KPM

THE MIDAS COLLABORATIVE, INC.

Financial Statements

December 31, 2017

Kevin P. Martin & Associates, P.C.

THE MIDAS COLLABORATIVE, INC.

Index

December 31, 2017

Kevin P. Martin & Associates, P.C.
ASSURANCE | TAX | RISK MANAGEMENT | IT ADVISORY

Independent Auditors' Report

To the Board of Directors of
The Midas Collaborative, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Midas Collaborative, Inc. (a nonprofit organization) (the Organization) which comprise the statement of financial position as of December 31, 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

10 Forbes Road, Braintree, Massachusetts 02184
781-380-3520 | info@kpm-us.com | www.kpm-us.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017, 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 Organization's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2017. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Munir P. Martin & Amato P.C.

August 27, 2018

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors of
The Midas Collaborative, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Midas Collaborative, Inc. (a nonprofit organization) (the Organization) which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

10 Forbes Road, Braintree, Massachusetts 02184
781-380-3520 | info@kpm-us.com | www.kpm-us.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nunn P. Martin & Amato P.C.

August 27, 2018

THE MIDAS COLLABORATIVE, INC.

Statement of Financial Position

As of December 31, 2017
With Comparative Totals as of December 31, 2016

	2017	2016
Current Assets		
Cash and cash equivalents	$ 98,639	$ 97,536
Funds held for others	1,406,210	1,707,959
Accounts receivable	98,054	147,059
Prepaid expenses	7,005	7,984
Total current assets	1,609,908	1,960,538
Fixed Assets		
Equipment	3,340	3,340
Less: accumulated depreciation	(2,479)	(2,058)
Total net fixed assets	861	1,282
Total Assets	$ 1,610,769	$ 1,961,820
Current Liabilities		
Due to fiscal agent	$ 40,669	$ 40,669
Accounts payable and accrued expenses	3,598	10,873
Accrued salary and benefits	14,322	17,713
Deferred revenue	15,625	19,454
Funds held for others	1,405,522	1,707,251
Total current liabilities	1,479,736	1,795,960
Net Assets		
Unrestricted net assets	113,533	139,610
Temporarily restricted	17,500	26,250
Total net assets	131,033	165,860
Total Liabilities and Net Assets	$ 1,610,769	$ 1,961,820

The accompanying notes are an integral part of the financial statements.

THE MIDAS COLLABORATIVE, INC.

Statement of Activities

For the Year Ended December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
Revenue				
Contributions and grants	$ 102,715	$ 17,500	$ 120,215	$ 139,324
Memberships	4,625	-	4,625	4,625
Special event, net	30,714	-	30,714	32,599
Program service fees	239,986	-	239,986	370,000
Other revenue	712	-	712	-
Released from restriction	26,250	(26,250)	-	-
Total Revenue	405,002	(8,750)	396,252	546,548
Expenses				
Program services	338,151	-	338,151	469,787
General and administrative	61,531	-	61,531	47,214
Fundraising	31,397	-	31,397	27,028
Total Expenses	431,079	-	431,079	544,029
Change in Net Assets	(26,077)	(8,750)	(34,827)	2,519
Net Assets - Beginning of Year	139,610	26,250	165,860	163,341
Net Assets - End of Year	$ 113,533	$ 17,500	$ 131,033	$ 165,860

The accompanying notes are an integral part of the financial statements.

THE MIDAS COLLABORATIVE, INC.

Statement of Cash Flows

For the Year Ended December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

Cash Flows from Operating Activities	2017	2016
Change in Net Assets	$ (34,827)	$ 2,519
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	421	545
Decrease (increase) in assets		
Funds held for others	301,749	(195,137)
Accounts receivable	49,005	2,711
Prepaid expenses	979	(1,040)
Increase (decrease) in liabilities		
Due to fiscal agent	-	864
Accounts payable and accrued expenses	(7,275)	(47,187)
Accrued salary and benefits	(3,391)	6,271
Deferred revenue	(3,829)	(20,162)
Funds held for others	(301,729)	195,139
Net Cash Provided by (Used in) Operating Activities	1,103	(55,477)
Net Increase (Decrease) in Cash and Cash Equivalents	1,103	(55,477)
Cash and Cash Equivalents - Beginning	97,536	153,013
Cash and Cash Equivalents - Ending	$ 98,639	$ 97,536

The accompanying notes are an integral part of the financial statements.

THE MIDAS COLLABORATIVE, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	Asset Development	Financial Coaching	Financial Education and Training	Total Program Expenses	General and Administrative	Fundraising	2017 Total	2016 Total
Salary	$ 61,914	$ 131,218	$ 63,906	$ 257,038	$ 24,919	$ 25,893	$ 307,850	$ 306,749
Payroll taxes	5,860	11,516	5,582	22,958	2,149	2,313	27,420	27,525
Employee benefits	4,563	10,035	5,440	20,038	2,243	1,436	23,717	25,793
Total salaries and related expenses	72,337	152,769	74,928	300,034	29,311	29,642	358,987	360,067
Communications	403	691	285	1,379	139	136	1,654	2,262
Conferences	-	-	584	584	-	360	944	3,894
Consultants	12,148	3,475	3,062	18,685	19,255	-	37,940	44,217
Depreciation expense	118	169	84	371	25	25	421	545
Grant expense	-	-	-	-	1,000	-	1,000	-
Insurance	-	-	-	-	2,830	-	2,830	2,676
Miscellaneous	-	-	54	54	632	162	848	1,322
Office expenses	226	280	140	646	118	42	806	1,594
Program expenses	2,114	492	1,880	4,486	441	64	4,991	7,387
Professional services	-	-	-	-	6,750	-	6,750	6,150
Rent	3,360	4,800	2,400	10,560	720	720	12,000	12,000
Travel	186	479	687	1,352	310	246	1,908	1,915
	$ 90,892	$ 163,155	$ 84,104	$ 338,151	$ 61,531	$ 31,397	$ 431,079	$ 544,029

The accompanying notes are an integral part of these financial statements.

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed by The Midas Collaborative, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Midas Collaborative, Inc. was organized in the Commonwealth of Massachusetts as a not-for-profit corporation in 2007 for the purpose of providing assistance to low income individuals with building assets and achieving greater economic stability.

The Organization is a 501(c)(3) organization that supports a network of community-based organizations that integrate community development with asset-building and asset-protection initiatives in low-and moderate-income communities across Massachusetts. The Organization's mission is to facilitate asset development and protection of low-income families in a manner that is peer supported, practitioner-tested, and community-building. The Organization's members believe that increased financial management skills, community support and access to wealth-building vehicles such as homes, businesses and education foster the long-term economic stability of individuals and communities. The Organization's members believe that asset-building programs should be community-driven in their design, efficient in their implementation and informed by national and state initiatives.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in unrestricted net assets from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

(c) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2017.

(1) Summary of Significant Accounting Policies - continued

(d) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents three classes of net assets (unrestricted, temporarily restricted and permanently restricted) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Unrestricted - Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors.

Temporarily Restricted - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or 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. Contributions and investment income that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the contributions are recognized.

(e) Revenue Recognition

The Organization earns revenue as follows:

Contributions and Grants - Contributions and grants are recorded upon receipt or pledge as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor.

Memberships - The Organization receives unrestricted support from fees received from the members of the Organization. Membership revenue is earned and recognized by the Organization when services are provided.

Program Service Fees - Program service fee revenue is earned and recognized by the Organization when units or services are provided and billed under various agreements funded primarily by governmental agencies. All contracts are unit-rate. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated or class rate for each unit-of-service that is provided under the terms of the contract. Billings on the contracts are subject to final approval by the governmental Organization. Program service fee revenue is earned and recognized by the Organization when units or services are provided and billed.

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special events revenue is recognized when earned and is shown net of related direct expenses in the accompanying statement of activities.

Deferred revenue represents program service fees received prior to year-end for the following fiscal period. These amounts are recognized as income during the subsequent fiscal period.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended December 31, 2017, the Organization derived approximately 19% of its revenue from contracts with governmental agencies, 39% of its total revenue from contributions and grants and 42% from private parties. All revenue is recorded at the estimated net realizable amounts.

(f) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2017, management has determined any allowance would be immaterial.

The Organization does not have a policy to accrue interest on receivables. The Organization has no policies requiring collateral or other security to secure the accounts receivable.

As of December 31, 2017, approximately 25% of the Organization's accounts receivable is due from governmental agencies and 75% is due from quasi-governmental agencies and/or private parties.

(g) Fixed Assets

Fixed assets are recorded at cost or, if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities, are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Equipment	5 years

(1) Summary of Significant Accounting Policies - continued

(h) Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contributions, grants and special event revenue was 21% for the year ended December 31, 2017. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(i) Special Events

During the year ended December 31, 2017, the Organization has determined that the net income from special events amounted to $30,714, which was derived from special event revenue of $33,630 and special event expense of $2,916.

(j) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration 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.

Costs are allocated to functions based upon actual time charges made by the Organization's management.

(k) Use of Estimates

In preparing the Organization's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

(l) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC.

(1) Summary of Significant Accounting Policies - continued

(m) Summarized Financial Information for 2016

The financial statements include certain prior year summarized comparative information in total but not by net asset class. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information is derived.

(n) Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

(2) Funds Held for Others

Funds held for others consist of match and other funds received by the Organization for the benefit of the program participants and other nonprofit organizations. Funds held for others are kept separate from the Organization's cash accounts.

(3) Fiscal Agent Agreement

The Organization operates under a management agreement with the Allston-Brighton Community Development Corporation (the CDC) whereby the CDC provides financial management services and shares office space and related costs. The Organization reimburses the CDC for those expenses. As of December 31, 2017, the Organization owed $40,669 to the CDC.

(4) Commitments and Contingencies

The Organization receives a portion of its funding from government agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed, if any, and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Organization's operations are concentrated in the social service provider field in the state of Massachusetts. As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the following:

United States Department of Treasury Internal Revenue Service
United States Department of Health and Human Services
Commonwealth of Massachusetts Attorney General's Office

(4) Commitments and Contingencies - continued

Such administrative directives, rules and regulations are subject to change by an act of Congress, act of the state and local legislature or an administrative change mandated by, the departments listed above. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Additionally, contractual funding may decrease or be withdrawn with little notice.

(5) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of December 31, 2017, temporarily restricted net assets consisted of $17,500 that is restricted for programmatic use during 2018.

(6) Subsequent Events

The Organization has performed an evaluation of subsequent events through August 27, 2018, which is the date the Organization's financial statements were available to be issued. No material subsequent events, other than those disclosed below, have occurred since December 31, 2017 that required recognition or disclosure in these financial statements.

Subsequent to year end, the Organization's management and board of directors completed a strategic review of the Organization's programming, revenues and expenses. As a result of this strategic review, the Organization's financial planning and confidence program was discontinued as of February 28, 2018, along with certain associated staff, which the Organization's management and board of directors believe will result in decreased expenses for the Organization. The Organization has also recently hired a new Executive Director and staff for the matched savings program to replace departed and departing staff. The Organization's management and board of directors believe that these changes have resulted in a realignment of the Organization's mission that will strengthen the Organization's ability to continue to fulfill its mission going forward.