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# **MyPATH**

## **FINANCIAL STATEMENTS**

**June 30, 2019**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)**

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**CROSBY & KANEDA**

Certified Public Accountants  
for 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, 2019, 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Croody & Lameda CPAs LLP*

Oakland, California

December 8, 2019

**MYPATH**

**Statement of Financial Position  
June 30, 2019  
(With Comparative Totals as of June 30, 2018)**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 918,425	\$ 779,992
Accounts receivable	89,993	143,679
Grants receivable	537,500	1,157,000
Prepaid expenses	44,140	47,905
Total Current Assets	<u>1,590,058</u>	<u>2,128,576</u>
Property and equipment (Note 3)	35,771	36,595
Deposit	29,266	-
Total Assets	<u>\$ 1,655,095</u>	<u>\$ 2,165,171</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 90,093	\$ 89,204
Accrued rent	21,634	-
Accrued paid time off	72,129	41,205
Total Liabilities	<u>183,856</u>	<u>130,409</u>
Net Assets		
Without donor restrictions	513,351	449,711
With donor restrictions (Note 6)	957,888	1,585,051
Total Net Assets	<u>1,471,239</u>	<u>2,034,762</u>
Total Liabilities and Net Assets	<u>\$ 1,655,095</u>	<u>\$ 2,165,171</u>

See Notes to the Financial Statements

**MYPATH**

**Statement of Activities  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
<b>Support and Revenue</b>				
Support				
Foundation and corporate	\$ 23,000	\$ 1,576,500	\$ 1,599,500	\$ 2,148,458
Government	310,000		310,000	387,417
Individual	5,359		5,359	5,890
In-kind contributions (Note 7)	42,382		42,382	1,594
Total Support	<u>380,741</u>	<u>1,576,500</u>	<u>1,957,241</u>	<u>2,543,359</u>
Revenue				
Program service fees	4,501		4,501	45,504
Interest and other	25,866		25,866	9,793
Total Revenue	<u>30,367</u>	<u>-</u>	<u>30,367</u>	<u>55,297</u>
Support provided by expiring time and purpose restrictions	<u>2,203,663</u>	<u>(2,203,663)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>2,614,771</u>	<u>(627,163)</u>	<u>1,987,608</u>	<u>2,598,656</u>
<b>Expenses</b>				
Program	2,039,412		2,039,412	1,581,427
Management and general	396,130		396,130	257,385
Fundraising	115,589		115,589	63,479
Total Expenses	<u>2,551,131</u>	<u>-</u>	<u>2,551,131</u>	<u>1,902,291</u>
Change in net assets	63,640	(627,163)	(563,523)	696,365
Net Assets, beginning of year	<u>449,711</u>	<u>1,585,051</u>	<u>2,034,762</u>	<u>1,338,397</u>
Net Assets, end of year	<u>\$ 513,351</u>	<u>\$ 957,888</u>	<u>\$ 1,471,239</u>	<u>\$ 2,034,762</u>

See Notes to the Financial Statements

# MYPATH

## Statement of Cash Flows For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

	2019	2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (563,523)	\$ 696,365
Adjustments to reconcile change in net assets to cash provided (used) by operating activities		
Depreciation	25,637	35,356
Loss on Disposition	1,680	42
Change in assets and liabilities:		
Accounts receivable	53,686	(106,288)
Grants receivable	619,500	(426,897)
Prepaid expenses	3,765	(26,705)
Deposits	(29,266)	-
Accounts payable and accrued expenses	889	39,108
Accrued rent	21,634	-
Accrued paid time off	30,924	891
Net cash provided (used) by operating activities	<u>164,926</u>	<u>211,872</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	<u>(26,493)</u>	-
Net cash provided (used) by investing activities	<u>(26,493)</u>	-
Net change in cash and cash equivalents	138,433	211,872
Cash and cash equivalents, beginning of year	<u>779,992</u>	<u>568,120</u>
Cash and cash equivalents, end of year	<u>\$ 918,425</u>	<u>\$ 779,992</u>

See Notes to the Financial Statements

**MYPATH**

**Statement of Functional Expenses  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

	Program	Management and General	Fundraising	Total	
				2019	2018
Salaries	\$ 1,100,677	\$ 179,062	\$ 63,166	\$ 1,342,905	\$ 986,393
Retirement contributions	13,896	3,530	705	18,131	11,785
Employee benefits	86,056	13,334	4,961	104,351	81,645
Payroll taxes	88,359	13,524	5,268	107,151	82,580
Total Personnel	<u>1,288,988</u>	<u>209,450</u>	<u>74,100</u>	<u>1,572,538</u>	<u>1,162,403</u>
Contract services	368,273	100,583	25,436	494,292	464,291
Advertising and promotion	1,101	63	672	1,836	3,427
Supplies and office expense	74,340	12,653	5,341	92,334	36,424
Information technology	47,203	4,421	2,481	54,105	28,005
Occupancy	67,023	8,120	4,204	79,347	52,526
Travel and meals	93,757	10,505	384	104,646	45,195
Conferences and meetings	17,663	14,906	951	33,520	27,260
Depreciation	24,486	975	176	25,637	35,356
Insurance	4,668	501	300	5,469	4,261
Youth incentives	30,919	-	-	30,919	26,168
In-kind services	8,911	32,912	559	42,382	535
Staff development	5,042	117	765	5,924	9,751
Other expense	7,038	924	220	8,182	6,689
Total Expenses	<u>\$ 2,039,412</u>	<u>\$ 396,130</u>	<u>\$ 115,589</u>	<u>\$ 2,551,131</u>	<u>\$ 1,902,291</u>

See Notes to the Financial Statements



## MYPATH

### Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

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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).

##### **Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net assets without donor restrictions* – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net assets with donor restrictions* – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

## **MYPATH**

### **Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)**

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#### **Classification of Transactions**

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

#### **Accounting for Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

#### **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, 2019 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 Receivable**

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on a cost reimbursement or performance grants. The Organization considers all accounts receivable to be fully collectible at June 30, 2019. 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.

#### **Grants Receivable**

Grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Receivables that are expected to be collected in less than one year are reported at net realizable value. Receivables that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is

## MYPATH

### Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

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computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all grants receivable to be fully collectible at June 30, 2019. 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.

#### Accrued Rent

Certain of the Organization's leases may include non-level payment terms or rent free periods. The Organization recognizes rental expense for minimum lease payments from operating leases on a straight-line basis over the lease term, including any additional cancelable option periods where failure to exercise such options would result in an economic penalty.

#### 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.

#### 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, 2019.

#### 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

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### Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

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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.

#### Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support function. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on a time study activity report prepared by personnel during one pay period each quarter or quarterly estimate and review of time allocation.

Office expenses occupancy, supplies, insurance, and other expenses that cannot be directly identified are charged to a shared cost pool and then allocated based on employee allocations for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred. The Organization generally does not conduct fundraising activities in conjunction with its other activities. Advertising costs are expensed as incurred.

#### Changes in Accounting Principles

The Organization implemented FASB Accounting Standards Update No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at June 30, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 449,711	\$ -
Temporarily restricted net assets	1,585,051	-
Net assets without donor restrictions	-	449,711
Net assets with donor restrictions	-	1,585,051
Total	<u>\$ 2,034,762</u>	<u>\$ 2,034,762</u>

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### Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

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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, 2018, 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.

#### NOTE 3: PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 36,906	\$ 16,825
Internally developed software	95,754	95,754
Less accumulated depreciation	<u>(96,889)</u>	<u>(75,984)</u>
Total	<u>\$ 35,771</u>	<u>\$ 36,595</u>

#### NOTE 4: COMMITMENTS

##### Operating Leases

The Organization is party to a lease for office space in San Francisco, California which expires in May 2026 as well as certain other equipment leases. Future minimum operating lease payments are as follows for the years ended June 30:

2020	\$ 129,147
2021	129,157
2022	133,031
2023	137,022
2024	141,133
Thereafter	<u>281,596</u>
Total	<u>\$ 951,086</u>

Rent for the years ended June 30, 2019 and 2018 was \$77,118 and \$52,281, 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

## MYPATH

### Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

#### NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of June 30:

	<u>2019</u>	<u>2018</u>
Partnerships	\$ 613,358	\$ 1,210,675
Program technology	180,883	-
Research	126,535	369,376
Youth Engagement	34,112	-
Other	<u>3,000</u>	<u>5,000</u>
Total	<u>\$ 957,888</u>	<u>\$ 1,585,051</u>

#### NOTE 7: IN-KIND CONTRIBUTIONS

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

	<u>2019</u>	<u>2018</u>
Professional services	\$ 42,382	\$ 535
Goods and supplies	<u>-</u>	<u>1,059</u>
Total	<u>\$ 42,382</u>	<u>\$ 1,594</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 \$3,201 and \$3,690 for the years ended June 30, 2019 and 2018, respectively.

#### NOTE 9: CONCENTRATIONS

##### Cash Held in Bank Accounts

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by monitoring the financial strength of the financial institutions where such funds are held.

##### Support and Revenue

Government funding consisted of amounts received on a direct and indirect basis from the City and County of San Francisco. During the year ended June 30, 2019 three non-government funders provided 52% of total support and revenue.

##### Receivables

As of June 30, 2019 approximately 78% of accounts and grants receivables consisted of amounts due from one funder.

**MYPATH**

**Notes to the Financial Statements  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

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**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, 2019 and 2018, the Organization contributed \$18,131 and \$11,785 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, 2019:

<u>Grant</u>	<u>Condition</u>	<u>Amount</u>
Grant I	Program performance	\$ 650,000

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 partners with other funder approved nonprofits; \$250,000 in funds were accounted for on a pass through basis during the year ended June 30, 2019 as a result of these collaborations.

**NOTE 13: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are:

Financial assets:	
Cash and cash equivalents	\$ 918,425
Accounts receivable	89,993
Grants receivable	<u>537,500</u>
Total financial assets	1,545,918
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	<u>(957,888)</u>
Amount available for general expenditures within one year	<u>\$ 588,030</u>

**NOTE 14: SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and has concluded that as of December 8, 2019 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

**Grant Receipt**

In August 2019 the Organization received a grant award and payment of \$1,225,000.