MISSION ASSET FUND

FINANCIAL STATEMENTS

December 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

MISSION ASSET FUND

Contents

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mission Asset Fund
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Mission Asset Fund, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mission Asset Fund as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Mission Asset Fund's December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby & Kaneda CPAs LLP

Oakland, California
May 28, 2020

MISSION ASSET FUND

Statement of Financial Position
December 31, 2019
(With Comparative Totals as of December 31, 2018)

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 5,307,469	$ 5,950,786
Investments (Note 3)	2,064,850	9,098
Accounts and grants receivable	116,120	179,437
Program receivables, net (Note 4)	353,263	333,326
Prepaid expenses	138,403	112,759
Total Current Assets	7,980,105	6,585,406
Restricted cash	105,887	84,644
Software and equipment, net (Note 5)	308,950	297,379
Deposits	15,000	15,000
Total Assets	$ 8,409,942	$ 6,982,429
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 84,869	$ 77,577
Accrued paid time off	99,288	88,777
Program payables (Note 6)	123,516	151,770
Program loan payable	-	112,500
Deferred revenue	102,020	87,751
Total Current Liabilities	409,693	518,375
Partner funds held (Note 7)	187,398	198,485
Total Liabilities	597,091	716,860
Net Assets		
Without donor restrictions (Note 10)	4,095,907	3,634,320
With donor restrictions (Note 11)	3,716,944	2,631,249
Total Net Assets	7,812,851	6,265,569
Total Liabilities and Net Assets	$ 8,409,942	$ 6,982,429

MISSION ASSET FUND

Statement of Activities
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Support and Revenue				
Support				
Foundation	$ 77,765	$ 4,960,210	$ 5,037,975	$ 4,861,918
Government	361,912		361,912	431,085
Corporate	66,769		66,769	59,663
Individual	44,569		44,569	60,997
Total Support	551,015	4,960,210	5,511,225	5,413,663
Revenue				
Program service and license fees	224,641		224,641	253,884
Conference, seminars and other	42,155		42,155	10,679
Investment activity, net (Note 3)	5,752		5,752	-
Interest	3,137		3,137	2,712
Total Revenue	275,685	-	275,685	267,275
Support provided by expiring time and purpose restrictions	3,874,515	(3,874,515)	-	-
Total Support and Revenue	4,701,215	1,085,695	5,786,910	5,680,938
Expenses				
Program	3,591,589		3,591,589	3,794,140
Management and general	401,204		401,204	369,902
Fundraising	246,835		246,835	307,909
Total Expenses	4,239,628	-	4,239,628	4,471,951
Change in net assets	461,587	1,085,695	1,547,282	1,208,987
Net Assets, beginning of year	3,634,320	2,631,249	6,265,569	5,056,582
Net Assets, end of year	$ 4,095,907	$ 3,716,944	$ 7,812,851	$ 6,265,569

MISSION ASSET FUND

Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 1,547,282	$ 1,208,987
Adjustments to reconcile change in net assets to cash provided (used) by operating activities		
Depreciation and amortization	156,893	57,125
Investment activity, net	(5,752)	-
Change in assets and liabilities:		
Accounts and grants receivable	63,317	110,631
Program receivables	(19,937)	(6,092)
Prepaid expenses	(25,644)	(30,833)
Deposits	-	(2,500)
Accounts payable	7,292	51,095
Accrued paid time off	10,511	6,805
Program payables	(28,254)	(31,049)
Partner funds held	(11,087)	19,593
Deferred revenue	14,269	(10,467)
Net cash provided (used) by operating activities	1,708,890	1,373,295
Cash flows from investing activities		
Purchase of investments	(2,050,000)	-
Internally developed software	(144,826)	(146,387)
Purchase of fixed assets	(23,638)	(2,716)
Net cash provided (used) by investing activities	(2,218,464)	(149,103)
Cash flows from financing activities		
Repayment of loan	(112,500)	-
Net cash provided (used) by financing activities	(112,500)	-
Net change in cash and cash equivalents	(622,074)	1,224,192
Cash and cash equivalents, beginning of year	6,035,430	4,811,238
Cash and cash equivalents, end of year	$ 5,413,356	$ 6,035,430
Supplemental Information		
Restricted cash	$ 105,887	$ 84,644
Cash and cash equivalents	5,307,469	5,950,786
Total cash and cash equivalents	$ 5,413,356	$ 6,035,430

MISSION ASSET FUND

Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	Program	Management and General	Fundraising	Total 2019	Total 2018
Salaries	$ 1,750,591	$ 233,684	$ 131,180	$ 2,115,455	$ 1,782,664
Retirement contributions	52,075	7,235	2,849	62,159	57,196
Other employee benefits	176,408	27,279	18,258	221,945	181,522
Payroll taxes	139,782	17,908	10,080	167,770	146,281
Total Personnel	2,118,856	286,106	162,367	2,567,329	2,167,663
Grants and scholarships	149,455	-	-	149,455	1,065,542
Contract and professional services	75,487	32,316	38,812	146,615	159,449
Office expense and supplies	117,807	17,127	8,710	143,644	173,664
Information technology	258,591	4,266	2,372	265,229	115,823
Occupancy	156,902	14,552	8,251	179,705	171,433
Travel and meals	53,585	6,042	2,939	62,566	45,216
Depreciation and amortization	154,117	1,763	1,013	156,893	57,125
Insurance	2,057	8,546	170	10,773	11,829
Dues, licenses, service fees	252,687	21,565	18,977	293,229	294,623
Conference and seminars	237,812	4,849	2,427	245,088	203,451
Bad debt	10,041	-	-	10,041	-
Other expenses	4,192	4,072	797	9,061	6,133
Total Expenses	$ 3,591,589	$ 401,204	$ 246,835	$ 4,239,628	$ 4,471,951

Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

NOTE 1: NATURE OF ACTIVITIES

Mission Asset Fund (the Organization) is a nonprofit, tax-exempt organization founded in 2007. The Organization is dedicated to creating a fair financial marketplace for hardworking families by expanding access to responsible financial products for low-income and immigrant communities. Program activities include

Lending Circles

In 2008, the Organization launched the Lending Circles social loan program, introducing a new strategy for building credit and assets among low-income people. The Organization now offers a suite of innovative financial products and services that enable low-income families to build credit, reduce debt, and improve their economic security.

The Organization provides Lending Circles through both direct programs in California and across the U.S. through a nationwide network of nonprofit partners. These programs have been widely acclaimed for their impact, helping thousands of participants receive zero-interest loans, enabling them to build credit and save for critical life goals.

Immigration Loans

In 2017 the Organization expanded the portfolio of programs to include a zero-interest immigration loan program and scholarships to help individuals cover the cost of citizenship applications, Deferred Action for Childhood Arrivals (DACA), green card and other immigration related fees. In addition, the Organization launched MyMAF, a mobile application where users are accessing pathways to financial empowerment through vast digital financial education and coaching library.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in perpetual trust held by a bank or trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments, if any, increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

License and Service Fees

The Organization licenses its lending circle platform to partner organizations to expand the reach of its program activities. In addition, the Organization provides technical training for use of the platform and deployment of the lending circles model. Revenue for these activities is recognized over the license period or period of provided service.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2019 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended December 31, 2019.

Restricted Cash

Restricted cash consists of partner loan loss reserve funds.

Accounts and Grants Receivable

Accounts and grants receivable that are expected to be collected in less than one year are reported at net realizable value. Accounts and grants receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount, if any, and concluded that it was not material for recognition. The allowance for uncollectible accounts and grants receivable is determined based on management's evaluation of the collectability of the receivable. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Estimates

The preparation of financial statements in conformity with GAAP 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. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization based its fair value measurement of its investments on Level 1 inputs. The Organization had no other assets or liabilities recorded at fair value on December 31, 2019 or 2018.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Deferred Revenue

Deferred revenue consists of licensing and other fees received in advance of the related period of performance by the Organization.

Scholarships

The Organization manages a Deferred Action for Childhood Arrivals scholarships program and accounts for such scholarships by recording an expense based on the date of final scholarship approval. The Organization limits scholarships payable by issuing scholarships checks daily based on approved amounts. In certain cases recipients may indicate they do not expect to use their scholarship and wish for funds to be re-used for another award. The Organization recognizes such returned funds once a scholarship check is returned as a reduction to grant expense, at which time such funds become available for re-granting. In addition, the Organization may void awards not used after 12 months.

Sponsorships and Conference Expense

The Organization hosts a biennial program conference which receives sponsorships from various entities. Such sponsorships are received in fiscal years in which the conference is held. During the year ended December 31, 2018, the Organization postponed its conference as a result of labor action at the conference venue.

Software and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over $2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Software – social lending platform	2 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

Salaries & related expenses – based on individual staff allocations to functional areas, reviewed annually and updated on an ongoing basis.

Conference, Travel and Meeting – allocated based on purpose of travel or to the program benefiting from the training, conference or seminars.

Facility & Equipment – allocated based on a specific program or grant use

Professional Service – allocated to program benefiting from the service

Supplies and office expenses – Expenses used for a specific program will be charged directly to that program. Other costs are allocated based on the shared cost allocation plan.

Shared costs – goods and services that are shared by multiple departments are allocated to Program, Management and General, and Fundraising functional areas based on the allocation of staff time to the related areas.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 3: INVESTMENTS

Investments consisted of the following as of December 31:

	2019	2018
Cash and cash equivalents	$ 1,408	$ 9,098
Exchange traded funds – fixed income	2,063,442	-
Total	$ 2,064,850	$ 9,098

Investment Activity

Investment activity consisted of the following for the years ended December 31:

	2019	2018
Interest and dividends	$ 11,720	$ -
Unrealized and realized gain (loss), net	(5,968)	-
Total	$ 5,752	$ -

NOTE 4: PROGRAM RECEIVABLES

Program receivables consisted of the following for the years ending December 31:

	2019	2018
Lending Circles receivables	$ 143,077	$ 171,205
Direct lending receivables	227,032	187,478
Less allowance for doubtful accounts	(16,846)	(25,357)
Total	$ 353,263	$ 333,326

Lending Circles Receivables

Lending Circles participants each sign a Promissory Note for a credit-building loan, committing to regular payments to the Organization and a specified date for loan disbursement. The Organization services and disburses the loans, ensuring each participant receives their loan at the specified time. The Organization also collects loan payments and reports to the credit bureaus, as outlined in the Promissory Note. The Organization bears the risk of loss in the event a participant is unable to complete their commitment. For partner programs the Organization may be reimbursed for such losses by the partner. Lending Circles receivable balances consisted of the following as of December 31:

	2019	2018
Organization	$ 59,980	$ 55,670
Partner	83,097	115,535
Total	$ 143,077	$ 171,205

Direct Lending Receivables

The Organization and its partners carry out certain micro, immigration and small business lending programs. To qualify, participants generally must meet certain criteria such as participation in a Lending Circles program for a period of time. Certain immigration lending programs may include match funding from the Organization or its partners. Micro and direct loan program receivables consisted of the following as of December 31:

	2019	2018
Organization	$ 209,621	$ 127,248
Partner	17,411	60,230
Total	$ 227,032	$ 187,478

Allowance for Doubtful Accounts

Activity related to the allowance for doubtful accounts was as follows for the years ended December 31:

	2019	2018
Balance, beginning of period	$ 25,357	$ 34,792
Loans charged off	(8,511)	(9,435)
Total	$ 16,846	$ 25,357

Payment Status

The Organization monitors program receivables on a monthly basis for credit reporting purposes. The Organization segments balances into aging categories of current, past due and delinquent. The balance for each loan is classified based on the most aged portion of amounts due. Payment status was as follows as of December 31:

	2019	2018
Current (0 - 30 days)	88%	91%
Past Due (31 – 90 days)	7%	4%
Delinquent (91+ days)	5%	5%
Total	100%	100%

Troubled Debt Restructuring

A restructuring of a debt constitutes a troubled debt restructuring if the creditor, based on the debtor's financial difficulties, grants a concession to the debtor regarding payment terms. The Organization carries out such restructurings in conversation with borrowers, and following restructuring and compliance with revised payment agreements, the payment status of such loan may become current. Restructured loan balances consisted of the following as of December 31:

	2019	2018
Restructured loan balances	39,862	45,930
Restructured as % of total balances outstanding	11%	14%

NOTE 5: SOFTWARE AND EQUIPMENT

Property, software and equipment consisted of the following as of December 31:

	2019	2018
Furniture and fixtures	$ 49,310	$ 31,910
Computer equipment	67,816	61,575
Software – social lending platform	805,539	623,428
Less accumulated depreciation and amortization	(672,772)	(515,874)
Sub-total	249,893	201,039
Work in progress	59,057	96,340
Total	$ 308,950	$ 297,379

NOTE 6: PROGRAM PAYABLES

As part of the lending circle and other loan programs, the Organization and its partners have made certain payment commitments to Lending Circles participants. Lending Circle and other program payables consisted of the following as of December 31:

	2019	2018
Lending circle - Organization	$ 54,380	$ 47,620
Lending circle - Partner	65,298	101,685
Other program payables	3,838	2,465
Total	$ 123,516	$ 151,770

NOTE 7: PARTNER FUNDS HELD

Partner funds held consisted of the following as of December 31:

	2019	2018
Partner loan loss reserve funds	$ 65,759	$ 49,237
Partner match and revolving loan funds	121,639	149,248
Total	$ 187,398	$ 198,485

Partner loan loss reserve funds

The Organization partners with other nonprofit entities to operate peer Lending Circles. As part of those partnerships, the Organization may require partners to maintain a loan loss reserve fund to cover potential Lending Circles delinquencies, fees and defaults by Lending Circles participants.

Partner match and revolving loan funds

Partner revolving loan funds are provided by partner organizations for use in lending to partner loan program participants. The use of these funds is governed by terms outlined in a memorandum of understanding with such partners. In addition, the Organization holds partner match funds which may be used to supplement loans made to program participants.

NOTE 8: COMMITMENTS

Operating Leases

The Organization is party to two leases for office space in San Francisco, California which expire August 2021 and January 2025, with one option to renew for three years and five years, respectively. The lease rates include a 3% yearly increase. Future minimum operating lease payments are as follows for the years ended December 31:

2020	$ 128,710
2021	110,328
2022	52,385
2023	53,953
2024	55,580
Thereafter	4,643
Total	$ 405,599

Rent for the years ended December 31, 2019 and 2018 was $132,814 and $125,997, respectively.

NOTE 9: CONTINGENCIES

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization have complied with the terms of all grants.

NOTE 10: NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's net assets without donor restrictions consist of the following as of December 31:

	2019	2018
Undesignated	$ 2,045,907	$ 1,584,320
Designated - software and equipment	500,000	500,000
Designated - revolving loan fund & loan loss	650,000	650,000
Designated - reserve	900,000	900,000
Total	$ 4,095,907	$ 3,634,320

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of December 31:

	2019	2018
Purpose restricted	$ 1,490,694	$ 675,000
Restricted for future use	2,226,250	1,956,249
Total	$ 3,716,944	$ 2,631,249

NOTE 12: CONDITIONAL PROMISES TO GIVE

In addition to the activity on the financials, the Organization may receive grants with future payments subject to certain conditions, performance barriers or rights of revocation. It is the Organization's policy to defer revenue recognition of conditional amounts until such conditions have been satisfied. As of December 31, 2019, conditional grants outstanding consisted of the following:

Grant	Award	Recognized	Remaining
I	$200,000	$100,000	$100,000

The Organization expects to meet the conditions of the above grants during the year ended December 31, 2020.

NOTE 13: CONCENTRATIONS.

Support

Three foundation funders provided approximately 40% of total support in multi-year grants of up to three years during the year ending December 31, 2019.

NOTE 14: RETIREMENT BENEFITS

The Organization offers a 401(k) retirement plan (the Plan) covering all employees offered through the Organization's PEO. The Plan is a multiple employer defined contribution plan, which means that 2 or more employers participate under the Plan. The Organization matches 100% of employee contributions with the Organization contribution limited to 4% of an employee's salary. Plan contributions incurred by the Organization for the years ended December 31, 2019 and 2018 were $62,159 and $57,196, respectively.

NOTE 15: PROFESSIONAL EMPLOYER ORGANIZATION

The Organization contracts for staffing services using a professional employer organization (PEO). The PEO bills the Organization for the costs of staffing, benefits and other services and the Organization presents these amounts according to their underlying natural classification on the statement of functional expense.

NOTE 16: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of May 28, 2020, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

Public Health Order - Coronavirus

The Organization operates in an area which was affected by the COVID-19 coronavirus, and in March 2020 San Francisco was subject to a public health order which affected activities of the Organization.

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred. An assessment of the probability of meeting conditions of conditional grants was eliminated as part of this update. The Organization did not experience a material impact from this ASU.

NOTE 18: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 are:

Cash and cash equivalents	$ 5,413,356
Investments	2,064,850
Accounts and grants receivable	116,120
Program receivables	353,263
Less restricted cash	(105,887)
Less purpose-restricted net assets	(1,490,694)
Total	$ 6,351,008

As part of the Organization's liquidity management plan, the Organization invests funds in excess of daily requirements in cash and short term investment accounts.