



PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Financial Statements

June 30, 2018



Kevin P. Martin & Associates, P.C.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

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June 30, 2018

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Independent Auditors' Report

To the Board of Directors of
Partners for Youth with Disabilities, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Partners for Youth with Disabilities, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of June 30, 2018, 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 auditors' 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 the Organization as of June 30, 2018, 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.

Other Matters

Supplemental and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 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 June 30, 2017, 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 date January 17, 2019, 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 solely 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 effectiveness of the Organization's 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.

Handwritten signature of Merrin P. Martini in cursive script.

Braintree, Massachusetts
January 17, 2019



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
Partners for Youth with Disabilities, 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 Partners for Youth with Disabilities, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of June 30, 2018, 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 January 17, 2019.

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.

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.



Braintree, Massachusetts
January 17, 2019



**Independent Auditors' Report on Compliance for the Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

To the Board of Directors of
Partners for Youth with Disabilities, Inc.

Report on Compliance for the Major Federal Program

We have audited Partners for Youth with Disabilities, Inc.'s (a nonprofit organization) (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2018. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Braintree, Massachusetts
January 17, 2019

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Financial Position

As of June 30, 2018

With Comparative Totals as of June 30, 2017

Current Assets	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 414,319	\$ 379,859
Accounts receivable	175,127	242,739
Promises to give, current portion	183,600	119,300
Prepaid expenses	23,705	21,365
Other current assets	<u>9,048</u>	<u>500</u>
Total current assets	<u>805,799</u>	<u>763,763</u>
Fixed Assets		
Furniture and equipment	18,680	14,139
Less: accumulated depreciation	<u>6,086</u>	<u>12,239</u>
Total net fixed assets	<u>12,594</u>	<u>1,900</u>
Other Assets		
Promises to give, net of current portion	<u>28,875</u>	<u>132,825</u>
Total other assets	<u>28,875</u>	<u>132,825</u>
Total Assets	<u>\$ 847,268</u>	<u>\$ 898,488</u>
Current Liabilities		
Accounts payable	\$ 58,080	\$ 16,214
Accrued expenses	55,086	68,208
Accrued vacation compensation	<u>54,012</u>	<u>44,188</u>
Total current liabilities	<u>167,178</u>	<u>128,610</u>
Total liabilities	<u>167,178</u>	<u>128,610</u>
Net Assets		
Unrestricted	454,123	485,243
Temporarily restricted	<u>225,967</u>	<u>284,635</u>
Total net assets	<u>680,090</u>	<u>769,878</u>
Total Liabilities and Net Assets	<u>\$ 847,268</u>	<u>\$ 898,488</u>

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Activities

For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Revenue and Support				
Grants and contributions	\$ 170,936	\$ 337,975	\$ 508,911	\$ 790,963
In-kind contributions	50,484	-	50,484	11,758
Special events	131,241	-	131,241	104,958
Program service fees	1,187,788	-	1,187,788	861,404
Interest and dividends	1,192	-	1,192	361
Other	2,114	-	2,114	-
Net assets released from restrictions	<u>396,643</u>	<u>(396,643)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,940,398</u>	<u>(58,668)</u>	<u>1,881,730</u>	<u>1,769,444</u>
Expenses				
Program services	1,564,617	-	1,564,617	1,096,307
General and administrative	227,303	-	227,303	190,168
Fundraising	<u>179,598</u>	<u>-</u>	<u>179,598</u>	<u>149,248</u>
Total expenses	<u>1,971,518</u>	<u>-</u>	<u>1,971,518</u>	<u>1,435,723</u>
Total Change in Net Assets	(31,120)	(58,668)	(89,788)	333,721
Net Assets at Beginning of Year	<u>485,243</u>	<u>284,635</u>	<u>769,878</u>	<u>436,157</u>
Net Assets at End of Year	<u>\$ 454,123</u>	<u>\$ 225,967</u>	<u>\$ 680,090</u>	<u>\$ 769,878</u>

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Cash Flows

For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

Cash Flows from Operating Activities	2018	2017
Change in net assets	\$ (89,788)	\$ 333,721
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,187	730
Decrease (increase) in assets:		
Accounts receivable	67,612	(104,240)
Promises to give	39,650	(195,875)
Prepaid expenses	(2,340)	(2,874)
Other current assets	(8,548)	(500)
Increase (decrease) in liabilities:		
Accounts payable	41,866	5,223
Accrued expenses	(13,122)	52,082
Accrued vacation compensation	9,824	6,047
Net Cash Provided by Operating Activities	47,341	94,314
Cash Flows from Investing Activities		
Purchase of fixed assets	(12,881)	(2,280)
Net Cash Used in Investing Activities	(12,881)	(2,280)
Net Increase in Cash and Cash Equivalents	34,460	92,034
Cash and Cash Equivalents - Beginning	379,859	287,825
Cash and Cash Equivalents - Ending	\$ 414,319	\$ 379,859
Supplement Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 532	\$ -
Supplement Data for Noncash Investing and Financing Activities		
Disposal of fully depreciated fixed assets	\$ 8,340	\$ -

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

	<u>Mentoring</u>	<u>Youth in Preparation for Independence</u>	<u>Education/ Employment</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2018 Total</u>	<u>2017 Total</u>
Salaries	\$ 407,011	\$ 66,692	\$ 311,280	\$ 784,983	\$ 141,838	\$ 108,232	\$ 1,035,053	\$ 856,769
Payroll taxes	39,823	5,955	33,835	79,613	14,643	9,915	104,171	86,234
Fringe benefits	<u>59,722</u>	<u>9,847</u>	<u>27,267</u>	<u>96,836</u>	<u>18,154</u>	<u>16,010</u>	<u>131,000</u>	<u>107,909</u>
Subtotal	506,556	82,494	372,382	961,432	174,635	134,157	1,270,224	1,050,912
Activity fees	2,009	-	-	2,009	-	-	2,009	400
Advertising and recruitment	589	-	360	949	49	-	998	966
Bank fees	48	-	-	48	113	2,757	2,918	1,668
Charitable donation	-	-	-	-	733	448	1,181	575
Client transportation	52	404	618	1,074	34	31	1,139	1,087
Conferences and meetings	1,535	40	150	1,725	75	350	2,150	2,490
Contracted services	80,130	26,386	24,523	131,039	10,088	1,958	143,085	82,289
Depreciation	850	140	652	1,642	318	227	2,187	730
Equipment rental and maintenance	1,628	268	1,499	3,395	609	434	4,438	6,629
Food	2,981	7,533	5,119	15,633	232	11,415	27,280	27,291
Grant expense	241,026	-	-	241,026	-	-	241,026	39,186
Insurance	9,542	2,726	7,682	19,950	3,573	2,546	26,069	22,630
Interest expense	-	-	-	-	532	-	532	320
Membership dues	-	-	-	-	1,610	330	1,940	2,150
Miscellaneous	2,261	95	218	2,574	2,212	1,410	6,196	3,892
Occupancy	20,997	10,871	56,391	88,259	7,168	5,110	100,537	74,319
Payroll fees	-	-	-	-	5,072	-	5,072	3,823
Permits and fees	75	-	60	135	704	34	873	711
Postage and delivery	144	69	21	234	306	1,827	2,367	2,884
Printing and reproduction	1,693	910	940	3,543	184	5,329	9,056	7,647
Professional fees	-	-	-	-	11,660	-	11,660	14,083
Publications and subscriptions	1,005	58	115	1,178	2,620	-	3,798	3,036
Supplies	3,528	1,182	4,331	9,041	629	3,138	12,808	13,496
Telephone and internet	9,562	1,719	5,552	16,833	2,791	2,286	21,910	16,578
Temporary help	16,953	5,100	12,349	34,402	-	-	34,402	17,800
Travel	9,034	3,217	14,775	27,026	1,072	5,608	33,706	37,509
Utilities	<u>761</u>	<u>125</u>	<u>584</u>	<u>1,470</u>	<u>284</u>	<u>203</u>	<u>1,957</u>	<u>622</u>
	<u>\$ 912,959</u>	<u>\$ 143,337</u>	<u>\$ 508,321</u>	<u>\$ 1,564,617</u>	<u>\$ 227,303</u>	<u>\$ 179,598</u>	<u>\$ 1,971,518</u>	<u>\$ 1,435,723</u>

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2018

(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 Partners for Youth with Disabilities, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization was organized in the Commonwealth of Massachusetts as a nonprofit corporation in 1985. Since its founding in 1983, the Organization has been a pioneer in the development and delivery of a unique mentoring service and has established innovative and effective programs serving youth with disabilities ages 6-24 in Massachusetts. The Organization recruits, trains, guides and supports caring adults that serve as mentors for youth, as well as supporting parents and families of children with disabilities who need additional resources. In addition to providing hundreds of mentors/partners for youth and young adults through its Mentor Match Program, the Organization has continuously met the needs of its changing community by creating and sustaining additional mentoring models and programs to address health, independence, social skills and career development as well as the needs of specific disabilities like autism and learning disabilities.

In addition, the Organization's National Center offers on-line and in-person training and technical assistance to other organizations interested in becoming more inclusive of youth with disabilities. The Organization furthered its mission during the year ended June 30, 2018 through continued delivery of high quality one-to-one and group mentoring programs and sharing the Organization's inclusion expertise. The Organization provides opportunities for youth with disabilities to develop to their full potential so that they may lead self-determined lives filled with dignity, pride and purpose.

The Organization continues to focus its efforts on offering high quality programming in a sustainable manner. During the year ended June 30, 2018, the Organization expanded its YEP career readiness program through an additional contract with the Massachusetts Rehabilitation Program and enhanced its on-line presence with an expanded career mentoring site, C3. Working with other coalition members, the Organization supports sustained advocacy for mentoring individuals with disability by hosting the National Disability Mentoring Coalition and establishing tiered memberships to support that work. The Organization's work and promise was recognized in the year ended June 30, 2018 when it was named a Social Innovator by the Social Innovation Forum.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Current programs include:

Mentoring Division:

Mentor Match Program - This core program of the Organization matches youth with disabilities with caring adults that serve as role models and mentors for the youth guiding them to achieve their personal, independent living and career goals. This program served a total of 133 youth in new or existing matches during the year.

National Center for Mentoring Youth with Disabilities - The National Center reaches non-profit organizations across the United States with customized training, technical assistance, and support to improve inclusion and engagement of people with disabilities. It also supports an inclusive on-line mentoring platform (C3) capable of hosting tailored e-mentoring programs. During the year ended June 30, 2018, the Organization's National Center provided training for 1,236 individuals in a wide range of organizations and hosted 124 mentors and mentees on the C3 platform.

Youth in Preparation for Independence Division:

Making Healthy Connections Program - This health promotion peer mentoring program brings together young adults with disabilities who are interested in learning how to lead active and healthy lifestyles. The goal of the program is to assist youth in transitioning to adulthood. The program also offers a support group for parents. During the year ended June 30, 2018, 28 youth were served.

Peer Leadership Program - This program prepares young adults with disabilities to become leaders in their communities through participating in after-school community service opportunities. Young leaders develop leadership and job readiness skills while at the same time learning the value of community service through work with PYD's YLF and ATT programs.

Youth Leadership Forum (YLF) - YLF is for High School students with disabilities who want to develop self-advocacy and leadership skills, begin to plan career goals, and build a network of supports and friends. During the year ended June 30, 2018, the Organization hosted a combined 75 youth with disabilities for two sessions of YLF in July 2017 and June 2018.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Education and Training Division:

Young Entrepreneurs Program (YEP) - This program is an inclusive job-readiness program that addresses barriers to employment for youth and young adults with disabilities via a three-tiered curriculum of academic learning, real world experiences, and mentoring. During the year ended June 30, 2018, YEP expanded to include ongoing intern/job placement and job coaching for pre-employment transition aged youth served by the Massachusetts Rehabilitation Commission Boston offices. YEP served a total of 287 youth.

Access to Theatre Program (ATT) - This inclusive theatre arts program that engages youth with and without disabilities in out-of-school and summer theatre arts activities. The program features creative workshops and original productions created by the youth and performed at community locations. ATT served 41 youth and young adults in the year ended June 30, 2018.

All of the Organization's programs were developed with the understanding that youth with disabilities face many obstacles in their efforts to live independent productive lives, and that one of the greatest obstacles is a profound sense of powerlessness over the most basic circumstances of daily life. Consequently, all the Organization's programs are grounded in the philosophy of empowerment; programs are designed to provide opportunities for youth to gain control of their lives and to acquire the information, resources, and skills for life-long growth and full participation in their communities.

(b) Basis for 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) 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 and permanently restricted) and the statement of activities displays the change in each class of net assets.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

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. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

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.

(d) 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 (FDIC) up to \$250,000, with the exception of money market accounts of \$118,412 as of June 30, 2018, which are primarily invested in U.S. Government securities, certificates of deposit and commercial paper. As of June 30, 2018, money market balances are not FDIC insured. The Organization did not maintain cash balances in excess of FDIC limits in any financial institution as of June 30, 2018.

(e) Revenue Recognition

The Organization earns revenue as follows:

Program Service Fees - Program service fees revenue are earned and recognized by the Organization when units or services are provided and billed under various agreements funded primarily by governmental agencies. All contracts, consist of two types, unit-rate and cost-reimbursement contracts, all with ceiling amounts. 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. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental agency.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

Grants and contributions - Grants and contributions 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 grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Special Events - Special event's revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special events revenue is recognized when earned. Special events are incidental to the Organization's operations and the related direct expenses have been reported with fundraising expense in the accompanying statement of activities. For the year ended June 30, 2018, revenue derived from the event totaled approximately \$131,241.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2018, the Organization derived approximately 63% of its total revenue from governmental agencies and 37% from foundations, corporations and individual donors. 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 June 30, 2018, management has determined any allowance would be immaterial.

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

As of June 30, 2018, 100% of the Organization's accounts receivable is due from various contractual obligations and governmental service fees.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(g) Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. 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 to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2018, management has determined any allowance would be immaterial.

(h) 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 estimated lives of furniture and equipment of 3-5 years.

(i) Fundraising Expense

Fundraising expense relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 28% for the year ended June 30, 2018. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(j) Special Events

Special events revenue is recognized when earned. Special events are incidental to the Organization's operations and the related direct expenses have been reported with fundraising expense in the accompanying statement of activities.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(k) 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.

Payroll and associated costs are allocated to functions based upon actual time charges. Occupancy costs are allocated based upon the allocation of salary.

(l) 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.

(m) 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.

(n) Summarized Financial Information for 2017

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. 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 June 30, 2017, from which the summarized information is derived.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(o) Fair Value Measurements

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments traded in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant inputs to the valuation model are unobservable.

Recurring Fair Value Measurements

The following section describes the valuation methodologies used to measure financial assets and liabilities at fair value on a recurring basis.

Promises to Give: The promises to give due in more than one year of \$30,000 are reflected at the present value of estimated future cash flows using a discount rate of 3.75% and were classified as Level 2.

The Organization's policy is to recognize transfers in and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year ended June 30, 2018.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2018

(2) Promises to Give

Promises to give consist of the following as of June 30, 2018:

	<u>Gross</u> <u>Promise</u>	<u>Allowance</u>	<u>Net</u> <u>Promise</u>	<u>Unamortized</u> <u>Discount</u>	<u>Total</u>
Receivable less than 1 year	\$ 183,600	\$ -	\$ 183,600	\$ -	\$ 183,600
Receivable in 1 to 5 years	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>(1,125)</u>	<u>28,875</u>
	<u>\$ 213,600</u>	<u>\$ -</u>	<u>\$ 213,600</u>	<u>\$ (1,125)</u>	<u>\$ 212,475</u>

The applicable discount rates for the above promises to give was 3.75%.

(3) Employee Benefits

The Organization has a plan that qualifies as a “Cafeteria Plan” under Section 125 of the IRC. The plan allows the Organization’s employees to pay for medical and dental insurance and daycare on a pre-tax basis. All employees whose customary employment is at least part-time are eligible to participate in the plans.

(4) Operating Lease Commitments

The Organization leased office space and parking under a five-year lease expiring December 31, 2017. The lease had an escalation clause and required monthly payments increasing from \$3,490 to \$3,619 over the term of the lease. The Organization paid an additional \$240 per month for parking. During the year ended June 30, 2018, the Organization entered into a five year lease agreement for office space located in Somerville, Massachusetts, commencing January 1, 2018. The monthly payments over the life of the loan is \$4,124. Lease expense for the year ended June 30, 2018 totaled \$47,898, which includes parking and additional space rented for trainings. The future minimum annual operating non-cancelable lease commitments on property are as follows:

FY19	\$ 49,488
FY20	49,488
FY21	49,488
FY22	49,488
FY23	24,744

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2018

(4) Operating Lease Commitments - continued

The Organization leases copier equipment under an operating lease. The copier lease requires monthly payments of \$175 and expired September 2017. During the year ended June 30, 2018, the Organization entered into a new 36 month copier lease expiring September 26, 2020 with minimum monthly payments of \$240. Future minimum lease payments are as follows:

FY19	\$ 2,878
FY20	2,878
FY21	480

(5) Temporarily Restricted Net Assets

Temporarily restricted net assets consists of grants which are restricted for specific use or time by the donor for the year ended June 30, 2018, are as follows:

Time	\$ 224,142
Access to Theatre Program	<u>1,825</u>
Total temporarily restricted net assets	\$ <u>225,967</u>

During the year ended June 30, 2018, net assets were released from donor restrictions by incurring costs satisfying donor stipulations associated with the following programs:

Time	\$ 135,143
Pathways to inclusion	151,000
Mentor match	40,500
Operation forward motion project	15,000
YEP	<u>55,000</u>
Total temporarily restricted net assets released	\$ <u>396,643</u>

(6) Commitments and Contingencies

The Organization receives a portion of its funding from governmental agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the governmental agencies. 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. As such, the Organization operates in a heavily regulated environment.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2018

(6) Commitments and Contingencies - continued

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:

Commonwealth of Massachusetts Department of Public Health
Commonwealth of Massachusetts Department of Developmental Services
Massachusetts Commission for the Blind
Massachusetts Rehabilitation Commission
United States Department of Justice
United States Department of Housing and Urban Development
United States Department of Health and Human Services
National Endowment for the Arts

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, Commonwealth of Massachusetts 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.

(7) Contributed Services and Gifts in Kind

Contributed services and gifts in kind for the year ended June 30, 2018 were as follows:

Gifts in kind:	
Discounted rehearsal space for special event	\$ 34,589
Catering for special event	11,264
Supplies and office expenses	<u>4,631</u>
Total	\$ <u>50,484</u>

(8) Schedule of Federal Awards

Determination of federal major programs was made using a risk based approach. For the fiscal year ended June 30, 2018, the Organization did not qualify as a low-risk auditee. The major program tested is disclosed as such in the schedule of findings and questioned costs.

(9) Subsequent Events

The Organization has performed an evaluation of subsequent events through January 17, 2019, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2018 that required recognition or disclosure in these financial statements.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Schedule of Findings and Questioned Costs

June 30, 2018

(1) Summary of Auditors' Results

Financial Statements:

Type of Auditors' Report Issued: Unmodified opinion

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? _____ yes X no

Significant Deficiency(ies) Identified? _____ yes X none reported

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards:

Internal Control Over Major Programs:

Material Weakness(es) Identified? _____ yes X no

Significant Deficiency(ies) Identified? _____ yes X none reported

Type of Auditor's Report Issued on Compliance for Major Programs: Unmodified opinion

Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR Section 200.516(a)? _____ yes X no

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.126	Rehabilitation Services: Vocational Rehabilitation Grants to States

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$ 750,000

Auditee Qualified as Low-Risk Auditee? _____ yes X no

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Schedule of Findings and Questioned Costs - continued

June 30, 2018

(2) Findings - Financial Statement Audit

No significant deficiencies or material weaknesses reported.

(3) Findings and Questioned Costs - Major Federal Programs Audit

No significant deficiencies or material weaknesses reported.

(4) Status of Prior Year Findings

No significant deficiencies or material weaknesses reported.

Partners for Youth with Disabilities, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education:				
<i>Passed through Commonwealth of Massachusetts</i>				
<i>Commission for the Blind</i>				
Mentoring Program	84.126	MCBRFMENTOR1503	\$ -	\$ 41,000
<i>Passed through Commonwealth of Massachusetts</i>				
<i>Rehabilitation Commission</i>				
Mentorship for Youth with Disabilities	84.126	SCMRCMENTORSHIP12001	-	207,105
Youth Leadership Forum	84.126	SMRCTLY1115PYDF161	-	70,737
Pre-Employment Transition Services	84.126	SCMRCPRETSWIOAFY1812	-	100,473
Total U.S. Department of Education			-	419,315
U.S. Department of Justice:				
Juvenile Mentoring Program: Disability Mentoring	16.726	2016-JU-FX-0013	-	333,665
U.S. Department of Housing and Urban Development:				
<i>Passed through Economic Development and Industrial Corporation (EDIC)</i>				
Community Development Block Grants	14.218	B-17-MC-25-0002	-	35,000
U.S. National Endowment of the Humanities:				
National Endowment of the Arts	45.024	1830419-51-18	-	20,999
U.S. Department of Health and Human Services:				
<i>Passed through Community Transportation Association of America</i>				
Easter Seals	93.048		-	88,584
Total Expenditures of Federal Awards			\$ -	\$ 897,563

Notes to the Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Partners for Youth with Disabilities, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.