



PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Financial Statements

June 30, 2016



Kevin P. Martin & Associates, P.C.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Index

June 30, 2016

Independent Auditors' Report

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*

Financial Statements:

Statement of Financial Position as of June 30, 2016 with Comparative Totals as of June 30, 2015	1
Statement of Activities for the Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015	2
Statement of Cash Flows for the Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015	3
Statement of Functional Expenses for the Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015	4
Notes to Financial Statements	5-14



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, 2016, 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.

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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 12, 2015. 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplemental and Other Information

The Supplemental Information Required by the Operational Services Division including the Uniform Financial Report (UFR) Cover Page, Schedule A - Organization Supplemental Information Schedule, Schedule B - Program Supplemental Information Schedule, Schedule C - UFR Addendum and the Acknowledgement of the Board of Directors which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2017 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.



January 13, 2017



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, 2016, 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.

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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 12, 2015. 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, 2015, 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 January 13, 2017 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.



January 13, 2017



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, 2016, 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 13, 2017.

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.



Nimir P. Martini & Associates, P.C.

January 13, 2017

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Financial Position

As of June 30, 2016

With Comparative Totals as of June 30, 2015

Current Assets	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 287,825	\$ 283,635
Accounts receivable	138,499	121,424
Contributions receivable	56,250	48,100
Prepaid expenses	<u>18,491</u>	<u>12,334</u>
Total current assets	<u>501,065</u>	<u>465,493</u>
Fixed Assets		
Furniture and equipment	11,859	11,859
Less: accumulated depreciation	<u>11,509</u>	<u>10,807</u>
Total net fixed assets	<u>350</u>	<u>1,052</u>
Total Assets	<u>\$ 501,415</u>	<u>\$ 466,545</u>
Current Liabilities		
Accounts payable	\$ 10,991	\$ 10,817
Accounts payable and accrued expenses	16,126	7,197
Accrued vacation compensation	38,141	26,118
Deferred revenue	<u>-</u>	<u>2,000</u>
Total current liabilities	<u>65,258</u>	<u>46,132</u>
Total liabilities	<u>65,258</u>	<u>46,132</u>
Net Assets		
Unrestricted	330,490	313,146
Temporarily restricted	<u>105,667</u>	<u>107,267</u>
Total net assets	<u>436,157</u>	<u>420,413</u>
Total Liabilities and Net Assets	<u>\$ 501,415</u>	<u>\$ 466,545</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, 2016
With Comparative Totals for the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Revenue and Support				
Grants and contributions	\$ 212,859	\$ 241,850	\$ 454,709	\$ 430,152
In-kind contributions	20,331	-	20,331	19,421
Special events	110,445	1,250	111,695	124,855
Program service fees	577,767	-	577,767	334,571
Other income	462	-	462	-
Interest and dividends	96	-	96	37
Net assets released from restrictions	244,700	(244,700)	-	-
	<u>1,166,660</u>	<u>(1,600)</u>	<u>1,165,060</u>	<u>909,036</u>
Expenses				
Program services	852,393	-	852,393	723,003
General and administrative	146,507	-	146,507	148,440
Fundraising	150,416	-	150,416	171,738
	<u>1,149,316</u>	<u>-</u>	<u>1,149,316</u>	<u>1,043,181</u>
Total Change in Net Assets	17,344	(1,600)	15,744	(134,145)
Net Assets at Beginning of Year	<u>313,146</u>	<u>107,267</u>	<u>420,413</u>	<u>554,558</u>
Net Assets at End of Year	<u>\$ 330,490</u>	<u>\$ 105,667</u>	<u>\$ 436,157</u>	<u>\$ 420,413</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, 2016
With Comparative Totals for the Year Ended June 30, 2015

Cash Flows from Operating Activities	<u>2016</u>	<u>2015</u>
Change in net assets	\$ 15,744	\$ (134,145)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	702	1,546
Decrease (increase) in assets:		
Accounts receivable	(17,075)	(81,351)
Contributions receivable	(8,150)	87,327
Prepaid expenses	(6,157)	1,499
Increase (decrease) in liabilities:		
Accounts payable	174	858
Accounts payable and accrued expenses	8,929	2,412
Accrued vacation compensation	12,023	1,284
Deferred revenue	(2,000)	2,000
Net Cash Provided by (Used in) Operating Activities	<u>4,190</u>	<u>(118,570)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,190	(118,570)
Cash and Cash Equivalents - Beginning	<u>283,635</u>	<u>402,205</u>
Cash and Cash Equivalents - Ending	<u>\$ 287,825</u>	<u>\$ 283,635</u>

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, 2016

With Comparative Totals for the Year Ended June 30, 2015

	<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>2016 Total</u>	<u>2015 Total</u>
Salaries	\$ 203,527	\$ 75,973	\$ 220,400	\$ 499,900	\$ 94,662	\$ 82,016	\$ 676,578	\$ 610,675
Payroll taxes	19,935	7,330	21,115	48,380	9,198	7,704	65,282	56,448
Fringe benefits	29,810	10,364	25,201	65,375	13,935	12,082	91,392	88,625
Subtotal	<u>253,272</u>	<u>93,667</u>	<u>266,716</u>	<u>613,655</u>	<u>117,795</u>	<u>101,802</u>	<u>833,252</u>	<u>755,748</u>
Activity fees	1,339	-	-	1,339	-	-	1,339	5,672
Advertising and recruitment	487	-	170	657	-	-	657	1,592
Bank fees	-	-	-	-	68	1,659	1,727	2,577
Charitable donation	-	-	-	-	100	-	100	-
Client transportation	109	180	225	514	-	80	594	1,098
Conferences and meetings	1,209	-	149	1,358	512	487	2,357	1,804
Contracted services	29,614	2,134	25,955	57,703	255	14,990	72,948	55,220
Depreciation	210	78	227	515	102	85	702	1,546
Equipment rental and maintenance	1,238	462	1,341	3,041	601	499	4,141	6,281
Food	3,153	7,574	3,088	13,815	-	-	13,815	5,308
Grant expense	10,000	-	-	10,000	-	-	10,000	10,000
Insurance	5,975	2,862	6,470	15,307	2,905	2,408	20,620	20,497
Interest expense	-	-	-	-	335	-	335	342
Membership dues	-	205	-	205	1,110	-	1,315	1,900
Miscellaneous	1,947	-	211	2,158	34	351	2,543	2,208
Occupancy	15,650	8,078	21,365	45,093	6,701	7,490	59,284	61,112
Payroll fees	-	-	-	-	3,123	-	3,123	2,336
Permits and fees	50	-	30	80	270	145	495	685
Postage and delivery	305	228	123	656	420	1,331	2,407	1,587
Printing and reproduction	450	134	1,446	2,030	47	3,613	5,690	5,741
Professional fees	-	-	-	-	7,556	-	7,556	6,671
Publications and subscriptions	1,495	63	63	1,621	1,031	151	2,803	2,322
Special event	-	-	-	-	-	8,068	8,068	17,744
Supplies	4,322	3,063	2,263	9,648	495	1,718	11,861	7,154
Telephone and internet	5,425	2,111	4,506	12,042	1,890	1,834	15,766	14,281
Temporary help	13,200	2,527	19,377	35,104	-	-	35,104	28,072
Travel	11,852	3,996	9,254	25,102	1,004	3,583	29,689	22,761
Utilities	306	114	330	750	153	122	1,025	922
	<u>\$ 361,608</u>	<u>\$ 127,476</u>	<u>\$ 363,309</u>	<u>\$ 852,393</u>	<u>\$ 146,507</u>	<u>\$ 150,416</u>	<u>\$ 1,149,316</u>	<u>\$ 1,043,181</u>

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2016

(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 for Mentoring Youth with Disabilities offers 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, 2016 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 and, ultimately, to be independent, contributing members of their communities.

The Organization continues to focus its efforts on offering high quality programming in a sustainable manner. During the year ended June 30, 2016, the Organization moved forward with several initiatives focused on transition aged youth with disabilities and capitalized on renewed funding interest in this area. The Organization expanded its Young Entrepreneurs Program (YEP) career readiness program through both direct service in a major new summer project with the Massachusetts Rehabilitation Commission and through further roll out of its training and technical support for Boston Public Schools staff for YEP replication. The Organization also began a funding initiative, Operation Forward Motion, to promote cost effective expansion of its services, training, and technical assistance in areas of inclusion, mentoring, and career readiness. These services not only expand the Organization's reach and presence on a more regional and national level but will also enhance its ability to generate independent fee for service revenue.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2016

(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. The Mentor Match Program served 126 youth during the year ended June 30, 2016 through creating new or supporting existing matches.

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. During the year ended June 30, 2016, the Organization's National Center provided training for 486 individuals in a wide range of organizations, including the Boston Ballet, Pacific Science Center, City of Boston, Boys and Girls Club of Dorchester, College Access Now (CA), Jewish Big Brothers Big Sisters of LA (CA), and Michigan State University.

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. In addition to offering group programming in two program sites based in Boston and Springfield, the program also offers support groups for parents. Making Healthy Connections served 47 youth and their families during the year ended June 30, 2016.

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. During the year ended June 30, 2016, 20 Peer Leaders participated in this program.

Youth Leadership Forum - During the year ended June 30, 2016, the Massachusetts Rehabilitation Commission selected the Organization to plan and host the 2016 Massachusetts 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. Over 80 youth with disabilities across the state submitted applications to participate in YLF and the Organization conducted statewide interviews which resulted in the selection of 40 Youth Delegates and 16 Peer Leaders to attend YLF.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Education and Training Division:

Young Entrepreneurs Program - This program teaches youth with and without disabilities to plan for their financial future by offering training workshops to teach entrepreneurial and business skills to youth. Mentors from the business community work with youth to assist them in preparing business plans and in working on career and educational goals. The Young Entrepreneurs Program served 198 youth through Boston Public Schools, Boys and Girls Clubs, and an intensive set of summer programs provided for the Massachusetts Rehabilitation Commission during the year ended June 30, 2016.

Access to Theatre Program - This is an inclusive theatre arts program that engages youth with and without disabilities in after-school and summer theatre arts activities. The program features creative workshops and original productions created by the youth and performed at community locations. The Access to Theatre Program served 44 youth during FY2016 through its two-week Summer Institute as well as 20 weeks of out-of-school time programming designed to engage youth in acquiring knowledge, experience, and skills in the arts.

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 two classes of net assets (unrestricted and temporarily 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:

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

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 \$116,902 as of June 30, 2016, which are primarily invested in U.S. Government securities, certificates of deposit and commercial paper. As of June 30, 2016, 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, 2016.

(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 Organization.

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.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

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, 2016, revenue derived from the event totaled approximately \$111,695.

Deferred revenue represents program service fee revenue received prior to year-end. These amounts are deferred and recognized over the periods to which the fees relate.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2016, the Organization derived approximately 50% of its total revenue from governmental agencies and 50% 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, 2016, 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, 2016, 71% of the Organization's accounts receivable is due from various contractual obligations and service fees and 29% is due from foundations, corporations, and individuals.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(g) Contributions Receivable

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, 2016, management has determined any allowance would be immaterial.

(h) Furniture and equipment

Furniture and equipment 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:

Furniture and equipment	3-5 years
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Fixed assets are reviewed for impairment if the use of the asset significantly changes or another indicator or possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

(i) Contributed Services and Gifts in Kind

Donated materials are reported as contributions in the financial statements at their estimated fair values at the time of receipt. Donated services are similarly reported when services are performed which would otherwise have been purchased or performed by Organization personnel.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(j) 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 contribution and special event revenue was 26% for the year ended June 30, 2016. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(k) Special Events

The Organization has determined that special events are incidental to its operations and therefore the direct costs of benefit to the donors is reported with fundraising expense and is not included with special events revenue.

(l) 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.

(m) Use of Estimates

In preparing the Organization's financial statements in conformity with 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.

(n) 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).

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(o) Summarized Financial Information for 2015

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, 2015, from which the summarized information was derived.

(p) Reclassifications

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

(2) Contributions Receivable

The Organization has received unconditional promises to give related to fundraising efforts initiated during the prior and current fiscal year that are primarily due from foundations and individual donors. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Contributions receivable to give as of June 30, 2016 were \$56,250.

There was no discount applied to long-term contributions receivable as of June 30, 2016 as the effect to the financial statements would be immaterial. As of June 30, 2016, 89% of the contributions receivable is due from one individual.

(3) Line of Credit

The Organization has available a demand line of credit with Eastern Bank (a Massachusetts bank) of \$125,000 to be drawn upon as needed, with interest at the Eastern Bank Base Rate of 3.5% as of June 30, 2016. The line is secured by the Organization's general business assets. The line of credit expires April 2017. Historically, the bank performs an annual review and extends for an additional year. There was no outstanding borrowings as of June 30, 2016.

(4) 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, 2016, are as follows:

Time	\$ 69,667
Inclusive fitness project	25,000
International disability mentoring project	<u>11,000</u>
Total temporarily restricted net assets	\$ <u>105,667</u>

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2016

(4) Temporarily Restricted Net Assets - continued

During the year ended June 30, 2016, net assets were released from donor restrictions by incurring costs satisfying donor stipulations associated with the following programs:

Time	\$ 68,100
Inclusive fitness project	37,500
National disability mentoring coalition	17,000
Pathways to inclusion	25,000
Mentor match	25,500
Making healthy connections	26,600
Young entrepreneurs project	<u>45,000</u>
Total temporarily restricted net assets released	\$ <u>244,700</u>

(5) 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.

(6) Operating Lease Commitments

The Organization leases office space and parking under a five-year lease expiring December 31, 2017. The lease has an escalation clause and requires monthly payments increasing from \$3,425 to \$3,619 over the term of the lease. The Organization pays an additional \$240 per month for parking. Rental expense for the year ended June 30, 2016 totaled \$44,369, which includes parking and additional space rented for trainings. The minimum annual operating non-cancelable lease commitments on property for the Organization are as follows:

FY17	\$ 45,533
FY18	23,154

The Organization leases copier equipment under an operating lease. The copier lease requires monthly payments of \$205 and expired August 2016. Also, the Organization entered into a new 12 month copier lease that expires September 2017 that requires monthly payment of \$175. Future minimum lease payments are as follows:

FY17	\$ 2,023
FY18	525

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2016

(7) 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. 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:

Commonwealth of Massachusetts Department of Public Health
Massachusetts Commission for the Blind
Massachusetts Rehabilitation Commission

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.

(8) Contributed Services and Gifts in Kind

Contributed services and gifts in kind for the year ended June 30, 2016 were as follows:

Graphic design/Photography	\$ 10,675
Donated facilities	330
Gifts in kind:	
Materials and event supplies	<u>9,326</u>
Total	\$ <u>20,331</u>

(9) Subsequent Events

The Organization has performed an evaluation of subsequent events through January 13, 2017 which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2016 that required recognition or disclosure in these financial statements.