

**MISSIONSAFE: A NEW BEGINNING, INC.**

**FINANCIAL STATEMENTS**

*with*

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

**YEAR ENDED DECEMBER 31, 2016**

Smith  Sullivan  
& Brown PC  
CERTIFIED PUBLIC ACCOUNTANTS

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**MISSIONSAFE: A NEW BEGINNING, INC.**

**REPORT ON FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**



**Mission Statement**

*MissionSAFE works with highly at-risk youth to help them gain the skills and confidence to thrive, not simply survive and to give back to their community and the larger world around them.*

*MissionSAFE believes all youth have the right and the ability to be happy, successful global citizens, and to discover and foster their unique potential to its fullest.*

MISSIONSAFE: A NEW BEGINNING, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Board of Directors  
MissionSAFE: A New Beginning, Inc.  
Roxbury, Massachusetts

We have reviewed the accompanying financial statements of MissionSAFE: A New Beginning, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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.

**Accountants' 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.

**Accountants' 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.

*Smith, Sullivan & Brown, PC*

Westborough, Massachusetts  
August 31, 2017

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2016

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 120,940
Pledges and Grants Receivable, Current	78,516
Prepaid Expenses	12,206
Security Deposit	2,098
Total Current Assets	<u>213,760</u>

**NON-CURRENT ASSETS:**

Pledges Receivable, Non-Current	<u>15,000</u>
Total Non-Current Assets	<u>15,000</u>

**TOTAL ASSETS**

**\$ 228,760**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Line-of-Credit	\$ 30,000
Note Payable	10,850
Accounts Payable and Accrued Expenses	4,343
Accrued Payroll and Related Costs	11,010
Total Current Liabilities	<u>56,203</u>

**TOTAL LIABILITIES**

56,203

**NET ASSETS:**

Unrestricted Net Assets	15,459
Temporarily Restricted Net Assets	<u>157,098</u>
Total Net Assets	<u>172,557</u>

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 228,760**

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>			
<i>Support and Revenues:</i>			
Gifts, Grants and Contributions	\$ 114,749	\$ 267,140	\$ 381,889
Government Grants	91,545	-	91,545
Interest Income	12	-	12
Miscellaneous Income	49	-	49
Total Support and Revenues	<u>206,355</u>	<u>267,140</u>	<u>473,495</u>
<i>Reclassification of Net Assets:</i>			
Satisfaction of Program Restrictions	<u>110,042</u>	<u>(110,042)</u>	<u>-</u>
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>316,397</u></b>	<b><u>157,098</u></b>	<b><u>473,495</u></b>
<b><u>FUNCTIONAL EXPENSES:</u></b>			
Program Services	194,025	-	194,025
<i>Supporting Services:</i>			
Administrative	58,743	-	58,743
Fund Raising	48,170	-	48,170
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>300,938</u></b>	<b><u>-</u></b>	<b><u>300,938</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>15,459</u></b>	<b><u>157,098</u></b>	<b><u>172,557</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 15,459</u></b>	<b><u>\$ 157,098</u></b>	<b><u>\$ 172,557</u></b>

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries and Wages	\$ 83,906	\$ 35,108	\$ 27,444	\$ 146,458
Payroll Taxes	7,459	3,418	2,972	13,849
Employee Benefits	12,510	4,134	3,647	20,291
Temporary Help	3,425	125	3,000	6,550
Youth Stipends	40,347	-	-	40,347
Professional Fees	550	1,995	7,500	10,045
Occupancy	18,025	4,442	-	22,467
Program Supplies and Activities	9,755	230	-	9,985
Minor Equipment and Furnishings	5,184	2,055	-	7,239
Vehicle Expenses	6,200	-	-	6,200
General and Liability Insurance	-	3,975	-	3,975
Office Supplies and Expenses	1,146	1,114	323	2,583
Telephone and Communications	3,764	1,409	260	5,433
Staff Travel	1,508	15	-	1,523
Meetings and Conferences	100	192	2,583	2,875
Interest Expense	-	150	-	150
Dues, Fees, and Licenses	146	45	441	632
Miscellaneous	-	336	-	336
<b>Total Functional Expenses</b>	<b><u>\$ 194,025</u></b>	<b><u>\$ 58,743</u></b>	<b><u>\$ 48,170</u></b>	<b><u>\$ 300,938</u></b>

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$ 172,557
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>	
Non-Cash Assignment of Note Payable	10,850
<i>(Increase) Decrease in Current Assets:</i>	
Pledges and Grants Receivable	(78,516)
Prepaid Expenses	(12,206)
Security Deposit	(2,098)
<i>Increase (Decrease) in Current Liabilities:</i>	
Accounts Payable and Accrued Expenses	4,343
Accrued Payroll and Related Costs	11,010
<i>(Increase) Decrease in Non-Current Assets:</i>	
Pledges and Grants Receivable	(15,000)
Net Adjustment	<u>(81,617)</u>

**NET CASH PROVIDED BY OPERATING ACTIVITIES**

**90,940**

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from Line-of-Credit	30,000
Net Cash Flows from Financing Activities	<u>30,000</u>

**NET INCREASE IN CASH BALANCES**

**120,940**

**CASH BALANCES - BEGINNING OF YEAR**

-

**CASH BALANCES - END OF YEAR**

**\$ 120,940**

*Non-Cash Financing Transactions :*

Assignment of Note Payable	<u>\$10,850</u>
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MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1     ORGANIZATION

MissionSAFE: A New Beginning, Inc. (“MissionSAFE” or the “Organization”), was incorporated in 1998 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

**Fiscal Sponsorship and Reporting Period:**

Prior to July 1, 2016, the Organization was party to a fiscal sponsorship agreement with Third Sector New England (“TSNE”). Under this agreement, TSNE acted as a custodian of the Organization’s funds while the MissionSAFE’s Board of Directors managed the operations. Effective July 1, 2016, TSNE regranted the balance of the custodial funds and transferred the existing pledges and grants receivable and all obligations to the Organization. Through June 30, 2016, all financial transactions were reported by the fiscal sponsor on behalf of the Organization; therefore, these financial statements reflect six months of activity, which is not indicative of a full operating cycle.

NOTE 2     PROGRAM SERVICES

MissionSAFE: A New Beginning, Inc. is a relational, trauma-informed program for highly at-risk adolescent youth. Its mission is to work with highly at-risk youth and their families to help them gain the skills and confidence to thrive, not just survive, and to help improve their community and the larger world. MissionSAFE is committed to helping youth realize their full and unique potential. To accomplish these goals, MissionSAFE offers the following programming:

**Explorers Academy (EA):**

Out-of-school time programming for youth ages 11-14 that focuses on academic enhancement, social, emotional and communication skills development, community service, violence prevention, civic engagement and exploration of arts, places, careers and college.

**Youth Leadership Service Corps (YLSC)/STARR:**

Out-of-school time programming for youth ages 15-22 that focuses on leadership development, communication, problem-solving skills development, violence prevention, community service, civic engagement, college and career exploration, job readiness training with strong academic support (STARR) that includes collaboration with schools that youth are attending and intensive tutoring by college students.

**MissionSAFE Futures:**

For unemployed young adults age 18-24 who have either "stalled" (unemployed high school graduates who have not advanced to college), or have simply dropped out, and/or have been involved in the criminal justice system. MissionSAFE Futures focuses on providing job readiness and job skill training to create a path for long-term self-sufficiency, employment, growth and fulfillment.

MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

*(Continued)*

NOTE 2 *(Continued)*

**Youth/Parent & School Outreach:**

An ongoing recruitment/interaction initiative of MissionSAFE in which staff reach out to and meet parents and youth in their homes, on the streets, and in the schools to gain and maintain a better sense of youths' lives in their community context and to monitor and help transform their academic experience.

**Parents on a Mission:**

In truly grassroots style, parents of MissionSAFE youth come together to support the program and explore ways in which to support each other and promote positive change in their lives.

**Counseling:**

Individual and Workshops: MissionSAFE recognizes the importance of individual and group counseling work as a means of communication that allows youth to deal with difficult issues in their lives.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles 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 year. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in the management's opinion, resulted in reliable and consistent financial reporting by the Organization.

**Basis of Accounting:**

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

**Financial Statement Presentation:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

NOTE 3 (Continued)

These classifications are related to the existence or absence of donor-imposed restrictions as presented below:

*Unrestricted Net Assets* - consists of assets, contributions from the general public support and program revenues which are available and used for operations and programs. Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization may include funds which represent unrestricted resources designated by the Board of Directors for specific purposes.

*Temporarily Restricted Net Assets* - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

*Permanently Restricted Net Assets* - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. For the year presented, the Organization did not have any assets of this nature.

**Pledges and Grants Receivable:**

Pledges and Grants Receivable represents amounts which are due from unconditional grant awards and multi-year pledge commitments and are reported at their net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Amounts scheduled for receipt within one year are reported as current, and amounts are reported as non-current when the expected date of receipt exceeds one year. Management believes that these amounts are fully collectible, and therefore, no allowance for doubtful amounts has been established. If a pledge or grant is determined to be uncollectible in subsequent periods, an allowance will be established at that time. For the year presented, the Organization reported no losses from uncollectible pledges and grants receivable.

**Property and Equipment:**

Property, equipment, furnishing and improvement purchases in excess of \$2,500 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment.

As of December 31, 2016, property and equipment consisted of a fully depreciated van with an original cost of \$3,992 and a five-year estimated useful life.

MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

NOTE 3 (Continued)

**Gifts, Grants and Contributions:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, contributions are required be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the year received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

**Revenue Recognition:**

MissionSAFE is the recipient of a government funded service contract from the Boston Public Health Commission which is included in *Government Grants* in the accompanying Statement of Activities. The contract is administered on a cost reimbursement basis; accordingly, the funding source is billed as eligible costs are incurred, and program service revenues along with the related receivables are recorded in the period during which the costs are incurred. This contract is subject to an annual renewal process and future funding is not guaranteed.

**Donated Goods and Services:**

MissionSAFE maintains a policy to record certain in-kind transactions as required by the *FASB Accounting Standards Codification*<sup>TM</sup>. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. For the year presented, the Organization did not receive in-kind donations which met the recognition criteria.

**Functional Expenses:**

The Organization allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by using a salary- based formula or other statistical basis. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis.

MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

NOTE 3 (Continued)

Supporting services have been sub-classified as follows:

*Administrative* - includes all activities related to MissionSAFE's internal management and accounting for program services.

*Fund Raising* - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

NOTE 4 NOTE PAYABLE

The Organization signed a promissory note to the Sisters of Social Service effective March 20, 2007. The principal advance of \$55,000 was for operations of MissionSAFE. The note was payable in 54 monthly installments of \$1,350, including interest at the rate of 3%. The note matured November 2011; however, the Sisters of Social Service has allowed an extension to MissionSAFE to repay as funds are available. As of December 31, 2016, the unpaid balance is \$10,850.

NOTE 5 LINE-OF-CREDIT

During 2016, the Organization secured a \$100,000 line-of-credit. The line-of-credit is secured by all business assets of the Organization and has an annual interest rate of prime plus 2% (5.75% as of December 31, 2016). The outstanding balance on the line-of-credit was \$30,000 as of December 31, 2016, and is renewable annually upon the Bank's review.

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2016, temporarily restricted net assets consisted of assets restricted by donors for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Office Rent	\$ 52,829
Futures Junior Program	54,263
Junior Violence Prevention	27,500
Other Programs	<u>22,506</u>
Total	<u>\$157,098</u>

For the year presented, net assets were released from restrictions for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Youth Transition	\$ 50,000
Futures Junior Program	20,737
Office Rent	21,171
Other Programs	<u>18,134</u>
Total	<u>\$110,042</u>

MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

NOTE 7      CONDITIONAL GRANTS

**Brigham and Women’s Hospital:**

In 2016, MissionSAFE received a three-year conditional grant commitment totaling \$195,000 from Brigham and Women’s Hospital, restricted to the Futures Junior program. Each year of funding is conditional upon MissionSAFE meeting certain programmatic milestones. Through December 31, 2016, the conditions had been met for the first-year funding of \$65,000. As of December 31, 2016, the remaining installments were contingent upon receipt of progress and financial reports along with participation in evaluation by the grantor.

Since the terms of the conditions of the above commitment from Brigham and Women’s Hospital had not been met as of December 31, 2016, the conditional amount of \$130,000 has not been recognized in the accompanying financial statements.

NOTE 8      OPERATING LEASE OBLIGATIONS

On July 1, 2016, TSNE assigned the existing occupancy lease agreement to the Organization. The agreement is for 2,600 square feet of office and program space in Boston, Massachusetts. The effective date of the modified lease agreement is July 1, 2016 for a period of thirty-one months with an option to extend for an additional two years. Monthly rent for the first two years of the lease is \$2,098 with a 5% annual escalation in the following years.

Future minimum lease payments under the above lease agreement is as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
December 31, 2017	\$25,180
December 31, 2018	<u>26,439</u>
Total	<u>\$51,619</u>

Total rent expense for the year ended December 31, 2016 was \$21,483 and is included in *Occupancy Expense* in the accompanying Statement of Functional Expenses.

NOTE 9      RELATED PARTY TRANSACTIONS

During January 2016, two Board members signed pledge agreements which guarantee funding to the Organization grants of \$15,000 each per year to be used for rent through 2018. An additional Board member guaranteed up to \$15,000 annually for future rent payments if the Organization should need it.

MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

*(Continued)*

NOTE 10    CONCENTRATIONS

**Pledges and Grants Receivable:**

As of December 31, 2016, substantially all the *Pledges and Grants Receivable* represent the amounts due from three donors, two of whom are Board Members.

**Gifts, Grants and Contributions:**

For the year ended December 31, 2016, 34% of total support and revenue consisted of regranted funds and promises to give from the Organization's fiscal sponsor.

**Government Grants:**

For the year presented, 79% of *Government Grants* represent amounts received from one agency.

NOTE 11    SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through August 31, 2017, the date which the financial statements were available for issue, and noted no events which met the recognition criteria.