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# **MyPATH**

## **FINANCIAL STATEMENTS**

**June 30, 2020**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)**

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**CROSBY & KANEDA**

Certified Public Accountants  
for Nonprofit Organizations

# MYPATH

## Contents

Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-14

**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, 2020, 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, 2020, 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Crosby & Lameda CPAs LLP*

Oakland, California

November 10, 2020

**MYPATH**

**Statement of Financial Position  
June 30, 2020  
(With Comparative Totals as of June 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 2,771,085	\$ 918,425
Accounts receivable	23,662	89,993
Contributions receivable	274,000	537,500
Prepaid expenses	22,476	44,140
Total Current Assets	<u>3,091,223</u>	<u>1,590,058</u>
Property and equipment (Note 3)	20,349	35,771
Deposits	<u>19,511</u>	<u>29,266</u>
Total Assets	<u>\$ 3,131,083</u>	<u>\$ 1,655,095</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 105,363	\$ 90,093
Pass through payable (Note 11)	188,655	-
Accrued paid time off	113,159	72,129
Accrued rent	27,888	21,634
Deferred revenue	21,563	-
Total Liabilities	<u>456,628</u>	<u>183,856</u>
Net Assets		
Without donor restrictions	571,840	513,351
With donor restrictions (Note 6)	<u>2,102,615</u>	<u>957,888</u>
Total Net Assets	<u>2,674,455</u>	<u>1,471,239</u>
Total Liabilities and Net Assets	<u>\$ 3,131,083</u>	<u>\$ 1,655,095</u>

See Notes to the Financial Statements

## MYPATH

### Statement of Activities For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2020	2019
<b>Support and Revenue</b>				
Support				
Foundation and corporate	\$ 145,000	\$ 2,866,345	\$ 3,011,345	\$ 1,599,500
Government	280,910		280,910	310,000
Paycheck Protection Program (Note 12)		367,580	367,580	-
Individual	9,022		9,022	5,359
In-kind contributions (Note 7)	36,000		36,000	42,382
Total Support	<u>470,932</u>	<u>3,233,925</u>	<u>3,704,857</u>	<u>1,957,241</u>
Revenue				
Program service fees	24,266		24,266	4,501
Interest and other	17,375		17,375	25,866
Total Revenue	<u>41,641</u>	<u>-</u>	<u>41,641</u>	<u>30,367</u>
Support provided by expiring time and purpose restrictions	2,089,198	(2,089,198)	-	-
Total Support and Revenue	<u>2,601,771</u>	<u>1,144,727</u>	<u>3,746,498</u>	<u>1,987,608</u>
<b>Expenses</b>				
Program	2,030,179		2,030,179	2,039,412
Management and general	315,894		315,894	396,130
Fundraising	197,209		197,209	115,589
Total Expenses	<u>2,543,282</u>	<u>-</u>	<u>2,543,282</u>	<u>2,551,131</u>
Change in net assets	58,489	1,144,727	1,203,216	(563,523)
Net Assets, beginning of year	<u>513,351</u>	<u>957,888</u>	<u>1,471,239</u>	<u>2,034,762</u>
Net Assets, end of year	<u>\$ 571,840</u>	<u>\$ 2,102,615</u>	<u>\$ 2,674,455</u>	<u>\$ 1,471,239</u>

See Notes to the Financial Statements

**MYPATH**

**Statement of Cash Flows  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	2020	2019
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,203,216	\$ (563,523)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities		
Depreciation	15,422	25,637
Loss on Disposition	-	1,680
Change in assets and liabilities:		
Accounts receivable	66,331	53,686
Contributions receivable	263,500	619,500
Prepaid expenses	21,664	3,765
Deposits	9,755	(29,266)
Accounts payable and accrued expenses	15,270	889
Partner payables	188,655	-
Accrued rent	6,254	21,634
Accrued paid time off	41,030	30,924
Deferred revenue	21,563	-
Net cash provided (used) by operating activities	1,852,660	164,926
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	-	(26,493)
Net cash provided (used) by investing activities	-	(26,493)
Net change in cash and cash equivalents	1,852,660	138,433
Cash and cash equivalents, beginning of year	918,425	779,992
Cash and cash equivalents, end of year	\$ 2,771,085	\$ 918,425

See Notes to the Financial Statements

**MYPATH**

**Statement of Functional Expenses  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	Program	Management and General	Fundraising	Total	
				2020	2019
Salaries	\$ 1,271,282	\$ 193,222	\$ 125,551	\$ 1,590,055	\$ 1,342,905
Retirement contributions	21,709	2,277	1,077	25,063	18,131
Other employee benefits	92,397	15,882	8,897	117,176	104,351
Payroll taxes	94,817	15,405	10,646	120,868	107,151
Total Personnel	<u>1,480,205</u>	<u>226,786</u>	<u>146,171</u>	<u>1,853,162</u>	<u>1,572,538</u>
Contract services	206,032	46,557	26,231	278,820	494,292
Advertising and promotion	2,457	317	121	2,895	1,836
Supplies and office expense	46,012	8,194	5,184	59,390	106,440
Information technology	25,886	3,257	1,692	30,835	54,105
Occupancy	112,400	21,313	9,098	142,811	79,347
Travel	58,352	1,458	601	60,411	104,646
Conferences and meetings	16,226	1,598	4,700	22,524	33,520
Depreciation	13,991	1,090	341	15,422	25,637
Insurance	7,110	1,004	550	8,664	5,469
Youth incentives	32,348	-	-	32,348	30,919
In-kind services	29,160	4,320	2,520	36,000	42,382
Total Expenses	<u>\$ 2,030,179</u>	<u>\$ 315,894</u>	<u>\$ 197,209</u>	<u>\$ 2,543,282</u>	<u>\$ 2,551,131</u>



## MYPATH

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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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 scaling 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. The Organization also trains and supports youth leaders to partner with staff to advocate for policies that increase youth access to financial capability and economic mobility supports and decrease related barriers.

#### 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 restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as

## **MYPATH**

### **Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)**

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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.

#### **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.

#### **Government Funding**

The Organization receives government funding on a cost reimbursement basis. Payment of amounts under such funding is conditioned on expenditure of funds on eligible costs and compliance with program terms and conditions. The Organization recognizes revenue from such government funding as related costs are incurred.

#### **Program Service fees**

The Organization offers workshops and training sessions under contract with third parties. Amounts for workshops are billed in advance, held as deferred revenue and then recognized over the related program offerings.

#### **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 IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2020 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

## **MYPATH**

### **Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)**

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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, 2020. 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.

#### **Contributions Receivable**

Contributions 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 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 contributions receivable to be fully collectible at June 30, 2020. 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.

#### **Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

#### **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.

## MYPATH

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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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, 2020.

#### 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.

#### Deferred Revenue

Deferred revenue represents funds received in advance of related performance obligations which have not yet been completely fulfilled.

#### 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.

## MYPATH

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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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.

#### 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, 2019, 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>2020</u>	<u>2019</u>
Furniture and equipment	\$ 36,906	\$ 36,906
Internally developed software	95,754	95,754
Less accumulated depreciation	<u>(112,311)</u>	<u>(96,889)</u>
Total	<u>\$ 20,349</u>	<u>\$ 35,771</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:

2021	\$ 129,157
2022	133,031
2023	137,022
2024	141,133
2025	145,367
Thereafter	<u>136,229</u>
Total	<u>\$ 821,939</u>

Rent for the years ended June 30, 2020 and 2019 was \$134,205 and \$77,118, respectively.

**MYPATH**

**Notes to the Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

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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 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>2020</u>	<u>2019</u>
Purpose restricted	\$ 1,752,615	\$ 957,888
For future use	<u>350,000</u>	<u>-</u>
Total	<u>\$ 2,102,615</u>	<u>\$ 957,888</u>

**NOTE 7: IN-KIND CONTRIBUTIONS**

The Organization received the benefit of in-kind consulting services valued at \$36,000 and \$42,382 for the years ending June 30, 2020 and 2019, respectively.

**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 \$1,914 and \$3,201 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 9: CONCENTRATIONS**

**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.

**Contributions Receivables**

As of June 30, 2020 approximately 36% of contributions receivables were from one funder.

**Support and Revenue**

During the year ended June 30, 2020 two funders provided approximately 49% of total support and revenue.

**Paycheck Protection Program**

The Small Business Administration reserves the right to audit any application for forgiveness under the Paycheck Protection Program, and such audit activity, if any, may result in changes to amounts forgiven or a requirement to return funds received under the program. Program rules may be updated after initial program roll-out, and future updates

## MYPATH

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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may effect amounts forgiven. The Organization believes it has complied with the terms of the Paycheck Protection Program.

#### 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, 2020 and 2019, the Organization contributed \$25,063 and \$18,131 to the plan, respectively.

#### NOTE 11: PASS THROUGH PAYABLE

In addition to the activity reflected in the financial statements the Organization partners with other funder approved nonprofits; \$160,000 and \$250,000 in funds were accounted for on a pass through basis during the years ended June 30, 2020 and 2019, respectively, as a result of these collaborations. As of June 30, 2020, pass through payables totaled \$188,655.

#### NOTE 12: PAYCHECK PROTECTION PROGRAM

In April 2020 the Organization received a Paycheck Protection Program (PPP) Loan of \$367,580 bearing interest of 1% with a maturity date of May 2022. The Organization expects to meet the PPP's eligibility criteria and concluded that the loan represents, in substance, funding from a governmental assistance program. The Organization accounts for such funding in accordance with *FASB ASC 958-605* as conditional support based on compliance with program terms and allocation of eligible costs. The Organization fully utilized its PPP funding and recognized \$367,580 as support during the year ended June 30, 2020.

#### 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, 2020 are:

Cash and cash equivalents	\$ 2,771,085
Accounts receivable	23,662
Contributions receivable	274,000
Less purpose-restricted net assets	<u>(1,752,615)</u>
Total	<u>\$ 1,316,132</u>

#### NOTE 14: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of November 10, 2020 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

##### **Public Health Order - Coronavirus**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March

## **MYPATH**

### **Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)**

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2020, the WHO classified the COVID-19 outbreak as a pandemic and the Organization and the area it operates in was subject to a public health order related to COVID-19 coronavirus which affected activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.

#### **NOTE 15: ACCOUNTING STANDARDS UPDATES**

The Organization adopted *ASU 2018-08 - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 updated the evaluation of contributions for conditionality, the classification of revenue between contract revenue and support, removes the exception for remote conditions as a barrier to recognition and makes certain other changes with respect to the accounting of contributions received and made. The adoption of this update did not result in a material change to the Organization's financials.