



# PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Financial Statements

June 30, 2017



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Kevin P. Martin & Associates, P.C.

**PARTNERS FOR YOUTH WITH DISABILITIES, INC.**

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June 30, 2017

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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Partners for Youth with Disabilities, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2016 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated January 13, 2017. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 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.

 Nimir P. Martini & Associates, P.C.

December 11, 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, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 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.

Handwritten signature of Nimir P. Martini & Associates, P.C.

December 11, 2017

**PARTNERS FOR YOUTH WITH DISABILITIES, INC.**

Statement of Financial Position

As of June 30, 2017

With Comparative Totals as of June 30, 2016

<b>Current Assets</b>	2017	2016
Cash and cash equivalents	\$ 379,859	\$ 287,825
Accounts receivable	242,739	138,499
Promises to give, current portion	119,300	56,250
Prepaid expenses	21,365	18,491
Other current assets	500	-
Total current assets	763,763	501,065
<b>Fixed Assets</b>		
Furniture and equipment	14,139	11,859
Less: accumulated depreciation	12,239	11,509
Total net fixed assets	1,900	350
<b>Other Assets</b>		
Promises to give, net of current portion	132,825	-
<b>Total Assets</b>	\$ 898,488	\$ 501,415
<b>Current Liabilities</b>		
Accounts payable	\$ 16,214	\$ 10,991
Accrued expenses	68,208	16,126
Accrued vacation compensation	44,188	38,141
Total current liabilities	128,610	65,258
<b>Net Assets</b>		
Unrestricted	485,243	330,490
Temporarily restricted	284,635	105,667
Total net assets	769,878	436,157
<b>Total Liabilities and Net Assets</b>	\$ 898,488	\$ 501,415

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, 2017  
With Comparative Totals for the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b>Revenue and Support</b>				
Grants and contributions	\$ 209,113	\$ 581,850	\$ 790,963	\$ 454,709
In-kind contributions	11,758	-	11,758	20,331
Special events	104,958	-	104,958	111,695
Program service fees	861,404	-	861,404	577,767
Interest and dividends	361	-	361	96
Other	-	-	-	462
Net assets released from restrictions	<u>402,882</u>	<u>(402,882)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,590,476</u>	<u>178,968</u>	<u>1,769,444</u>	<u>1,165,060</u>
<b>Expenses</b>				
Program services	1,096,307	-	1,096,307	852,393
General and administrative	190,168	-	190,168	146,507
Fundraising	<u>149,248</u>	<u>-</u>	<u>149,248</u>	<u>150,416</u>
Total expenses	<u>1,435,723</u>	<u>-</u>	<u>1,435,723</u>	<u>1,149,316</u>
<b>Total Change in Net Assets</b>	154,753	178,968	333,721	15,744
<b>Net Assets at Beginning of Year</b>	<u>330,490</u>	<u>105,667</u>	<u>436,157</u>	<u>420,413</u>
<b>Net Assets at End of Year</b>	<u>\$ 485,243</u>	<u>\$ 284,635</u>	<u>\$ 769,878</u>	<u>\$ 436,157</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, 2017  
With Comparative Totals for the Year Ended June 30, 2016

<b>Cash Flows from Operating Activities</b>	<u>2017</u>	<u>2016</u>
<b>Change in net assets</b>	\$ 333,721	\$ 15,744
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	730	702
Decrease (increase) in assets:		
Accounts receivable	(104,240)	(17,075)
Promises to give	(195,875)	(8,150)
Prepaid expenses	(2,874)	(6,157)
Other current assets	(500)	-
Increase (decrease) in liabilities:		
Accounts payable	5,223	174
Accrued expenses	52,082	8,929
Accrued vacation compensation	6,047	12,023
Deferred revenue	<u>-</u>	<u>(2,000)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>94,314</u>	<u>4,190</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	<u>(2,280)</u>	<u>-</u>
<b>Net Cash Used in Investing Activities</b>	<u>(2,280)</u>	<u>-</u>
<b>Net Increase in Cash and Cash Equivalents</b>	92,034	4,190
<b>Cash and Cash Equivalents - Beginning</b>	<u>287,825</u>	<u>283,635</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 379,859</u>	<u>\$ 287,825</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, 2017

With Comparative Totals for the Year Ended June 30, 2016

	<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>2017 Total</u>	<u>2016 Total</u>
Salaries	\$ 297,193	\$ 84,856	\$ 264,843	\$ 646,892	\$ 122,501	\$ 87,376	\$ 856,769	\$ 676,578
Payroll taxes	30,571	7,834	27,177	65,582	12,497	8,155	86,234	65,282
Fringe benefits	43,928	12,123	23,209	79,260	15,699	12,950	107,909	91,392
Subtotal	<u>371,692</u>	<u>104,813</u>	<u>315,229</u>	<u>791,734</u>	<u>150,697</u>	<u>108,481</u>	<u>1,050,912</u>	<u>833,252</u>
Activity fees	400	-	-	400	-	-	400	1,339
Advertising and recruitment	434	-	360	794	172	-	966	657
Bank fees	27	-	-	27	159	1,482	1,668	1,727
Charitable donation	-	-	-	-	500	75	575	100
Client transportation	83	733	271	1,087	-	-	1,087	594
Conferences and meetings	1,388	-	40	1,428	30	1,032	2,490	2,357
Contracted services	25,562	27,741	25,144	78,447	1,632	2,210	82,289	72,948
Depreciation	252	72	224	548	108	74	730	702
Equipment rental and maintenance	2,697	591	1,844	5,132	889	608	6,629	4,141
Food	9,262	1,860	5,562	16,684	-	10,607	27,291	13,815
Grant expense	39,186	-	-	39,186	-	-	39,186	10,000
Insurance	7,785	2,267	6,938	16,990	3,351	2,289	22,630	20,620
Interest expense	-	-	-	-	320	-	320	335
Membership dues	-	210	-	210	1,610	330	2,150	1,315
Miscellaneous	2,252	4	634	2,890	435	567	3,892	2,543
Occupancy	18,302	23,427	20,557	62,286	6,967	5,066	74,319	59,284
Payroll fees	-	-	-	-	3,823	-	3,823	3,123
Permits and fees	84	-	30	114	567	30	711	495
Postage and delivery	144	81	196	421	312	2,151	2,884	2,407
Printing and reproduction	854	638	781	2,273	28	5,346	7,647	5,690
Professional fees	-	-	-	-	14,083	-	14,083	7,556
Publications and subscriptions	1,669	71	71	1,811	1,108	117	3,036	2,803
Special event	-	-	-	-	-	-	-	8,068
Supplies	4,582	3,162	3,211	10,955	439	2,102	13,496	11,861
Telephone and internet	6,713	1,639	4,389	12,741	1,977	1,860	16,578	15,766
Temporary help	13,000	1,100	3,700	17,800	-	-	17,800	35,104
Travel	14,466	4,002	13,414	31,882	869	4,758	37,509	29,689
Utilities	215	61	191	467	92	63	622	1,025
	<u>\$ 521,049</u>	<u>\$ 172,472</u>	<u>\$ 402,786</u>	<u>\$ 1,096,307</u>	<u>\$ 190,168</u>	<u>\$ 149,248</u>	<u>\$ 1,435,723</u>	<u>\$ 1,149,316</u>

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

# PARTNERS FOR YOUTH WITH DISABILITIES, INC.

## Notes to Financial Statements

June 30, 2017

### **(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, 2017 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, 2017, 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 completed the first phase of a funding initiative, Operation Forward Motion, which raised \$260,000 to promote cost effective expansion of its services, training, and technical assistance in areas of inclusion, mentoring, and career readiness. These services not only expanded the Organization's reach and presence on a more regional and national level but will also enhanced its ability to generate independent fee for service revenue.

# PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2017

## (1) Summary of Significant Accounting Policies - continued

### (a) Nature of Activities - continued

Current programs include:

#### **Mentoring Division:**

*Mentor Match Program* - This core program of the Organization matches youth with disabilities with caring adults that serve as role models and mentors for the youth guiding them to achieve their personal, independent living and career goals. This program served a total of 125 youth in new or existing matches during the year.

*National Center for Mentoring Youth with Disabilities* - The National Center reaches non-profit organizations across the United States with customized training, technical assistance, and support to improve inclusion and engagement of people with disabilities. During the year ended June 30, 2017, the Organization's National Center provided training for 1154 individuals in a wide range of organizations, including the City Year Boston, Boston Public Schools, Segerstrom Center, Strong Women Strong Girls and Michigan State University. The substantial increase in people trained from the prior year resulted from the success of the Operation Forward Motion campaign.

#### **Youth in Preparation for Independence Division:**

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

*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.

*Youth Leadership Forum* - During the year ended June 30, 2017, the Massachusetts Rehabilitation Commission selected the Organization to plan and host the 2017 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.

# PARTNERS FOR YOUTH WITH DISABILITIES, INC.

## Notes to Financial Statements

June 30, 2017

### (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.

*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.

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

#### (b) Basis for Presentation

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

#### (c) Standards of Accounting and Reporting

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

The statement of financial position presents three classes of net assets (unrestricted, temporarily and permanently restricted) and the statement of activities displays the change in each class of net assets.

The classes of net assets applicable to the Organization are presented as follows:

Unrestricted - Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

# PARTNERS FOR YOUTH WITH DISABILITIES, INC.

## Notes to Financial Statements

June 30, 2017

### **(1) Summary of Significant Accounting Policies - continued**

#### ***(c) Standards of Accounting and Reporting - continued***

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 \$117,243 as of June 30, 2017, which are primarily invested in U.S. Government securities, certificates of deposit and commercial paper. As of June 30, 2017, 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, 2017.

#### ***(e) Revenue Recognition***

The Organization earns revenue as follows:

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

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

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

# PARTNERS FOR YOUTH WITH DISABILITIES, INC.

## Notes to Financial Statements

June 30, 2017

### **(1) Summary of Significant Accounting Policies - continued**

#### ***(e) Revenue Recognition - continued***

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, 2017, revenue derived from the event totaled approximately \$104,958.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2017, the Organization derived approximately 49% of its total revenue from governmental agencies and 51% 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, 2017, 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, 2017, 49% of the Organization's accounts receivable is due from various contractual obligations and service fees and 51% is due from foundations, corporations, and individuals.

#### ***(g) Promises to Give***

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

# PARTNERS FOR YOUTH WITH DISABILITIES, INC.

## Notes to Financial Statements

June 30, 2017

### **(1) Summary of Significant Accounting Policies - continued**

#### ***(g) Promises to Give - continued***

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, 2017, management has determined any allowance would be immaterial.

#### ***(h) Fixed Assets***

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

The Organization computes depreciation using the straight-line method over the estimated lives of furniture and equipment of 3-5 years.

#### ***(i) Fundraising Expense***

Fundraising expense relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 9% for the year ended June 30, 2017. 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, 2017

### **(1) Summary of Significant Accounting Policies - continued**

#### ***(l) 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.

#### ***(m) Income Taxes***

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

#### ***(n) Summarized Financial Information for 2016***

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, 2016, from which the summarized information was derived.

#### ***(o) Fair Value Measurements***

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

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

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

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

**PARTNERS FOR YOUTH WITH DISABILITIES, INC.**

Notes to Financial Statements

June 30, 2017

**(1) Summary of Significant Accounting Policies - continued**

*(o) Fair Value Measurements - continued*

**Recurring Fair Value Measurements**

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

**Promises to Give:** The promises to give due in more than one year of \$132,825 are reflected at the present value of estimated future cash flows using a discount rate of 3% and were classified as Level 2.

The Organization's policy is to recognize transfers in and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year ended June 30, 2017.

**(2) Promises to Give**

Promises to give consist of the following as of June 30, 2017:

	<u>Gross Promise</u>	<u>Allowance</u>	<u>Net Promise</u>	<u>Unamortized Discount</u>	<u>Total</u>
Receivable less than 1 year	\$ 119,300	\$ -	\$ 119,300	\$ -	\$ 119,300
Receivable in 1 to 5 years	<u>138,000</u>	<u>-</u>	<u>138,000</u>	<u>(5,175)</u>	<u>132,825</u>
	<u>\$ 257,300</u>	<u>\$ -</u>	<u>\$ 257,300</u>	<u>\$ (5,175)</u>	<u>\$ 252,125</u>

The applicable discount rates for the above promises to give was 3%.

**(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 4.25% as of June 30, 2017. The line is secured by the Organization's general business assets. The line of credit expires April 2018. Historically, the bank performs an annual review and extends for an additional year. There was no outstanding borrowings as of June 30, 2017.

**PARTNERS FOR YOUTH WITH DISABILITIES, INC.**

Notes to Financial Statements

June 30, 2017

**(4) 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 \$3,490 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, 2017 totaled \$45,145, which includes parking and additional space rented for trainings. The future minimum annual operating non-cancelable lease commitments on property, including a new office space lease (see Note 10), are as follows:

FY18	\$ 47,904
FY19	49,500
FY20	49,500
FY21	49,500
FY22	49,500

The Organization leases copier equipment under an operating lease. The copier lease requires monthly payments of \$205 and expired August 2017 and the Organization extended the lease for 12 months expiring September 2017 that requires monthly payment of \$175. Future minimum lease payments, including a new copier lease (see Note 10), are as follows:

FY18	\$ 2,507
FY19	2,878
FY20	2,878
FY21	720

**(5) Temporarily Restricted Net Assets**

Temporarily restricted net assets consists of grants which are restricted for specific use or time by the donor for the year ended June 30, 2017, are as follows:

Time	\$ 259,635
Inclusive fitness project	<u>25,000</u>
Total temporarily restricted net assets	\$ <u>284,635</u>

During the year ended June 30, 2017, net assets were released from donor restrictions by incurring costs satisfying donor stipulations associated with the following programs:

Time	\$ 157,000
International Disabilities project	11,000
National disability mentoring coalition	6,882
Pathways to inclusion	50,000
Mentor match	55,500
Operation Forward Motion project	7,500
YEP	65,000
C3 Program	<u>50,000</u>
Total temporarily restricted net assets released	\$ <u>402,882</u>

# PARTNERS FOR YOUTH WITH DISABILITIES, INC.

## Notes to Financial Statements

June 30, 2017

### **(6) 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.

### **(7) 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  
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, 2017 were as follows:

Gifts in kind:	
Materials and supplies for special event	\$ <u>11,758</u>
Total	\$ <u>11,758</u>

### **(9) Subsequent Events**

The Organization has performed an evaluation of subsequent events through December 11, 2017 which is the date the Organization’s financial statements were available to be issued. No material subsequent events, other than the items disclosed below, have occurred since June 30, 2017 that required recognition or disclosure in these financial statements.

**PARTNERS FOR YOUTH WITH DISABILITIES, INC.**

Notes to Financial Statements

June 30, 2017

**(9) Subsequent Events - continued**

The Organization entered into a five year lease agreement for office space located in Somerville, Massachusetts commencing January 1, 2018. The monthly payments over the life of the loan is \$4,125. The Organization entered into a 36 month copier lease commencing September 26, 2018 with monthly payments of \$240.