

K TO COLLEGE
REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016

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K TO COLLEGE
Financial Statements
For the Year Ended June 30, 2016

Table of Contents

Page

INTRODUCTORY SECTION

Table of Contents	i
Board of Directors	ii

FINANCIAL SECTION

Independent Accountant's Review Report	1
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Financial Statements

Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7

K TO COLLEGE
BOARD OF DIRECTORS

JUNE 30, 2016

Don Solem, President
Tim Sbranti
Benito Delgado-Olson
Richard Stephenson
Rodney Brooks
Ted Lempert
Kathleen Manis Johnson
Jenny Zhu
Mary Ellyn Gormley
Sean Carr
Steve Larson
Lorena Hernandez

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
K to College
Oakland, California

We have reviewed the accompanying financial statements of K to College (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 the 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 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.

A handwritten signature in dark ink that reads 'Maze & Associates' in a cursive, stylized script.

Pleasant Hill, California
June 9, 2017

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K TO COLLEGE
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

ASSETS

Current Assets:

Cash and cash equivalents (Note 3)	\$427,003
Accounts receivable	28,400
Inventory (Note 4)	830,497
Other assets	<u>85</u>

TOTAL ASSETS	<u><u>\$1,285,985</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable (Note 5)	\$800,949
Payroll liabilities	<u>2,349</u>

Total Liabilities	<u>803,298</u>
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Net Assets (Note 2A):

Unrestricted	<u>482,687</u>
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Total Net Assets	<u>482,687</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$1,285,985</u></u>
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See accountant's review report and notes to financial statements

K TO COLLEGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

UNRESTRICTED SUPPORT AND REVENUE

Contributions and grants	\$1,566,646
Indirect support	2,038
In-kind contributions (Note 6)	1,062,336
Interest	49
Other income	<u>782</u>
Total Support and Revenue	<u>2,631,851</u>

UNRESTRICTED EXPENSES

Program services	1,775,522
Support services:	
Management and general	339,679
Fundraising	<u>6,176</u>
Total Expenses	<u>2,121,377</u>
Change in Net Assets	510,474
Net Assets (Deficit) at Beginning of Year	<u>(27,787)</u>
Net Assets at End of Year	<u><u>\$482,687</u></u>

See accountant's review report and notes to financial statements

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

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
FUNCTIONAL EXPENSES				
Cost of materials for supply kits	\$713,186			\$713,186
In-kind expense (Note 6)	1,062,336			1,062,336
Contract services		\$16,955		16,955
Facilities and equipment		30,026		30,026
Payroll		264,280		264,280
Insurance		4,591		4,591
Information technology		5,532		5,532
Office supplies		4,749		4,749
Marketing			\$261	261
Travel		6,498	5,915	12,413
Business expenses		4,558		4,558
Other expenses		2,490		2,490
Total Functional Expenses	<u>\$1,775,522</u>	<u>\$339,679</u>	<u>\$6,176</u>	<u>\$2,121,377</u>

See accountant's review report and notes to financial statements

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

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	<u>\$510,474</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Loss on disposal of equipment	11,524
Changes in operating assets and liabilities:	
Accounts receivable	266,574
Inventory	(430,794)
Accounts payable	(76,036)
Payroll liabilities	(2,767)
Other assets	<u>(85)</u>
Total Adjustments	<u>(231,584)</u>
Net Cash Provided by Operating Activities	<u>278,890</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	278,890
Cash and cash equivalents, beginning of year	<u>148,113</u>
Cash and cash equivalents, end of year	<u><u>\$427,003</u></u>

SUPPLEMENTARY INFORMATION

No taxes or interest were paid by the Organization for the year ended June 30, 2016

Noncash activities:

Fair value of in-kind contributions received	<u><u>\$1,062,336</u></u>
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See accountant's review report and notes to financial statements

K TO COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 1 – REPORTING ENTITY

K to College (the “Organization”), also known as SupplyBank.Org, is the story of a humble nonprofit that evolved from a UC Berkeley student group with a pickup truck into the first effort of its kind in the nation. Just as food banks act as a central hub working with farmers, government and private entities to acquire food cheaply or in-kind and send it to front line organizations such as soup kitchens and churches, the Organization uses a similar approach to address the unmet material needs of low-income families. Building the nation’s first “supply bank,” the Organization exists to ensure no one has their path to the workforce impeded by unmet basic material needs.

K to College works directly with manufacturers, government and private entities to acquire materials cheaply, kit them by age and gender, and verifiably distribute those materials to low-income children and families in need. Instead of soup kitchens, our “front lines” for distributions are more than 300 county offices of education and school districts, traditional and domestic violence shelters, early learning agencies and as of 2015, community college districts. 2015 was also the first year the Organization provided basic material needs assistance to low-income children and families in every county in California.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There are no temporarily restricted net assets at June 30, 2016.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the Organization must maintain permanently. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There are no permanently restricted net assets at June 30, 2016.

B. Grants

All grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

K TO COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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C. *Contributions*

The Organization is in compliance with FASB ASC Topic 958 (Not-for-Profit Entities). In accordance with FASB ASC Topic 958, contributions received, including unconditional promises to give, are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of donor restrictions.

All contributions are available for unrestricted use unless specifically restricted by the donor. Restricted contributions, including contributions of long-lived assets, whose restrictions are met in the same reporting period are reported as unrestricted contributions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

D. *Cash and Cash Equivalents*

For purposes of reporting cash flows, the Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

E. *Investments*

Investments are measured at fair value on the Statement of Financial Position. Unless donor or law restricts the income or loss, investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the increase in unrestricted net assets.

F. *Concentration of Credit Risk*

The Federal Deposit Insurance Corporation ("FDIC") insures account balances at each insured institution. The Organization maintains deposit accounts with financial institutions and frequently carries balances that exceed FDIC insurance limits. At various times during the year, cash at these institutions could exceed federally insured limits. The Organization has not experienced any losses on its FDIC-insured accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

G. *Property and Equipment*

Property and equipment are recorded at cost when purchased, or if donated, at the approximate fair value at the date of donation. It is the Organization's policy to capitalize assets purchased or donated when their costs or fair values exceed \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets which range from 3 to 5 years.

K TO COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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H. Donated Goods and Volunteer Services

Donated goods, if any, are recorded in the financial statements at the estimated fair value in the period received. Contributions of donated services that create or enhance a non-financial asset, or require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

I. Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of U.S. the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these 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). Unrelated business income, if any, may be subject to income tax. The Organization paid no taxes on unrelated business income for the year ended June 30, 2016.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Organization's tax returns remain open for federal income tax examination for three years from the date of filing.

J. Estimates

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 at the date of the financial statement and revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

K. Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

L. Advertising Costs

Advertising costs, if any, are expensed as incurred.

K TO COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect the management's judgment about the assumptions that market participants would use in pricing the asset or liability.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are reported at their fair values using level 1 fair value measures (quoted prices in active markets) in the Statement of Financial Position. At June 30, 2016, the Organization's cash balance was \$427,003.

NOTE 4 – INVENTORY

Inventory consists of supplies used to create supply kits to be donated and is stated at the lower of cost (average cost) or market.

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable consists primarily of amounts due to manufacturers for fulfillment companies/volunteer event costs and shipping. Most of the Organization's budget goes towards these costs. Give Something Back Office Supplies provides the Organization with a line of credit for raw materials, as the counties and State can be slow in remitting funding. In the case of the School Supplies for Homeless Children Fund, the Organization is required to do all of the work prior to issuing any invoice. At June 30, 2016, the total accounts payable owed is \$800,949, of which, \$788,545 is payable to Give Something Back Office Supplies.

K TO COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 6 – DONATED MATERIALS

The Organization works with various manufacturers, governments and private entities to acquire materials at a discounted price. The Organization records the difference between the lowest possible contract price and the discounted price paid for the materials as an in-kind contribution. For the year ended June 30, 2016, the Organization received in-kind contributions with an estimated fair value of \$1,062,336.

NOTE 7 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events for recognition and disclosure through June 9, 2017, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2016 that requires recognition or disclosure in such financial statements.

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