

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Financial Statements

June 30, 2021



PARTNERS FOR YOUTH WITH DISABILITIES, INC.

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June 30, 2021

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Independent Auditor's Report

To the Board of Directors
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, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Partners for Youth with Disabilities, Inc. as of June 30, 2021 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.

Emphasis of Matter

As discussed in Note 1(o) to the financial statements, the Organization has adopted *ASU No. 2014-09, Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

The financial statements of Partners for Youth with Disabilities, Inc. for the year ended June 30, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on January 13, 2021. 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, 2020, 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 December 9, 2021, 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.



Danvers, Massachusetts
December 9, 2021

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, 2021, 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 December 9, 2021.

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) as a basis for designing 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 financial statements. 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.



Danvers, Massachusetts
December 9, 2021

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Financial Position

As of June 30, 2021

With Comparative Totals as of June 30, 2020

Current Assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 535,117	\$ 510,266
Accounts receivable	158,567	189,697
Contributions receivable, current portion	177,639	40,000
Prepaid expenses	<u>20,546</u>	<u>20,853</u>
Total current assets	<u>891,869</u>	<u>760,816</u>
Fixed Assets		
Furniture and equipment	24,731	16,997
Less: accumulated depreciation	<u>14,976</u>	<u>11,249</u>
Total net fixed assets	<u>9,755</u>	<u>5,748</u>
Other Assets		
Other long term assets	8,250	9,200
Contributions receivable, net of current portion	<u>33,862</u>	<u>38,100</u>
Total other assets	<u>42,112</u>	<u>47,300</u>
Total Assets	<u>\$ 943,736</u>	<u>\$ 813,864</u>
Current Liabilities		
Accounts payable	\$ 39,284	\$ 52,857
Accrued expenses	88,564	81,157
Accrued vacation compensation	66,304	56,111
Accrued interest payable	2,298	146
Note payable - paycheck protection program	381,613	-
Deferred revenue	<u>21,799</u>	<u>-</u>
Total current liabilities	<u>599,862</u>	<u>190,271</u>
Long Term Liabilities		
Note payable - paycheck protection program	<u>-</u>	<u>177,520</u>
Total long term liabilities	<u>-</u>	<u>177,520</u>
Total liabilities	<u>599,862</u>	<u>367,791</u>
Net Assets		
Net assets without donor restrictions	174,051	276,306
Net assets with donor restrictions	<u>169,823</u>	<u>169,767</u>
Total net assets	<u>343,874</u>	<u>446,073</u>
Total Liabilities and Net Assets	<u>\$ 943,736</u>	<u>\$ 813,864</u>

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Activities

For the Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	2020 Total
Revenue and Support				
Grants	\$ 20,174	\$ 318,389	\$ 338,563	\$ 451,159
Contributions	169,713	-	169,713	89,134
In-kind contributions	10,740	-	10,740	42,963
Special events	245,695	-	245,695	179,764
Program service fees	901,101	-	901,101	972,945
Interest and dividends	35	-	35	1,354
Other	7,835	-	7,835	1,069
Net assets released from restrictions	<u>318,333</u>	<u>(318,333)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,673,626</u>	<u>56</u>	<u>1,673,682</u>	<u>1,738,388</u>
Expenses				
Program services	1,185,814	-	1,185,814	1,358,697
General and administrative	387,895	-	387,895	290,223
Fundraising	<u>202,172</u>	<u>-</u>	<u>202,172</u>	<u>186,629</u>
Total expenses	<u>1,775,881</u>	<u>-</u>	<u>1,775,881</u>	<u>1,835,549</u>
Change in net assets	<u>(102,255)</u>	<u>56</u>	<u>(102,199)</u>	<u>(97,161)</u>
Total Change in Net Assets	<u>(102,255)</u>	<u>56</u>	<u>(102,199)</u>	<u>(97,161)</u>
Net Assets at Beginning of Year	<u>276,306</u>	<u>169,767</u>	<u>446,073</u>	<u>543,234</u>
Net Assets at End of Year	<u>\$ 174,051</u>	<u>\$ 169,823</u>	<u>\$ 343,874</u>	<u>\$ 446,073</u>

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Cash Flows

For the Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

Cash Flows from Operating Activities	<u>2021</u>	<u>2020</u>
Change in net assets	\$ (102,199)	\$ (97,161)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	3,732	3,232
Loss on disposal of fixed assets	181	-
Decrease (increase) in assets:		
Accounts receivable	31,130	157,780
Contributions receivable	(133,401)	(20,885)
Prepaid expenses	307	7,298
Other long term assets	950	773
Increase (decrease) in liabilities:		
Accounts payable	(13,573)	(56,447)
Accrued expenses	7,407	7,268
Accrued vacation compensation	10,193	29,927
Accrued interest payable	2,152	146
Deferred revenue	<u>21,799</u>	<u>-</u>
Net Cash (Used in) Provided by Operating Activities	<u>(171,322)</u>	<u>31,931</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	<u>(7,920)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(7,920)</u>	<u>-</u>
Cash Flows from Financing Activities		
Proceeds from note payable - payroll protection program	<u>204,093</u>	<u>177,520</u>
Net Cash Provided by Financing Activities	<u>204,093</u>	<u>177,520</u>
Net Increase in Cash and Cash Equivalents	24,851	209,451
Cash and Cash Equivalents - Beginning	<u>510,266</u>	<u>300,815</u>
Cash and Cash Equivalents - Ending	\$ <u><u>535,117</u></u>	\$ <u><u>510,266</u></u>
Supplement Data for Noncash Investing and Financing Activities		
Disposal of fully depreciated fixed assets	\$ <u><u>186</u></u>	\$ <u><u>1,683</u></u>

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2021

With Comparative Totals for the Year Ended June 30, 2020

	Mentoring	Youth in Preparation for Independence	Education/ Employment	Program Services	General and Administrative	Fundraising	2021 Total	2020 Total
Salaries	\$ 296,922	\$ 115,060	\$ 322,756	\$ 734,738	\$ 261,085	\$ 134,705	\$ 1,130,528	\$ 1,022,778
Payroll taxes	25,022	9,560	26,829	61,411	21,170	11,609	94,190	84,366
Fringe benefits	38,464	11,792	36,151	86,407	27,183	13,287	126,877	103,225
Subtotal	360,408	136,412	385,736	882,556	309,438	159,601	1,351,595	1,210,369
Activity fees	-	-	118	118	-	-	118	8,086
Advertising and recruitment	98	1,902	230	2,230	1,247	-	3,477	210
Bank fees	257	-	-	257	2,669	-	2,926	3,502
Charitable donation	120	-	-	120	200	-	320	-
Client transportation	24	-	-	24	-	-	24	119
Conferences and meetings	1,665	-	218	1,883	50	396	2,329	2,980
Contracted services	30,149	37,459	12,288	79,896	13,601	3,440	96,937	97,682
Depreciation	971	376	1,056	2,403	1,329	-	3,732	3,232
Equipment rental and maintenance	1,154	447	3,498	5,099	1,055	524	6,678	7,525
Food	-	-	-	-	-	-	-	14,671
Grant expense	71,893	-	4,000	75,893	-	-	75,893	178,759
Insurance	6,555	2,539	7,127	16,221	5,996	2,975	25,192	27,021
Interest expense	-	-	-	-	2,668	-	2,668	663
Membership dues	-	-	13	13	164	410	587	566
Miscellaneous	1,258	43	-	1,301	310	169	1,780	3,350
Occupancy	11,692	4,530	10,764	26,986	12,643	5,307	44,936	93,809
Payroll fees	-	-	-	-	10,469	-	10,469	7,670
Permits and fees	-	-	-	-	530	-	530	838
Postage and delivery	64	307	537	908	628	3,882	5,418	2,779
Printing and reproduction	-	5	525	530	-	2,221	2,751	5,842
Professional fees	-	-	-	-	12,515	11,020	23,535	21,945
Publications and subscriptions	3,887	1,806	5,928	11,621	3,034	6,759	21,414	15,000
Supplies	1,122	3,172	2,560	6,854	4,677	2,937	14,468	24,176
Telephone and internet	5,325	1,624	7,130	14,079	3,739	2,332	20,150	15,508
Temporary help	23,257	21,993	10,562	55,812	-	-	55,812	70,025
Travel	16	-	83	99	596	32	727	16,977
Utilities	368	143	400	911	337	167	1,415	2,245
	<u>\$ 520,283</u>	<u>\$ 212,758</u>	<u>\$ 452,773</u>	<u>\$ 1,185,814</u>	<u>\$ 387,895</u>	<u>\$ 202,172</u>	<u>\$ 1,775,881</u>	<u>\$ 1,835,549</u>

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(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 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 prior year, 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.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(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.

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.

Youth in Preparation for Independence Division:

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 the Organization'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.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Education and Employment Division:

Career Readiness Program (YEP/CR) - 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. This program also includes workshops and work based learning experiences for pre-employment transition aged youth served by the Massachusetts Rehabilitation Commission.

Access to Theatre Program (ATT) - This is an 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.

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 net assets without donor restrictions 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 (net assets without donor restrictions and net assets with donor restrictions) 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, 2021

(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:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These 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 net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Net Assets With Donor Restrictions - Net assets that 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions, gains, and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are received.

(d) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

The Organization maintains its cash balances at financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance.

The Organization also maintains cash equivalents in money market accounts with a balance of \$72,045 as of June 30, 2021. Money market balances are not FDIC insured. Management believes that no significant concentration of credit risk exists with respect to these cash and cash equivalent balances as of June 30, 2021.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition

The Organization earns revenue as follows:

The Organization generally measures revenue based on the amounts of consideration it expects to be entitled for the transfers of goods and services to a customer, then recognizes its revenue as performance obligations are satisfied under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Contracts - Federal and state contracts that are considered reciprocal transactions or purchases of services, the results of which are turned over to the grantor, are recognized as the work under the contract is performed. Contracts that are considered nonreciprocal transactions that further the programs of the Organization are recorded when the Organization receives notification of the contract, or if, conditions for performance are imposed, revenue is recognized when conditions have been met. 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. As of June 30, 2021, nonreciprocal and reciprocal transactions totaled 95% and 5%, respectively, of program services fees on the statement of activities.

Grants - The Organization receives funding from federal and state governmental agencies and various other grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain restrictions, which are met by incurring qualifying expenses for the particular program or project that is funded by the grant. Revenue from such grants is recognized when the funds have been expended on activities stipulated in the grant agreement. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged and the funds are released from restriction when the restriction has been met. Grants with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

Contributions - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions without donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

Donated Goods and Services - Donated goods and 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 events 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, 2021, revenue derived from the event totaled approximately \$245,695.

Program Service Fees - Program service fee revenue is earned and recognized by the Organization when units or services are provided and the performance obligation has been met.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2021, the Organization derived approximately 54% of its total revenue from governmental agencies and 46% 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, 2021, 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, 2021, 100% of the Organization's accounts receivable is due from various governmental agencies.

(g) Contributions Receivable

Conditional contributions receivable 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 contributions receivable 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 contributions. 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 contributions receivable 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, 2021, management has determined any allowance would be immaterial.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(h) Land, Building and Equipment

Land, building 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 estimated lives of furniture and equipment of 3-5 years. Furniture and equipment was \$24,731 as of June 30, 2021.

(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 27% for the year ended June 30, 2021. 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.

(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.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(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. Generally, the Organization's information returns remain open for possible federal income tax examination for three years after the filing date. The Organization is not currently under examination by any taxing jurisdiction.

(n) Summarized Financial Information for 2020

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, there is no presentation of statement of functional expenses for the year ended June 30, 2020. 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, 2020, from which the summarized information is derived.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(o) Recent Accounting Standard Adopted

On July 1, 2020, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). ASC 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. On July 1, 2020, the Organization adopted ASC 606 using the modified retrospective method applied to those contracts which were not completed as of July 1, 2020 (the practical expedient elected). Results for reporting periods beginning after July 1, 2020, are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Organization's historic accounting under ASC 605.

There were no material changes in the timing of recognition of revenue and, therefore, there were no adjustments to the opening balance of net assets without donor restrictions. The Organization does not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(p) Recent Accounting Standards

In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842). ASU 2020-05 deferred the implementation date of ASU 2016-02 and ASU 2014-09 by one year. The Organization has adopted ASU 2014-09. ASU 2016-02 is described below.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In July 2018, FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* and ASU 2018-11, *Leases (Topic 842), Targeted Improvements*. In December 2019, FASB issued ASU 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*. Adoption of these ASUs will run concurrent with the Organization's adoption of ASU 2016-02.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update address presentation and disclosure of contributed nonfinancial assets. The ASU is effective for annual periods beginning after June 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(q) Paycheck Protection Program Loan

As described at Note 3, the Organization received a Paycheck Protection Program 2 (PPP2) loan during the fiscal year ended June 30, 2021. The Organization has elected to follow the guidance regarding Debt found in FASB ASC 470 - *Not-for Profit Entities - Debt* to account for its PPP Loans. As a result, during the year ended June 30, 2021, the Organization recognized \$204,093 of debt.

(2) Contributions Receivable

Unconditional contributions receivable consist of the following as of June 30, 2021:

	<u>Gross Promise</u>	<u>Allowance</u>	<u>Net Promise</u>	<u>Unamortized Discount</u>	<u>Total</u>
Receivable less than 1 year	\$ 177,639	\$ -	\$ 177,639	\$ -	\$ 177,639
Receivable 1-5 years	<u>35,000</u>	<u>-</u>	<u>35,000</u>	<u>(1,138)</u>	<u>33,862</u>
Total	<u>\$ 212,639</u>	<u>\$ -</u>	<u>\$ 212,639</u>	<u>\$ (1,138)</u>	<u>\$ 211,501</u>

(3) Note Payable

The Organization received a Paycheck Protection Program (PPP) and a Paycheck Protection Program 2 (PPP2) loan from Eastern Bank during the fiscal years ended June 30, 2020 and June 30, 2021, respectively in the original amounts of \$177,520 and \$204,093, respectively, with maturity dates of April 29, 2022 and February 9, 2026, respectively. The loans bear interest at a rate of 1%, which is deferred for the first six months. Management expects that the loans will be substantially forgiven during the year ended June 30, 2022 and the loans have been presented as a current liability on the statement of financial position in keeping with current accounting practice in the industry. The Small Business Administration (SBA) has disclosed criteria for forgiveness which include but is not limited to maintaining the full-time equivalent number of employees over certain time period and expending the funds on eligible expenses over the covered period. The Organization will recognize forgiveness of the loan in full or in part when the SBA determines the amount of forgiveness and notifies the Organization.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(4) Operating Lease Commitments

The Organization has a five year lease agreement for office space located in Somerville, Massachusetts, that commenced on January 1, 2018. The monthly payment over the life of the lease is \$4,125. Lease expense for the year ended June 30, 2021 totaled \$43,312, which includes parking and additional space rented for trainings. In September 2020 the Organization renegotiated the lease for office space. The amendment reduces rent payments by half for the period of September 14, 2020 through November 30, 2020.

The future minimum annual operating non-cancelable lease commitments on property are as follows:

2022	\$ 49,500
2023	24,750

(5) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2021, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to the passage of time:	
For periods after June 30, 2021	\$ <u>169,823</u>
Total net assets with donor restrictions	\$ <u>169,823</u>

Net assets released from restrictions during the year ended June 30, 2021 were \$318,333, of which \$138,333 was from program restrictions and \$180,000 was from time restrictions.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(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. 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 Mental Health
- Commonwealth of Massachusetts Department of Developmental Services
- Massachusetts Commission for the Blind
- Massachusetts Rehabilitation Commission
- United States Department of Education
- United States Department of Justice
- United States Department of Housing and Urban Development
- United States Department of Health and Human Services
- United States 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, 2021 were as follows:

Gifts in kind:

Donated electronics	\$ 10,740
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PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(8) Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date.

Financial assets at year end	
Cash and cash equivalents	\$ 535,117
Accounts and contributions receivable, net	<u>336,206</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>871,323</u>

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(9) COVID-19 - *Risks and Uncertainties*

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. At this stage, the impact to the Organization for the year ended June 30, 2021 was a limited loss of revenues and other effects to the Organization's financial position, results of operations, and cash flows, such as increased costs, which were mitigated by state and federal relief efforts. As described in Note 3, the Organization received a PPP and a PPP2 loan. Further, the Organization's liquidity as June 30, 2021 is documented at Note 8. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time the Organization may have to seek alternative measures to finance its operations. The Organization does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2021

(10) Subsequent Events

The Organization has performed an evaluation of subsequent events through December 9, 2021, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in these financial statements.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Schedule of Findings and Responses

June 30, 2021

(1) Combined Financial Statement Findings

No significant deficiencies or material weaknesses reported.

(2) Status of Prior Year Findings

No significant deficiencies or material weaknesses