; 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. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

#### **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.

## MyPATH

### Notes to the Financial Statements For the Year Ended June 30, 2016 (With Comparative Totals for the Year Ended June 30, 2015)

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#### 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, 2015, 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 October 17, 2016 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:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 18,220	\$ 15,464
Internally developed software	61,312	-
Less accumulated depreciation	<u>(24,613)</u>	<u>(12,274)</u>
Total	<u>\$ 54,919</u>	<u>\$ 3,190</u>

#### NOTE 4: COMMITMENTS

##### Operating Leases

The Organization is party to a lease for office space in San Francisco, California which expires in June 2017 and an equipment lease which expires September 2019.

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

2016	\$ 53,248
2017	53,248
2018	2,028
2019	2,028
2020	<u>507</u>
Total	<u>\$ 111,059</u>

Rent for the years ended June 30, 2016 and 2015 was \$51,220 and \$46,952, respectively.

## MyPATH

### Notes to the Financial Statements For the Year Ended June 30, 2016 (With Comparative Totals for the Year Ended June 30, 2015)

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#### 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 as follows as of June 30:

	<u>2016</u>	<u>2015</u>
Savings	\$ 412,956	\$ 196,175
Credit	60,565	86,524
Advocates	<u>42,208</u>	<u>40,945</u>
Total	<u>\$ 515,729</u>	<u>\$ 323,644</u>

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:

	<u>2016</u>	<u>2015</u>
Savings	\$ 625,586	\$ 404,582
Credit	160,958	94,332
Advocates	50,738	50,605
Time Restricted	<u>920</u>	<u>-</u>
Total	<u>\$ 838,202</u>	<u>\$ 549,519</u>

#### NOTE 7: IN-KIND CONTRIBUTIONS

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

	<u>2016</u>	<u>2015</u>
Web development	\$ -	\$ 12,500
Legal and other services	15,000	15,915
Database customization	15,000	15,000
Program materials development	16,200	15,000
Other	<u>1,524</u>	<u>2,640</u>
Total	<u>\$ 47,724</u>	<u>\$ 61,055</u>

#### 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 \$4,755 and \$9,671 for the years ended June 30, 2016 and 2015, respectively.

**MyPATH**

**Notes to the Financial Statements  
For the Year Ended June 30, 2016  
(With Comparative Totals for the Year Ended June 30, 2015)**

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**NOTE 9: CONCENTRATIONS**

**Grants Receivable Concentrations**

Grants receivable at June 30, 2016 consist principally of amounts due from other nonprofit organizations and government entities. Approximately 82% of the contracts and grants receivables are from one source.