Mission Graduates

FINANCIAL STATEMENTS

June 30, 2014

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

Mission Graduates

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mission Graduates
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Mission Graduates, which comprise the statement of financial position as of June 30, 2014, 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.

Auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mission Graduates as of June 30, 2014, and the results of its operations 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 Graduates' June 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 23, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 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 December 2, 2014 on our consideration of Mission Graduates' 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 the 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 Mission Graduates' internal control over financial reporting and compliance.

Crosby & Kaneda

Certified Public Accountants
Oakland, California
December 2, 2014

Mission Graduates

Statement of Financial Position
June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014	2013
Assets		
Current Assets		
Cash	$ 673,224	$ 302,225
Contracts and grants receivable	206,156	269,999
Prepaid expenses	29,137	19,284
Current Assets	908,517	591,508
Property and equipment, net (Note 3)	4,714	7,507
Deposits	2,975	2,975
Total Assets	$ 916,206	$ 601,990
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 75,419	$ 75,170
Accrued vacation	37,766	31,846
Deferred revenue	1,970	-
Total Liabilities	115,155	107,016
Commitments and Contingencies (Notes 5 and 6)		
Net Assets		
Unrestricted	378,165	289,640
Temporarily Restricted (Note 7)	422,886	205,334
Total Net Assets	801,051	494,974
Total Liabilities and Net Assets	$ 916,206	$ 601,990

See Notes to the Financial Statements

Mission Graduates

Statement of Activities
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Total 2014	Total 2013
Support and Revenue				
Government grants	$ 726,822	$	$ 726,822	$ 719,102
Contributions	132,826		132,826	121,713
Foundation and corporate grants	111,348	841,917	953,265	582,075
In-kind contributions			-	135
Bingo receipts, net	95,584		95,584	-
Fees and sales	81,098		81,098	46,746
Interest	52		52	170
Miscellaneous	859		859	857
Net assets released from donor restrictions: (Note 7)	624,365	(624,365)	-	-
Total Support and Revenue	1,772,954	217,552	1,990,506	1,470,798
Expenses				
Program	1,341,069		1,341,069	1,239,250
Management and general	146,672		146,672	130,595
Fundraising	196,688		196,688	147,786
Total Expenses	1,684,429	-	1,684,429	1,517,631
Change in Net Assets	88,525	217,552	306,077	(46,833)
Net Assets, beginning of year	289,640	205,334	494,974	541,807
Net Assets, end of year	$ 378,165	$ 422,886	$ 801,051	$ 494,974

Mission Graduates

Statement of Cash Flows
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ 306,077	$ (46,833)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities		
Depreciation	5,332	7,875
Changes in assets and liabilities:		
Contracts and grants receivable	63,843	72,041
Prepaid expenses	(9,853)	(3,902)
Deposits	-	282
Accounts payable and accrued expenses	249	(497)
Accrued vacation	5,920	(601)
Deferred revenue	1,970	-
Net cash provided by operating activities	373,538	28,365
Cash flows from investing activities:		
Purchase of property and equipment	(2,539)	-
Net cash used by investing activities	(2,539)	-
Net change in cash	370,999	28,365
Cash		
Beginning of year	302,225	273,860
End of year	$ 673,224	$ 302,225
Supplemental Disclosure:		
Interest paid during the year	$ 2,259	$ 168

See Notes to the Financial Statements

Mission Graduates

Statement of Functional Expenses
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

	Program						Total	
	Extended Day Program	College Access	Parent Education	Total Program	Management and General	Fundraising	2014	2013
Salaries	$ 419,418	$ 166,563	$ 141,231	$ 727,212	$ 63,067	$ 68,851	$ 859,130	$ 867,547
Employee benefits	56,044	18,461	14,387	88,892	6,240	9,237	104,369	78,567
Payroll taxes	48,846	16,920	14,996	80,762	5,239	6,478	92,479	93,210
Total personnel	524,308	201,944	170,614	896,866	74,546	84,566	1,055,978	1,039,324
Accounting				-	56,600	-	56,600	56,690
Other professional services	40,518	568	26,618	67,704	4,420	3,361	75,485	98,454
Advertising and promotion	1,117	101	131	1,349	431	2,010	3,790	2,624
Office expenses	42,933	18,433	17,790	79,156	1,281	58,749	139,186	75,114
Telephone	5,985	3,475	12,544	22,004	464	904	23,372	15,854
Information technology	7,615	866	654	9,135	260	289	9,684	2,462
Occupancy	20,862	25,688	4,879	51,429	2,254	37,149	90,832	71,029
Travel and meals	4,722	1,770	827	7,319	349	713	8,381	9,084
Conferences, conventions, meetings	1,647	694	298	2,639	107	247	2,993	11,899
Interest		23	78	101	351	1,807	2,259	168
Depreciation	1,753	877	877	3,507	948	877	5,332	7,875
Insurance	6,553	2,069	1,564	10,186	408	690	11,284	1,898
Dues, licenses, service fees	723	1,058	201	1,982	1,157	5,326	8,465	8,478
Scholarships	11,555	167,435	8,702	187,692	3,032	-	190,724	116,020
Miscellaneous				-	64	-	64	658
Total Expenses	$ 670,291	$ 425,001	$ 245,777	$ 1,341,069	$ 146,672	$ 196,688	$ 1,684,429	$ 1,517,631

NOTE 1: NATURE OF ACTIVITIES

Mission Graduates (the Organization) is a California nonprofit benefit corporation, formed to increase the number of K-12 students in San Francisco's Mission District who are prepared for and complete a college education, in collaboration with schools, parents, and community partners.

Founded in 1972, the Organization clarified its commitment to getting more youth from the Mission District into college as a means to achieve economic equity and strengthen the fabric of the community. The Organization works to fulfill its mission through a wide range of K-12 after-school, in-school, and summer programs that reach over 1,100 low-income children, youth, and families from San Francisco's Mission District each year.

***Extended Day* (ED) program** - Both Marshall and Bryant Elementary Schools in San Francisco, focuses on positive youth development outcomes and helping needy children excel academically. The ED program serves 250 children across both sites, spanning K-5th grades. It has five central program components: 1) Academic enrichment and guided reading interventions; 2) Project-based "elective" activities that incorporate literacy-building opportunities throughout each project cycle; 3) Sports and Recreation; 4) Community-building activities that help to foster group cohesion, build social skills, and model resiliency; and 5) College Connect, our early college awareness program that aims to prepare and motivate children to plan for college. An integral aspect of the ED program is academic alignment with the school day curricula. This is accomplished through both academic classes designed to reinforce and enhance skills, as well as support and tutoring daily on homework. Parent involvement is a key strategy to our success and over 200 parents regularly attend math, literacy and science nights. Because of our quality programming, we were asked to expand to Leonard Flynn Elementary school in the fall of 2014.

College Access - Our College Connect program identifies high school juniors who would be the first in their family to attend college, surround them with caring adult experts in college admissions as well as a cohort of peers who are just as committed to attending college, and supports them and their families all the way through college graduation. While participating in our program, students are provided training on college entrance exams, coaching in developing a personal statement, support in navigating the world of financial aid and scholarships, and suggestions on colleges and universities that will best meet their needs. We ensure that students are not only accepted into college, but that they acquire the financial means to attend, and the support to ensure they receive their diploma. College Connect launched in 2008 with just nine youth in the inaugural cohort. This year, 132 students participated in the program spread across seven cohorts; 82 are college students, 25 are high school seniors, and 25 high school juniors. Our sixth and most recent cohort of high school graduates raised $645,500 in scholarships, over $25,000 per student. 100% of these students attended college following their high school graduation. College Connect students have a 90% persistence rate in college, 4 times the California average for Latino college students.

Scholarship Program - The Mission Graduates Scholarship Program provides scholarships for first generation college students who are participating in the College Connect Program.

Parent Education- In 2009, the Organization launched the *Parent Partner* program, designed to increase the academic success and college prospects of Mission youth by nurturing a strong culture of parent engagement across Mission schools. The program complements the Organization's other core programs that similarly work to increase the college success rates of youth from our community. This is done by school-based organizing, training, and services, where the program develops a team of parent leaders, and educates them on how to advocate for their children and the benefits of a college education. A core component of the program is the Believing the College Dream Curriculum, a partnership of the Organization and the U.C. Berkeley Center for Educational Partnerships, where parents are trained as facilitators (promotoras) to begin college-going expectations and culture with other parents. This year, our promotoras led 50 workshops for a total of 793 parent participants. This year we expanded our presence to 8 San Francisco schools, providing a myriad of parent support services, including Believing the College Dream workshops, English Language classes, English fluency reclassification trainings, ELAC support, and leadership development.

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).

Basis of Presentation

The Organization presents 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. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – are subject to donor stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations.

Permanently restricted net assets – are subject to donor stipulations requiring that they be maintained permanently, thereby restricting the use of principal. Usually, donor stipulations allow part or all of the income earned to be used currently for a restricted purpose. There were no permanently restricted net assets as of June 30, 2014.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction 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.

Contracts and Grants Receivable

The Organization considers all contracts and grants receivable to be fully collectible at June 30, 2014. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

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 Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2014 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 June 30, 2014.

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.

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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization had no assets or liabilities recorded at fair value on June 30, 2014.

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.

Property and Equipment

Property and equipment purchased by the Organizations are recorded at cost. The Organizations capitalize all expenditures for property and equipment over $1,000; 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 equipment	3 years
Leasehold improvements	5 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. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 June 30, 2013, 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.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of December 2, 2014, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2014	2013
Furniture and equipment	$ 33,393	$ 30,854
Leasehold improvements	17,699	17,699
Less accumulated depreciation	(46,378)	(41,046)
Total	$ 4,714	$ 7,507

NOTE 4: LINE OF CREDIT

As of June 30, 2014 the Organization had a $150,000 unsecured line of credit with a local bank to be drawn down as needed, with interest of 10%. There was no outstanding balance at June 30, 2014.

NOTE 5: COMMITMENTS

The Organization is party to two leases for office space San Francisco, California, which expire in December, 2014 and June, 2015. Additionally, the Organization leases a copier which expires in September, 2017. Future minimum operating lease payments were as follows for the years ending June 30:

2015	$ 41,953
2016	3,576
2017	3,576
2018	894
Total	$ 49,999

Rent for the years ended June 30, 2014 and 2013 was $46,788 and $44,974, respectively.

NOTE 6: 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 has complied with the terms of all grants.

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows at June 30:

	2014	2013
College Access	$ -	$ 10,588
College Scholarship	359,367	194,746
Extended Day Program	13,519	-
Time restriction	50,000	-
Total	$ 422,886	$ 205,334

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended June 30:

	2014	2013
College Access	$ 218,588	$ 237,141
College Scholarship	166,379	66,180
Extended Day Program	44,398	21,806
Parent Education and Empowerment	195,000	130,000
Total	$ 624,365	$ 455,127

NOTE 8: CONCENTRATIONS

Revenue concentrations and receivables

The Organization receives approximately 40% of its support from local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

NOTE 9: CONDITIONAL PROMISE TO GIVE

The Organization received three conditional grants totaling $524,000 during the three years ended June 30, 2014. Each grant was conditioned upon providing $10,000 per year in tuition to four students who attended college beginning in the fall of 2011, 2012 and 2013 and included $11,000 for administrative costs. During the year ended June 30, 2014 the Organization met conditions to recognize $131,000 as foundation support.

CROSBY & KANEDA
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Dedicated to Nonprofit Organizations

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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*

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mission Graduates
San Francisco, California

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 Mission Graduates (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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 dated December 2, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mission Graduates' 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 Mission Graduates' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mission Graduates' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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 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. We consider the deficiency described in the accompanying schedule of findings to be a material weakness (2014-01).

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. We consider the deficiency described in the accompanying schedule of findings to be a significant deficiency (2014-02).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mission Graduates' financial statements are free of 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 over compliance and the results of that testing, and do not provide an opinion on the effectiveness of the Organization's internal control or 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.

Crosby + Kaneda

Certified Public Accountants
Oakland, California
December 2, 2014

SUMMARY OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Section I – Summary of Auditors' Results

Financial Statements:

Type of auditors' report issue	Unqualified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiency identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

Finding: 2014-01

Criteria or specific requirement	Management is responsible for establishing and maintaining effective internal control over financial reporting. This would include performing a risk assessment to identify risks to the achievement of financial reporting objectives, designing and implementing control activities to mitigate identified risks, and performing monitoring procedures to provide assurance that controls are functioning.
Condition	Management did not conduct adequate monitoring procedures related to its bingo activities to provide assurance that controls were functioning as they should.
Effect	We noted numerous discrepancies between bingo supporting documentation and the general ledger. Those differences were not investigated. Although we do not believe the discrepancies resulted in a material misstatement, internal controls were not adequate to prevent, or detect and correct misstatements in a timely manner.
Cause	Although management implemented policies and procedures to track bingo sales, they did not have adequate monitoring procedures to verify amounts collected were accurate.
Recommendation	Use tracking information to verify amount

	collected and follow up with any discrepancies.
Management's Response	Management was aware of the risks related to these activities, and consulted with other organizations successfully implementing bingo about their bingo policies and practices. These policies were discussed with the staff and were implemented immediately, which include but are not limited to: taking beginning and ending daily inventory of bingo supplies, and training volunteers in attention and accuracy in cash handling procedure. Written procedures were provided to the Operations Manager in the Spring of 2014. Their adoption and promulgation were suspended as top management decided to discontinue bingo operations after the 7th month, due to low participant attendance and inability to generate sustainable revenue for the organization.

Finding: 2014-02

Criteria or specific requirement	Management is responsible for establishing and maintaining effective internal control over financial reporting. This would include performing a risk assessment to identify risks to the achievement of financial reporting objectives, designing and implementing control activities to mitigate identified risks, and performing monitoring procedures to provide assurance that controls are functioning.
Condition	Although management has implemented and maintained an independent donor database to track donation receipts, we did not see evidence that the database was reconciled to the general ledger during the year and donors were not publicly acknowledged.
Effect	Internal controls over donation receipts may not be adequate to prevent, or detect and correct misstatements due to fraud or error in a timely manner.
Cause	Adequate monitoring procedures were not performed this year.
Recommendation	Management should use the donor database as

	an external benchmark to verify that donations were properly recorded in the general ledger. This type of monitoring should happen periodically prior to our review. Management should also publicly acknowledge donors, giving them the opportunity to verify their contributions. This could provide external feedback should donations go missing.
Management's Response	We regularly monitor our donations and will perform regular reconciliations of donations recorded in the general ledger with the development department's donor database. A section publicly acknowledging our donors will be an integral part of our annual report should we decide to publish it. Annually, we will post on our website donors and giving levels. The logistics of including our donors will still be an issue as the majority of our donors (estimated at 380) give less than $100 each. We will however continue to thank our donors through personal correspondence to cultivate our relationships with our donors and keep them abreast of Mission Graduate activities.