



**STEPS TO SUCCESS, INC.**

**Financial Statements  
June 30, 2016**



**STEPS TO SUCCESS, INC.**

FINANCIAL STATEMENTS  
JUNE 30, 2016

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To the Board of Directors of  
Steps to Success, Inc.  
Brookline, MA

Independent Accountants' Review Report

We have reviewed the accompanying financial statements of Steps to Success, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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**

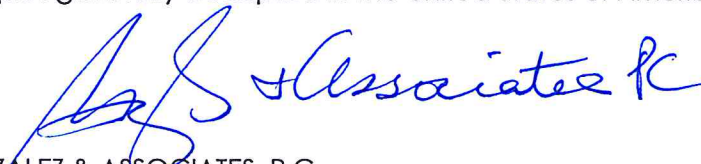
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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.



GONZALEZ & ASSOCIATES, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
December 7, 2016

**STEPS TO SUCCESS, INC.**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 649,072
Pledges receivable	94,078
Total current assets	<u>743,150</u>

**Total Assets**

**\$ 743,150**

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accrued expenses	\$ 11,371
Total current liabilities	<u>11,371</u>

**Net Assets**

Unrestricted	701,779
Temporarily restricted	30,000
Total net assets	<u>731,779</u>

**Total Liabilities and Net Assets**

**\$ 743,150**

See accompanying notes and Independent Accountants' Review Report.

**STEPS TO SUCCESS, INC.**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Support and Revenue</u></b>			
Contributions and grants	\$ 366,774	\$ 10,000	\$ 376,774
Released from restrictions	143,282	(143,282)	
Service fees	77,856		77,856
Fees	6,263		6,263
Interest income	246		246
	<u>594,421</u>	<u>(133,282)</u>	<u>461,139</u>
<b><u>Total Support and Revenue</u></b>			
<b><u>Expenses</u></b>			
Program services	370,495		370,495
General and administrative	135,051		135,051
Fundraising	34,182		34,182
	<u>539,728</u>	<u></u>	<u>539,728</u>
<b><u>Total Expenses</u></b>			
<b><u>Change in Net Assets</u></b>	54,693	(133,282)	(78,589)
<b><u>Net Assets - Beginning of Year</u></b>	<u>647,086</u>	<u>163,282</u>	<u>810,368</u>
<b><u>Net Assets - End of Year</u></b>	<u>\$ 701,779</u>	<u>\$ 30,000</u>	<u>\$ 731,779</u>

See accompanying notes and Independent Accountants' Review Report.

**STEPS TO SUCCESS, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 176,065	\$ 44,016	\$	\$ 220,081
Payroll taxes	19,441	4,860		24,301
Total salaries and related expenses	<u>195,506</u>	<u>48,876</u>		<u>244,382</u>
Administrative fees		25,080		25,080
Bank charges		769		769
Consultants	100,746	41,682	27,213	169,641
Dues and subscriptions		249		249
Fundraising			6,969	6,969
Insurance	3,712	928		4,640
Miscellaneous		19		19
Office expense		4,053		4,053
Payroll processing fees		1,118		1,118
Postage	654			654
Printing	506			506
Professional development	4,662	1,165		5,827
Professional fees		10,086		10,086
Program expenses	51,737			51,737
Program supplies	8,920			8,920
Telephone	2,010	502		2,512
Travel	2,042	510		2,552
Website		14		14
Total	<u>\$ 370,495</u>	<u>\$ 135,051</u>	<u>\$ 34,182</u>	<u>\$ 539,728</u>

See accompanying notes and Independent Accountants' Review Report.

STEPS TO SUCCESS, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016

<b><u>Cash Flows From Operating Activities</u></b>	
Change in net assets	\$ (78,589)
Adjustment to reconcile change in net assets to cash provided (used) by operations: (Increase) decrease in:	
Accounts receivable	7,328
Pledges receivable	69,204
Increase (decrease) in:	
Accrued expenses	(17,338)
Due to BHA	(18,000)
	<hr/>
<b><u>Net Cash (Used) by Operating Activities</u></b>	<b><u>(37,395)</u></b>
<b><u>Cash Flows From Investing Activities</u></b>	<b><u>0</u></b>
<b><u>Net Cash Provided by Investing Activities</u></b>	<b><u>0</u></b>
<b><u>Cash Flows From Financing Activities</u></b>	<b><u>0</u></b>
<b><u>Net Cash Provided by Financing Activities</u></b>	<b><u>0</u></b>
<b><u>(Decrease) in Cash and Cash Equivalents</u></b>	<b><u>(37,395)</u></b>
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	<b><u>686,467</u></b>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<b><u>\$ 649,072</u></b>

See accompanying notes and Independent Accountants' Review Report.

## STEPS TO SUCCESS, INC.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

#### **Note 1. Organization**

Steps to Success, Inc., was organized in the Commonwealth of Massachusetts as a not-for-profit corporation in July, 2014. The stated purpose of the Organization is to enhance educational outcomes for students from low-income families in order to defeat the cycle of poverty.

The specific goals have always been to dismantle the achievement gap for low-income students, and to work with community partners to address the issue of poverty in the town of Brookline. The key objective continues to be to make certain that all low-income students in Brookline have the opportunity and tools necessary to pursue higher education and post-secondary opportunities at the same rate as all Brookline High School students.

Steps to Success, Inc. was officially launched in 2001 in partnership with the Public Schools of Brookline, Brookline Housing Authority, and the Brookline Community Foundation. Originally working with students from 4<sup>th</sup> through 12<sup>th</sup> grade, as the numbers of Steps graduates began their college careers, Steps expanded its programming to work with these students through college graduation, to ensure that the complexities of navigating college life would not deter them from obtaining a college degree.

#### **Note 2. Summary of Significant Accounting and Reporting**

- a. Standards of Accounting and Reporting.  
The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations".
- b. Financial Statement Presentation.  
The Organization is required to report 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. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were received or held during 2016 and accordingly, these financials do not reflect any activity related to this class of net assets for 2016.

**STEPS TO SUCCESS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

(Continued)

**Note 2. Summary of Significant Accounting and Reporting** (Continued)

- c. Compensated Absences  
Vacation and sick pay are considered expenditures in the year paid. Upon termination, the employee is compensated for any accrued but unused vacation pay. At June 30, 2016, the Organization had no unrecorded vacation pay.
- d. Cash and Cash Equivalents  
For purposes of the statements of cash flows, Steps to Success, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- e. Use of Estimates  
The presentation 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 disclosures 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.
- f. Allocation of Expenses  
Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative 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.
- g. Restricted and Unrestricted Revenue and Support  
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restrictions is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Note 3. Tax Status**

Steps to Success, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

**Note 4. Pledges Receivable**

Pledges receivable in the amount of \$94,078 were due to the organization at year end and are expected to be received in less than one year.

**STEPS TO SUCCESS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

(Continued)

**Note 5. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following:

Time and Program restricted	\$	30,000
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**Note 6. Concentration of Credit Risk**

The Organization maintains its cash balance in five local banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2016, the Organization's uninsured balances totaled \$127,101.

**Note 7. Subsequent Events**

Subsequent events were evaluated through December 7, 2016, which is the date the financial statements were available to be issued.