

**MINDS MATTER OF SAN FRANCISCO, INC.**

Reviewed Financial Statements

June 30, 2021

## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors of  
Minds Matter of San Francisco, Inc.

We have reviewed the accompanying financial statements of Minds Matter of San Francisco, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***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 the financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountant's Responsibility***

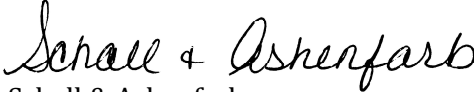
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

***Summarized Comparative Information***

We previously reviewed Minds Matter of San Francisco, Inc.'s June 30, 2020 financial statements and in our conclusion dated January 19, 2021, stated that based on our review, we were not aware of any material modifications that should be made to the June 30, 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2020, for it to be consistent with the reviewed financial statements from which it has been derived.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

February 7, 2022

**MINDS MATTER OF SAN FRANCISCO, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT JUNE 30, 2021**  
(With comparative totals at June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
<b>Assets</b>		
Cash and cash equivalents	\$1,006,820	\$595,426
Pledges receivable	40,917	50,000
Prepaid expenses	<u>56,534</u>	<u>11,250</u>
Total assets	<u><u>\$1,104,271</u></u>	<u><u>\$656,676</u></u>
<b>Net Assets and Liabilities</b>		
Liabilities:		
Accounts payable and accrued expenses	\$23,592	\$11,075
Paycheck Protection Program loan (Note 4)	0	21,929
Total liabilities	<u>23,592</u>	<u>33,004</u>
Net assets:		
Without donor restrictions	<u>1,080,679</u>	<u>623,672</u>
Total net assets	<u><u>1,080,679</u></u>	<u><u>623,672</u></u>
Total liabilities and net assets	<u><u>\$1,104,271</u></u>	<u><u>\$656,676</u></u>

*See accompanying notes and independent accountant's review report.*

**MINDS MATTER OF SAN FRANCISCO, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(With comparative totals for the year ended June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
<b>Without donor restrictions:</b>		
Public support and revenue:		
Contributions	\$330,607	\$311,682
Paycheck Protection Program (Note 4)	21,929	0
Special events, net (Note 5)	461,087	230,292
In-kind legal services (Note 6)	30,000	30,000
Total public support and revenue	<u>843,623</u>	<u>571,974</u>
Expenses:		
Program services	<u>206,794</u>	<u>144,237</u>
Supporting services:		
Management and general	55,408	111,400
Fundraising	<u>124,414</u>	<u>73,084</u>
Total supporting services	<u>179,822</u>	<u>184,484</u>
Total expenses	<u>386,616</u>	<u>328,721</u>
Change in net assets	457,007	243,253
Net assets - beginning of year	<u>623,672</u>	<u>380,419</u>
Net assets - end of year	<u><u>\$1,080,679</u></u>	<u><u>\$623,672</u></u>

*See accompanying notes and independent accountant's review report.*

**MINDS MATTER OF SAN FRANCISCO, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(With comparative totals for the year ended June 30, 2020)

	Program Services	Supporting Services		Total Supporting Services	Total Expenses 6/30/21	Total Expenses 6/30/20
		Management and General	Fundraising			
Salaries and payroll taxes	\$80,966	\$40,483	\$40,483	\$80,966	\$161,932	\$129,477
Summer programs, mentee materials, and waivers	33,160			0	33,160	72,644
Community expenses	13,114			0	13,114	12,684
Team building and development	18,389			0	18,389	0
College scholarships	31,165			0	31,165	15,750
License fees - Minds Matter, Inc. (Note 3)		12,532		12,532	12,532	5,417
Marketing and general fundraising			60,895	60,895	60,895	12,361
Special event expenses			23,036	23,036	23,036	118,662
Office expenses and supplies		2,393		2,393	2,393	32,824
In-kind legal services (Note 6)	30,000			0	30,000	30,000
Total expenses	206,794	55,408	124,414	179,822	386,616	429,819
Less direct special event expenses netted with revenue				0	0	(101,098)
Total expenses for statement of activities	<u>\$206,794</u>	<u>\$55,408</u>	<u>\$124,414</u>	<u>\$179,822</u>	<u>\$386,616</u>	<u>\$328,721</u>

*See accompanying notes and independent accountant's review report.*

**MINDS MATTER OF SAN FRANCISCO, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(With comparative totals for the year ended June 30, 2020)

	6/30/21	6/30/20
Cash flows from operating activities:		
Change in net assets	\$457,007	\$243,253
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Changes in assets and liabilities:		
Pledges receivable	9,083	(50,000)
Prepaid expenses	(45,284)	12,742
Accounts payable and accrued expenses	12,517	0
Paycheck Protection Program loan	(21,929)	21,929
Total adjustments	(45,613)	(15,329)
Net cash flows provided by operating activities/ net increase in cash and cash equivalents	411,394	227,924
Cash and cash equivalents - beginning of year	595,426	367,502
Cash and cash equivalents - end of year	\$1,006,820	\$595,426
No interest or taxes were paid.		

*See accompanying notes and independent accountant's review report.*

**MINDS MATTER OF SAN FRANCISCO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Organization**

Minds Matter of San Francisco, Inc. (the “Organization”) is a not-for-profit organization that is dedicated to bringing bright and motivated inner-city high school students together with dedicated mentors to achieve academic excellence and expand educational horizons.

The Organization entered into an affiliation and license agreement with Minds Matter, Inc. which grants the Organization rights to use the licensed marks of Minds Matter, Inc.

The Organization’s support comes primarily from individual, corporate and foundation donors’ contributions as well as special event fundraising activities.

Minds Matter, Inc. has been notified by the Internal Revenue Service that they are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. They have not been determined to be a private foundation as defined in Section 509(a). Minds Matter of San Francisco, Inc. is a part of Minds Matter, Inc.’s IRS group exemption.

**Note 2 - Significant Accounting Policies**

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation

Contributions and net assets are classified based upon the existence or absence of donor-imposed restrictions as follows: net assets without donor restrictions and net assets with donor restrictions. Because the Organization did not receive any donor restricted contributions during the years ended June 30, 2021 or 2020, all activity is recorded in the without donor restrictions net asset class.

c. Contributions

The Organization follows the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature.

Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.



Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Contributions that are due within one year are recorded at net realizable value. All pledges receivable at June 30, 2021 are expected to be received within 12 months. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. Management assesses receivable balances for collectability. Based on a review of several factors, including the credit worthiness of the donor and historical experience, management deems these receivables to be fully collectable and has not established any reserves.

d. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash and money market accounts. The Organization places its temporary cash and money market accounts with a financial institution that management deems to be creditworthy. At times, balances may exceed federally insured limits; however, the Organization has not experienced any losses from these accounts due to failure of financial institutions.

f. Donated Services

The Organization recognizes contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills and would typically be purchased if not donated.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria to be recorded and have not been included in the financial statements. See Note 6 for further details.

g. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

h. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following costs are allocated using time and effort as the basis:

- Salaries
- Payroll taxes and employee benefits

All other expenses have been charged directly to the applicable program or supporting services.

i. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2018 and later are subject to examination by applicable taxing authorities.

j. Comparative Financial 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020 from which the summarized information was derived.

k. New Accounting Pronouncement

FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

The Organization is in the process of evaluating the impact this standard will have on future financial statements.

**Note 3 - Related Party Transaction**

The Organization has signed an affiliation and license agreement to use the licensed marks of Minds Matter, Inc. The license fees are used to pay program and administrative costs incurred by Minds Matter, Inc. The Organization paid \$12,532 and \$5,417 in license fees for the years ended June 30, 2021 and 2020, respectively.

**Note 4 - Paycheck Protection Program**

During the year ended June 30, 2020, the Organization obtained a loan from the Small Business Administration ("SBA") in the amount of \$21,929 through the Paycheck Protection Program ("PPP"). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. Portions of the loan that were not forgiven are payable over a five-year period, with a ten-month deferral of payment and interest accruing at 1%. The Organization accounts for the PPP loan as a contribution in accordance with FASB ASC 958-605. The conditions for forgiveness on this loan were met during the year ended June 30, 2021 and the full amount was recognized as revenue during the year then ended.

**Note 5 - Special Events**

A summary of the special events is as follows:

	<u>June 30, 2021</u>		
	<u>Virtual Event</u>	<u>Soiree</u>	<u>Total</u>
Gross revenue	\$351,127	\$109,960	\$461,087
Less: expenses with a direct benefit to donor	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
	351,127	109,960	461,087
Less: other event expenses	<u>(13,618)</u>	<u>(9,418)</u>	<u>(23,036)</u>
Total	<u>\$337,509</u>	<u>\$100,542</u>	<u>\$438,051</u>

	<u>June 30, 2020</u>		
	<u>Annual Gala</u>	<u>Soiree</u>	<u>Total</u>
Gross revenue	\$92,300	\$239,090	\$331,390
Less: expenses with a direct benefit to donor	<u>(64,013)</u>	<u>(37,085)</u>	<u>(101,098)</u>
	28,287	202,005	230,292
Less: other event expenses	<u>(9,230)</u>	<u>(9,208)</u>	<u>(18,438)</u>
Total	<u>\$19,057</u>	<u>\$192,797</u>	<u>\$211,854</u>

**Note 6 - In-Kind Contributions**

The Organization received in-kind legal services with an estimated value of \$30,000 for the years ended June 30, 2021 and 2020.

The Organization received donated services from a variety of unpaid volunteers to assist programs or provide administrative assistance. No amounts have been recognized because the criteria for recognition of such volunteers have not been satisfied. The estimated hours of services provided by unpaid volunteers for the year ended June 30, 2021 are as follows:

<u>Volunteers</u>	
Mentors	9,240
Executive committee	350

**Note 7 - Liquidity and Availability of Financial Resources**

At June 30, 2021, the financial assets available to meet cash needs for general expenditures for the upcoming financial year totaling \$1,047,737, which consisted of cash of \$1,006,820 and pledges receivable of \$40,917. The Organization maintains cash on hand to be available for general expenditures and on-going operations.

**Note 8 - Subsequent Events**

Subsequent events have been evaluated through February 7, 2022, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.

**Note 9 - Other Matters**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.