

**Minds Matter of Bay Area, Inc.**

Reviewed Financial Statements

June 30, 2023

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## Independent Accountant's Review Report

To the Board of Directors of  
Minds Matter of Bay Area, Inc.

We have reviewed the accompanying financial statements of Minds Matter of Bay Area, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2023, 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.

### Emphasis of a Matter - Report on Restatement Adjustments to 2022 Financial Statements

As part of our review of the 2023 financial statements, we also reviewed the adjustments described in Note 6 that were applied to restate the 2022 financial statements. Based on our review, we are not aware of any material modifications that should be made to the adjustments that were applied to restate the 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to the matter emphasized.

### 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.

### 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 American Institute of Certified Public Accountants. 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.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### 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.

*Sax CPAs LLP*

New York, NY  
May 13, 2024

# Minds Matter of Bay Area, Inc.

## Statement of Financial Position

At June 30, 2023

<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,852,187
Other assets	<u>25,290</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,877,477</u></b>
<b>NET ASSETS</b>	
<b>NET ASSETS</b>	
Without donor restrictions	\$ 1,877,477
Total net assets	<u>1,877,477</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,877,477</u></b>

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

# Minds Matter of Bay Area, Inc.

## Statement of Activities

For the Year Ended June 30, 2023

### WITHOUT DONOR RESTRICTIONS

#### PUBLIC SUPPORT AND REVENUE

Individual contributions	\$ 125,401
Foundation contributions	26,064
Corporate contributions	978,233
Special events, net	9,253
Other revenue	32,157
In-kind counselors	96,733
In-kind legal services	67,200
	<hr/>
Total public support and revenue	<b>1,335,041</b>

#### EXPENSES

Program services	<hr/> 519,092
Supporting services:	
Management and general	174,264
Fundraising	146,093
Total supporting services	<hr/> 320,357
Total expenses	<hr/> 839,449

**Change in net assets** **495,592**

**NET ASSETS, *beginning of year, as restated*** **1,381,885**

**NET ASSETS, *end of year*** **\$ 1,877,477**

# Minds Matter of Bay Area, Inc.

## Statement of Functional Expenses

For the Year Ended June 30, 2023

	Supporting Services			Total Supporting Services	Total
	Program Services	Management and General	Fundraising		
Salaries and payroll taxes	\$ 250,398	\$ 51,785	\$ 51,785	\$ 103,570	\$ 353,968
Summer program	61,433	-	-	-	61,433
Community expenses	90,257	-	-	-	90,257
Team building and development	20,271	-	-	-	20,271
License fees - Minds Matter, Inc.	-	14,600	-	14,600	14,600
Marketing and general fundraising	-	-	-	-	-
Special event expenses	-	-	94,308	94,308	94,308
Office expenses and supplies	-	40,679	-	40,679	40,679
In-kind counselors	96,733	-	-	-	96,733
In-kind legal	-	67,200	-	67,200	67,200
<b>Total expenses</b>	<b>\$ 519,092</b>	<b>\$ 174,264</b>	<b>\$ 146,093</b>	<b>\$ 320,357</b>	<b>\$ 839,449</b>

See accompanying notes and independent accountant's review report.

# Minds Matter of Bay Area, Inc.

## Statement of Cash Flows

For the Year Ended June 30, 2023

### CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 495,592
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Changes in assets and liabilities:	
Contributions receivable	50,000
Other assets	(18,188)
Accounts payable and accrued expenses	(15,640)
Total adjustments	<u>16,172</u>
<b>Net increase in cash and cash equivalents</b>	<b>511,764</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<u>1,340,423</u>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<u><b>\$ 1,852,187</b></u>

No interest or taxes were paid.

# Minds Matter of Bay Area, Inc.

## Notes to Financial Statements

June 30, 2023

### Note 1 - Organization

Minds Matter of Bay Area, 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 donors' contributions as well as special event fundraising activities.

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

### Note 2 - Summary of Significant Accounting Policies

#### a. Basis of Accounting

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

#### b. Recently Adopted Accounting Standards

Effective July 1, 2022, the Organization adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected transition relief that allows entities, in the period of adoption, to present the current period under the FASB's Accounting Standards Codification ("ASC") 842 and the comparative period under FASB ASC 840. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. The adoption did not result in a material effect on amounts reported in the statement of activities for the year ended June 30, 2023.

#### c. Basis of Presentation

The financial statements are presented in accordance with the provisions of FASB ASC 958 - *Presentation of Financial Statement of Not-For-Profit Entities*. Under FASB ASC 958, the Organization reports information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets without Donor Restrictions* - represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets with Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. There were no net assets with donor restrictions at June 30, 2023.



# Minds Matter of Bay Area, Inc.

## Notes to Financial Statements

June 30, 2023

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *d. Revenue Recognition*

The Organization follows the requirements of FASB ASC 958-605 - *Revenue Recognition* for recording contributions, which are recognized at the time a contribution 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.

Special event revenue is comprised of payments received from third parties to support and/or attend fundraising events. Special event revenue includes an exchange transaction component for the value of the goods or services rendered, which follows revenue recognition guidance under FASB ASC 606 - *Revenue from Contracts with Customers*. The amount paid by third parties that is above the value of goods or services is considered a contribution. Revenue is recognized at the time the fundraising event occurs.

Contributions that are due within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

#### *e. 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.

#### *f. Concentration of Credit Risk*

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of cash accounts and investment securities, which are placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. There were no uninsured balances at year-end, and the Organization has not experienced any losses due to the failure of a financial institution.

#### *g. Contributed Services*

Donated services that either create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind, are recognized at fair value. Board members and other volunteers have donated a significant amount of time, but these services have not been recorded because they do not meet the criteria outlined above. See Note 5 for further details.

# Minds Matter of Bay Area, Inc.

## Notes to Financial Statements

June 30, 2023

### **Note 2 - Summary of Significant Accounting Policies - Continued**

#### *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. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Salaries were allocated using time and effort as the basis. Payroll taxes, and office expenses and supplies were allocated using salaries as the basis. All other expenses have been charged directly to the applicable program or supporting services.

#### *i. Advertising Costs*

Advertising costs are expensed as incurred.

#### *j. Use of Estimates*

The preparation of financial statements in conformity 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.

#### *k. Accounting for Uncertainty of Income Taxes*

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2020 and later are subject to examination by applicable taxing authorities.

### **Note 3 - Related Party Transactions**

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 \$14,600 in license fees for the year ended June 30, 2023.

### **Note 4 - Liquidity and Availability of Financial Resources**

At June 30, 2023, the financial assets available to meet cash needs for general expenditures for the upcoming fiscal year consisted of cash and cash equivalents totaling \$1,852,187. The Organization maintains cash on hand to be available for general expenditure and ongoing operations.

### **Note 5 - In-kind Contributions**

The Organization received in-kind legal services with an estimated value of \$67,200 for the year ended June 30, 2023. Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services and are allocated to management and general on the statement of functional expenses.

# Minds Matter of Bay Area, Inc.

## Notes to Financial Statements

June 30, 2023

### **Note 5 - In-kind Contributions - Continued**

The Organization also received in-kind counselor services with an estimated value of \$96,733 for the year ended June 30, 2023. These services are valued at the estimated fair value based on current rates for similar services and are included in program services on the statement of functional expenses.

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, 2023 totaled 42,400. Had these services met the criteria for recognition, the estimated value would be approximately \$1,582,373.

### **Note 6 - Prior Period Adjustment**

A restatement was made to reduce the opening balance of net assets by \$149,645. This was a result of pledges receivable that had been collected during the year ended June 30, 2022 totaling \$97,000 that were initially recorded during the year ended June 30, 2022 as contributions, and prepaid balances totaling \$52,645 that were expended during the year ended June 30, 2022 that were initially recorded as prepaid expenses at June 30, 2022.

### **Note 7 - Subsequent Events**

Subsequent events have been evaluated through May 13, 2024, 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.