

**MISSION BIT**

**Financial Statements for the Year Ended  
December 31, 2018  
and Independent Accountants' Review Report**

# MISSION BIT

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of  
Mission Bit  
San Francisco, California

We have reviewed the accompanying financial statements of Mission Bit (a California nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2018, 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 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.

Harrison & Lane, a.c.

January 23, 2020  
Pleasanton, California

**MISSION BIT**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018**

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**ASSETS**

Cash and cash equivalents	\$	23,490
Contributions receivable		61,577
Property and equipment		52,500
Less: Accumulated depreciation		<u>(52,500)</u>
Total assets	\$	<u><u>85,067</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued liabilities	\$	<u>28,040</u>
Total liabilities		<u>28,040</u>

**NET ASSETS**

Net assets without donor restrictions		<u>57,027</u>
Total net assets		<u>57,027</u>
Total liabilities and net assets	\$	<u><u>85,067</u></u>

See accompanying notes and independent accountants' review report.

# MISSION BIT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

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### NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues:

Contributions	\$ 495,912
Program fees	26,085
Gala revenue	117,500
Less: Direct benefits to attendees	(83,263)
Total revenues	<u>556,234</u>

Net assets released from restrictions 180,918

Total revenues and net assets released  
from restrictions 737,152

Expenses:

Program services 574,711

Supporting services:

General and administrative	63,401
Fundraising	39,645
Total supporting services	<u>103,046</u>

Total expenses 677,757

Change in net assets without donor restrictions 59,395

### NET ASSETS WITH DONOR RESTRICTIONS

Net assets released from restrictions (180,918)

Change in net assets with donor restrictions (180,918)

**CHANGE IN NET ASSETS** (121,523)

**NET ASSETS, BEGINNING OF YEAR** 178,550

**NET ASSETS, END OF YEAR** \$ 57,027

See accompanying notes and independent accountants' review report.

## MISSION BIT

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2018

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	<u>Program</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 456,082	\$ 19,727	\$ 15,925	\$ 491,734
Professional fees	30,033	35,102	17,000	82,135
Rent	22,243	1,390	4,171	27,804
Program materials	33,981	-	-	33,981
Insurance	6,137	3,515	245	9,897
Stipend	8,475	-	-	8,475
Meals and travel	7,604	-	-	7,604
Depreciation	6,250	-	-	6,250
Dues and subscriptions	1,649	870	1,200	3,719
Office supplies	-	2,202	-	2,202
Stationery and printing	1,226	-	817	2,043
Telephone and communications	450	30	120	600
Promotional	581	-	-	581
Postage and delivery	-	545	-	545
Bank charges	-	-	167	167
Utilities	-	20	-	20
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 574,711</u>	<u>\$ 63,401</u>	<u>\$ 39,645</u>	<u>\$ 677,757</u>

See accompanying notes and independent accountants' review report.

**MISSION BIT**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (121,523)
Adjustments to reconcile change in net assets to cash flows from operating activities:	
Depreciation	6,250
Change in assets and liabilities that provided (used) cash:	
Contributions receivable	(12,832)
Accounts payable and accrued liabilities	<u>1,090</u>
Net cash used in operating activities	<u>(127,015)</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS** (127,015)

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 150,505

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$ 23,490

See accompanying notes and independent accountants' review report.

## MISSION BIT

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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#### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

**Organization** – Mission Bit, (the "Organization") is organized and exists under the laws of the State of California with its offices located in San Francisco, California. The Organization's mission is to eliminate the tech divide for youth living in urban poverty and rural areas across the San Francisco Bay Area by building computer programming and professional opportunity pathways for public school students.

**Basis of accounting** - The Organization uses the accrual basis of accounting, which recognizes income in the period earned and expenses when incurred.

**Classification of net assets** - The Organization reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions.

**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. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents** - The Organization considers all temporary investments with original maturities of three months or less to be cash equivalents.

**Contributions receivable** - Unconditional contributions receivable are reported at fair value and are recognized in the period promised. Delinquent contributions receivable do not accrue interest. The Organization continually monitors the credit worthiness of each account and recognizes allowances for estimated bad debts on accounts that are no longer estimated to be collectible. The Organization regularly adjusts any allowance for subsequent collections and final determination that a receivable is no longer collectible. Bad debt recoveries are included in income as realized. The Organization had no allowance for bad debts as of December 31, 2018. There have been no material bad debts in 2018.

**Property and equipment** - The Organization capitalizes all property and equipment with a cost greater than \$500. Property and equipment is carried at cost, or if donated, at the estimated fair value on the date of donation. Depreciation expense totaled \$6,250 for the year ended December 31, 2018. At December 31, 2018, property and equipment consisted of computer equipment with fully depreciated lives of three years.

**Contributions** - Contributions are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor stipulations regarding use or implied time restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon expiration of the time and satisfaction of the donor and/or program restrictions. Unconditional promises to give are recorded as pledged. Net assets whose restrictions are met in the period pledged are recognized directly as net assets without donor restrictions.

**Contributions in-kind** - Contributions of donated assets or services that create or enhance non-financial assets or that require specialized skills, and typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

**Income taxes** - The Organization is exempt from federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. As a result, no provision for federal or state income taxes has been made in the accompanying financial statements.

The Organization has evaluated its tax positions taken for all open tax years. Currently, the 2015 through 2017 information returns are open and subject to examination. In management's judgment there are no uncertain tax positions as of December 31, 2018.

**Functional Expense Classification** - The Organization charges and allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with the program or support service are assigned directly. Expenses common to several functions are allocated based on a measure of usage that best relates to the particular expense.

Program costs include activities that result in goods and services being distributed to beneficiaries, customers, or members that fulfill the purpose or mission for which the Organization exists.

Support services include general and administrative costs and fundraising costs. General and administrative costs include oversight, business management, general record keeping, budgeting, financing, and related administrative activities. Fundraising costs include outreach to members; writing grant proposals; and conducting other activities involved with soliciting contributions.

**Credit Risk** - Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and contributions receivable. Deposits did not exceed the maximum federal deposit insurance limits at December 31, 2018. The Organization does not require collateral for its receivables, and has not experienced any losses in such amounts. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and receivable balances.

## 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year at December 31, 2018 consisted of the following:

Cash and cash equivalents	\$	23,490
Contributions receivable		<u>61,577</u>
Total financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>85,067</u></u>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

## 3. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 23, 2020, which is the date the financial statements were available to be issued.

## 4. CONCENTRATIONS

One donor comprised 100% of contributions receivable at December 31, 2018. Three donors comprised 79% of contribution revenue during the year ended December 31, 2018.