



MISSION BIT

(A California Not-for-Profit Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND DECEMBER 31, 2019



MISSION BIT

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Independent Accountant's Review Report

Board of Directors
Mission Bit

We have reviewed the accompanying financial statements of Mission Bit (a California not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and December 31, 2019, and the related statements of activities, functional expenses and cash flows for the years 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 organization 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 reviews, 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.

RINA Accountancy LLP

Certified Public Accountants

San Francisco, California
June 28, 2021

MISSION BIT

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
CURRENT:		
Cash and cash equivalents	\$ 512,871	\$ 29,805
Investments	2,878	-
Contributions receivable	196,170	141,072
Prepaid expenses	6,500	-
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	718,419	170,877
FURNITURE AND EQUIPMENT, net	5,904	-
	<hr/>	<hr/>
OTHER:		
Contributions receivable	100,000	-
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 824,323</u>	<u>\$ 170,877</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ -	\$ 2,303
Accrued payroll and other related liabilities	17,904	17,638
Current portion of long term debt	44,719	-
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TOTAL CURRENT LIABILITIES	62,623	19,941
LONG-TERM DEBT	129,627	-
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TOTAL LIABILITIES	192,250	19,941
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Without Donor Restriction	265,073	150,936
With Donor Restrictions	367,000	-
	<hr/>	<hr/>
TOTAL NET ASSETS	632,073	150,936
	<hr/>	<hr/>
TOTAL LIABILITES AND NET ASSETS	<u>\$ 824,323</u>	<u>\$ 170,877</u>

See accompanying independent accountant's review report and notes to financial statements.

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STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE:			
Corporate contributions	\$ 12,994	\$ -	\$ 12,994
Foundation grants	181,329	367,000	548,329
Government contracts	348,836	-	348,836
Individual contributions	37,557	-	37,557
In-kind contributions	47,525	-	47,525
Gala revenue, net	109,549	-	109,549
Other income	14	-	14
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING SUPPORT AND REVENUE	<u>737,804</u>	<u>367,000</u>	<u>1,104,804</u>
OPERATING EXPENSES:			
Programs	513,186	-	513,186
Management and general	66,765	-	66,765
Fundraising	43,716	-	43,716
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	<u>623,667</u>	<u>-</u>	<u>623,667</u>
CHANGE IN NET ASSETS	114,137	367,000	481,137
NET ASSETS, beginning of year	<u>150,936</u>	<u>-</u>	<u>150,936</u>
NET ASSETS, end of year	<u>\$ 265,073</u>	<u>\$ 367,000</u>	<u>\$ 632,073</u>

See accompanying independent accountant's review report and notes to financial statements.

MISSION BIT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE:			
Corporate contributions	\$ 11,461	\$ -	\$ 11,461
Foundation grants	85,000	-	85,000
Government contracts	434,526	-	434,526
Individual contributions	77,707	-	77,707
Gala revenue, net	33,806	-	33,806
Other income	7,250	-	7,250
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING SUPPORT AND REVENUE	649,750	-	649,750
OPERATING EXPENSES:			
Program expenses:	412,808	-	412,808
Management and general	74,175	-	74,175
Fundraising	68,858	-	68,858
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	555,841	-	555,841
CHANGE IN NET ASSETS	93,909	-	93,909
NET ASSETS, beginning of year	57,027	-	57,027
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NET ASSETS, end of year	\$ 150,936	\$ -	\$ 150,936

See accompanying independent accountant's review report and notes to financial statements.

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STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 384,533	\$ 13,184	\$ 17,714	\$ 415,431
Professional fees	-	48,362	21,745	70,107
In-kind expense	47,525	-	-	47,525
Rent	20,066	427	905	21,398
Program materials	43,341	-	-	43,341
Insurance	8,866	189	400	9,455
Stipend	5,074	-	-	5,074
Meals and travel	1,063	84	20	1,167
Depreciation	-	1,181	-	1,181
Dues and subscriptions	491	1,321	1,737	3,549
Office supplies	212	518	1,195	1,925
Telephone and communications	-	600	-	600
Promotional	2,015	-	-	2,015
Postage and delivery	-	736	-	736
Taxes & licenses	-	130	-	130
Bank charges	-	33	-	33
Total functional expenses	<u>\$ 513,186</u>	<u>\$ 66,765</u>	<u>\$ 43,716</u>	<u>\$ 623,667</u>

See accompanying independent accountant's review report and notes to financial statements.

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STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 357,154	\$ 21,573	\$ 18,922	\$ 397,649
Professional fees	12,089	40,105	42,942	95,136
Rent	20,201	2,799	2,799	25,799
Program materials	3,906	2,312	1,362	7,580
Insurance	3,001	416	416	3,833
Stipend	2,775	-	-	2,775
Meals and travel	1,857	-	1,211	3,068
Depreciation	-	-	-	-
Dues and subscriptions	10,197	465	930	11,592
Office supplies	1,485	166	128	1,779
Telephone and communications	-	603	-	603
Promotional	-	4,875	-	4,875
Postage and delivery	100	775	-	875
Taxes & Licenses	-	75	75	150
Bank charges	43	11	73	127
Total functional expenses	<u>\$ 412,808</u>	<u>\$ 74,175</u>	<u>\$ 68,858</u>	<u>\$ 555,841</u>

See accompanying independent accountant's review report and notes to financial statements.

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STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>December 31, 2020</u>	<u>Year Ended</u> <u>December 31, 2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 481,137	\$ 93,909
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,181	-
Realized and unrealized (gains) and losses	(14)	-
Changes in operating assets and liabilities:		
Contributions receivable	(155,098)	(79,495)
Prepaid expenses	(6,500)	-
Accounts payable and accrued expense	(2,303)	2,303
Accrued payroll and other related liabilities	266	(10,402)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>318,669</u>	<u>6,315</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(7,085)	-
Purchase of investments	(2,864)	-
NET CASH USED BY INVESTING ACTIVITIES	<u>(9,949)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term debt	174,346	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>174,346</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	483,066	6,315
CASH AND CASH EQUIVALENTS, beginning of year	<u>29,805</u>	<u>23,490</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 512,871</u>	<u>\$ 29,805</u>

See accompanying independent accountant's review report and notes to financial statements.

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NOTES TO THE FINANCIAL STATEMENTS – DECEMBER 31, 2020 AND DECEMBER 31, 2019

Note 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Purpose and 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 prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial statement presentation:

The Organization prepares its financial statements following professional accounting standards where the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of these categories are as follows:

Without donor restrictions:

The portion of net assets available for use in general operations and not subject to donor-imposed restrictions.

With donor restrictions:

The portion of net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, this is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to support without donor restrictions.

Cash and cash equivalents:

Cash and cash equivalents consist of funds held in a commercial account for operating expenses. The Organization considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

Investments:

All securities with readily determinable market values are carried at estimated fair value based on quoted market prices as of December 31, 2020. Investments received through gifts are recorded at estimated fair value at the date of donation. Realized and unrealized gains and losses are reflected in the Statement of Activities. Dividend and interest income are accrued when earned.

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NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2020 AND DECEMBER 31, 2019

Note 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 allowance 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. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

Management believes all contributions receivable are fully collectible; therefore, no allowance for doubtful accounts has been included in the financial statements as of December 31, 2020 and December 31, 2019.

Property and equipment:

The Organization capitalizes all property and equipment with a cost greater than \$500. Property and equipment are recorded at cost, or if donated, at the estimated fair value on the date of donation, and depreciated on a straight-line basis over their estimated useful life of six years. Major additions are capitalized, and repair and maintenance that do not improve or extend the life of the assets are expensed.

Grants and contributions:

The Organization's support and revenue consist mainly of grants from foundations and corporations, contributions from individuals. Grants and contributions without donor-imposed restrictions are reported as unrestricted support. Grants and contributions are reported as either with donor restriction or without donor restriction, depending upon the type of restriction. If restricted contributions are received and the restriction is satisfied in the same year, the contribution is recognized as without donor restrictions. Unconditional promises to give are recorded as pledged.

The satisfaction of an imposed restriction related to grants or contributions are recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statement of activities. Such transactions are recorded as net assets released from restrictions and are reported separately from other transactions.

In-kind donated services:

Contributions of in-kind services are recognized when received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not donated. In-kind contributions are recorded at their fair value in the period received. In-kind services were recognized for \$47,525 and \$0 for the years ended December 31, 2020 and December 31, 2019, respectively.

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NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2020 AND DECEMBER 31, 2019

Note 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Income taxes:

The Organization has been classified as a publicly supported, tax-exempt organization under section 501(c)(3) of the Internal Revenue Code (the IRC), and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

Functional allocation of expenses:

The Organization allocates all identifiable expenses directly to its individual programs and departments whenever possible. Certain expenses that cannot be easily identified as benefiting any single program or department are initially classified as shared expenses. At the end of each reporting period these expenses are allocated to the programs and departments based upon observable methodologies such as time sheet analysis or occupied space.

Recent accounting pronouncements:

On June 21, 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Update is effective to annual periods beginning after December 15, 2019. Early adoption is permitted. Mission Bit has implemented ASU 2018-08 and has adjusted the presentation in these financial statements accordingly.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842)*. The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their Statement of Financial Position for all leases with lease terms longer than twelve months. The standard will be effective for non-public business entities for fiscal years beginning after December 15, 2020 with early application permitted. Mission Bit is currently evaluating the impact this guidance will have on its financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their Statement of Financial Position for all leases with lease terms longer than twelve months. The standard will be effective for non-public business entities for fiscal years beginning after December 15, 2021 with early application permitted. The Organization is currently evaluating the impact this guidance will have on its financial statements.

Subsequent events:

Management has evaluated subsequent events through June 28, 2021 the date which the financial statements were available for issue.

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NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2020 AND DECEMBER 31, 2019

Note 2. NATURE 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. CONCENTRATIONS OF CREDIT RISK:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and contributions receivable. The Organization places its cash with high credit quality financial institutions. At times, the account balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

One donor comprised 98% of contributions receivable at December 31, 2020.

Note 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use due to donor-imposed restrictions within one year of the balance sheet date.

	<u>#####</u>	<u>#####</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 512,871	\$ 29,805
Investments	2,878	-
Accounts receivable	<u>296,170</u>	<u>141,072</u>
Totals	811,919	170,877
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	<u>(367,000)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 444,919</u>	<u>\$ 170,877</u>

Note 5. PROPERTY & EQUIPMENT:

Property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Computers and equipment	\$ 7,085	\$ -
Less: accumulated depreciation	<u>(1,181)</u>	<u>-</u>
Property and equipment, net	<u>\$ 5,904</u>	<u>\$ -</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$1,181 and \$-, respectively.

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NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2020 AND DECEMBER 31, 2019

Note 6. LONG-TERM DEBT:

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In May 2020, the Organization obtained a PPP loan for \$74,346, which is included in the Organization's loan payable balance at December 31, 2020. The note matures in May 2022 and bears interest at a fixed annual rate of 1%. Payments under this note are deferred for the first six months with monthly payments of principal and interest to be paid beginning the seventh month from the initial disbursement of the loan. The Organization believes it used all of the proceeds from the note for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven in the future, at which time the Organization will recognize a gain on forgiveness of the loan.

In August 2020, the Organization obtained a EIDL loan from U.S. Small Business Administration totaling \$100,000. The loan bears interest at 2.75%. Installment payments, including principal and interest, of \$428 monthly will begin August 2021. The note matures and the final balance of principal and interest is due and payable in August 2050. The note is secured by all assets of the Organization.

Long-term debt consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
EIDL Loan	\$ 100,000	\$ -
PPP Loan	74,346	-
Total long term debt	174,346	-
Less current portion	<u>44,719</u>	<u>-</u>
Total long term debt, less current portion	<u>\$ 129,627</u>	<u>\$ -</u>

Maturities of long-term debt for the years subsequent to December 31, are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2021	\$ 44,719
2022	32,727
2023	2,263
2024	2,326
2025	2,390
Thereafter	<u>89,921</u>
	<u>\$ 174,346</u>

As of December 31, 2020, the Organization's PPP loan has not been forgiven.

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NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2020 AND DECEMBER 31, 2019

Note 7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following specific program services:

	<u>December 31, 2019</u>	<u>Contributions</u>	<u>December 31, 2020</u>
Time restricted	\$ -	\$ 275,000	\$ 275,000
SDR Adult Program	-	72,000	72,000
Laptops For Youth Program	-	20,000	20,000
Totals	<u>\$ -</u>	<u>\$ 367,000</u>	<u>\$ 367,000</u>

Note 8. COVID-19 IMPACT:

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact revenue and operating results. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.