



PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Financial Statements

June 30, 2020



Kevin P. Martin & Associates, P.C.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Index

June 30, 2020

Independent Auditors' Report

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Financial Statements:

Statement of Financial Position as of June 30, 2020 with Comparative Totals as of June 30, 2019	1
Statement of Activities for the Year Ended June 30, 2020 with Comparative Totals for the Year Ended June 30, 2019	2
Statement of Cash Flows for the Year Ended June 30, 2020	3
Statement of Functional Expenses for the Year Ended June 30, 2020	4
Notes to Financial Statements	5-18
Schedule of Findings and Responses	19



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, 2020, 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, 2020, 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. 2018-08, *Clarified Scope and Accounting Guidance for Contributions Received and Made*. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2019. 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Danvers, Massachusetts
January 13, 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, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 13, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Nimir P. Martini & Associates, P.C.

Danvers, Massachusetts
January 13, 2021

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Financial Position

As of June 30, 2020

With Comparative Totals as of June 30, 2019

Current Assets	2020	2019
Cash and cash equivalents	\$ 510,266	\$ 300,815
Accounts receivable	189,697	347,477
Contributions receivable, current portion	40,000	57,215
Prepaid expenses	20,853	28,151
Total current assets	760,816	733,658
 Fixed Assets		
Furniture and equipment	16,997	18,680
Less: accumulated depreciation	11,249	9,700
Total net fixed assets	5,748	8,980
 Other Assets		
Other long term assets	9,200	9,973
Contributions receivable, net of current portion	38,100	-
Total other assets	47,300	9,973
Total Assets	\$ 813,864	\$ 752,611
 Current Liabilities		
Accounts payable	\$ 52,857	\$ 109,304
Accrued expenses	81,157	73,889
Accrued vacation compensation	56,111	26,184
Accrued interest payable	146	-
Note payable - paycheck protection program	177,520	-
Total current liabilities	367,791	209,377
Total liabilities	367,791	209,377
 Net Assets		
Net assets without donor restrictions	276,306	432,242
Net assets with donor restrictions	169,767	110,992
Total net assets	446,073	543,234
Total Liabilities and Net Assets	\$ 813,864	\$ 752,611

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, 2020
With Comparative Totals for the Year Ended June 30, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2020 Total	2019 Total
Revenue and Support				
Grants	\$ 68,726	\$ 382,433	\$ 451,159	\$ 280,658
Contributions	89,134	-	89,134	126,707
In-kind contributions	42,963	-	42,963	43,263
Special events	179,764	-	179,764	125,266
Program service fees	972,945	-	972,945	1,170,879
Interest and dividends	1,354	-	1,354	2,313
Other	1,069	-	1,069	1,581
Net assets released from restrictions	<u>323,658</u>	<u>(323,658)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,679,613</u>	<u>58,775</u>	<u>1,738,388</u>	<u>1,750,667</u>
Expenses				
Program services	1,358,697	-	1,358,697	1,456,482
General and administrative	290,223	-	290,223	264,565
Fundraising	<u>186,629</u>	<u>-</u>	<u>186,629</u>	<u>166,476</u>
Total expenses	<u>1,835,549</u>	<u>-</u>	<u>1,835,549</u>	<u>1,887,523</u>
Change in net assets	<u>(155,936)</u>	<u>58,775</u>	<u>(97,161)</u>	<u>(136,856)</u>
Total Change in Net Assets	<u>(155,936)</u>	<u>58,775</u>	<u>(97,161)</u>	<u>(136,856)</u>
Net Assets at Beginning of Year	<u>432,242</u>	<u>110,992</u>	<u>543,234</u>	<u>680,090</u>
Net Assets at End of Year	<u>\$ 276,306</u>	<u>\$ 169,767</u>	<u>\$ 446,073</u>	<u>\$ 543,234</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, 2020
With Comparative Totals for the Year Ended June 30, 2019

Cash Flows from Operating Activities	2020	2019
Change in net assets	\$ (97,161)	\$ (136,856)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,232	3,614
Decrease (increase) in assets:		
Accounts receivable	157,780	(172,350)
Contributions receivable	(20,885)	155,260
Prepaid expenses	7,298	(4,446)
Other long term assets	773	(925)
Increase (decrease) in liabilities:		
Accounts payable	(56,447)	51,224
Accrued expenses	7,268	18,803
Accrued vacation compensation	29,927	(27,828)
Accrued interest payable	146	-
Net Cash Provided by (Used in) Operating Activities	31,931	(113,504)
Cash Flows from Financing Activities		
Proceeds from note payable - payroll protection program	177,520	-
Net Cash Provided by Financing Activities	177,520	-
Net Increase (Decrease) in Cash and Cash Equivalents	209,451	(113,504)
Cash and Cash Equivalents - Beginning	300,815	414,319
Cash and Cash Equivalents - Ending	\$ 510,266	\$ 300,815
Supplement Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ -	\$ 515
Supplement Data for Noncash Investing and Financing Activities		
Disposal of fully depreciated fixed assets	\$ 1,683	\$ -

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, 2020

With Comparative Totals for the Year Ended June 30, 2019

	Mentoring	Youth in Preparation for Independence	Education/ Employment	Program Services	General and Administrative	Fundraising	2020 Total	2019 Total
Salaries	\$ 367,412	\$ 69,297	\$ 261,657	\$ 698,366	\$ 185,627	\$ 108,082	\$ 992,075	\$ 908,787
Payroll taxes	31,263	5,882	22,711	59,856	15,171	9,339	84,366	84,398
Fringe benefits	55,925	8,473	36,160	100,558	21,345	12,024	133,927	118,617
Subtotal	<u>454,600</u>	<u>83,652</u>	<u>320,528</u>	<u>858,780</u>	<u>222,143</u>	<u>129,445</u>	<u>1,210,368</u>	<u>1,111,802</u>
Activity fees	1,846	-	128	1,974	-	6,112	8,086	1,588
Advertising and recruitment	20	-	190	210	-	-	210	640
Bank fees	-	-	-	-	848	2,654	3,502	2,341
Charitable donation	-	-	-	-	-	-	-	180
Client transportation	-	-	98	98	-	21	119	1,102
Conferences and meetings	2,198	-	200	2,398	110	472	2,980	1,178
Contracted services	30,085	13,414	48,421	91,920	5,762	-	97,682	95,378
Depreciation	1,177	222	839	2,238	994	-	3,232	3,614
Equipment rental and maintenance	2,565	456	2,150	5,171	1,332	1,022	7,525	4,473
Food	2,054	-	899	2,953	834	10,884	14,671	26,401
Grant expense	178,759	-	-	178,759	-	-	178,759	291,453
Insurance	11,946	1,566	6,484	19,996	4,582	2,443	27,021	24,476
Interest expense	-	-	-	-	664	-	664	515
Membership dues	-	-	-	-	126	440	566	695
Miscellaneous	1,924	17	331	2,272	778	300	3,350	4,582
Occupancy	19,894	3,538	54,517	77,949	10,346	5,514	93,809	104,833
Payroll fees	-	-	-	-	7,670	-	7,670	5,852
Permits and fees	-	-	-	-	838	-	838	525
Postage and delivery	146	434	14	594	338	1,847	2,779	3,062
Printing and reproduction	1,075	73	1,341	2,489	149	3,204	5,842	10,145
Professional fees	-	105	-	105	21,590	250	21,945	22,200
Publications and subscriptions	3,917	916	2,667	7,500	3,311	4,189	15,000	9,918
Supplies	4,253	3,168	4,367	11,788	2,671	9,717	24,176	14,919
Telephone and internet	5,427	965	4,721	11,113	2,821	1,574	15,508	17,272
Temporary help	27,531	13,000	24,832	65,363	-	4,662	70,025	93,239
Travel	6,333	103	7,038	13,474	1,864	1,639	16,977	32,091
Utilities	817	154	582	1,553	452	240	2,245	3,049
	<u>\$ 756,567</u>	<u>\$ 121,783</u>	<u>\$ 480,347</u>	<u>\$ 1,358,697</u>	<u>\$ 290,223</u>	<u>\$ 186,629</u>	<u>\$ 1,835,549</u>	<u>\$ 1,887,523</u>

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2020

(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, 2020

(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 PYD's YLF and ATT programs.

Youth Leadership Forum (YLF) - YLF is for High School students with disabilities who want to develop self-advocacy and leadership skills, begin to plan career goals, and build a network of supports and friends.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Education and Training 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, 2020

(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.

(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 (FDIC). 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 \$122,036 as of June 30, 2020. 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, 2020.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition

The Organization earns revenue as follows:

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, 2020, 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.

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.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

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.

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

Special Events - Special 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, 2020, revenue derived from the event totaled approximately \$179,764.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2020, the Organization derived approximately 56% of its total revenue from governmental agencies and 44% 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, 2020, 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, 2020, 100% of the Organization's accounts receivable is due from various governmental agencies.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(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, 2020, management has determined any allowance would be immaterial.

(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 \$16,997 as of June 30, 2020.

(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 24% for the year ended June 30, 2020. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(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.

(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.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(n) Summarized Financial Information for 2019

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 cash flows or statement of functional expenses for the year ended June 30, 2019. 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, 2019, from which the summarized information is derived.

(o) Recent Accounting Standard Adopted

On July 1, 2019, the Organization adopted ASU 2018-08, *Not-for Profit Entities (Topic 958), Clarified Scope and Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify and improve the guidance in U.S. GAAP for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution that is a promise to give is conditional. The Organization adopted the ASU using a modified prospective method effective July 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, the 2018 financial statements are not restated and there was no cumulative effect adjustment to opening net assets as of July 1, 2019.

(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. These ASUs are described below.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: Step 1 - identify the contract(s) with the customer; Step 2 - Identify the performance obligations in the contract; Step 3 - determine the transaction price; Step 4 - Allocate the transaction price to the performance obligations in the contract and Step 5 - recognize revenue when (or as) the entity satisfies a performance obligation. Services within the scope of ASU 2014-09 primarily include program service fees. The ASU was set to be effective for fiscal years beginning after December 15, 2018 and has been extended to be effective for fiscal years beginning after December 15, 2019. 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, 2020

(1) Summary of Significant Accounting Policies - continued

(p) Recent Accounting Standards - continued

In March 2016, FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606), Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*. In December 2016, FASB Issued ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*. These ASUs will be adopted concurrent with the Organization's adoption of ASU 2014-09.

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 July 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.

(q) Paycheck Protection Program Loan

As described at Note 3, the Organization received a Paycheck Protection Program (PPP) loan during the fiscal year ended June 30, 2020. 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 Loan. As a result, during the year ended June 30, 2020, the Organization recognized \$177,520 of debt.

(r) Reclassification

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2020

(2) Contributions Receivable

Unconditional contributions receivable consist of the following as of June 30, 2020:

	<u>Gross Promise</u>	<u>Allowance</u>	<u>Net Promise</u>	<u>Unamortized Discount</u>	<u>Total</u>
Receivable less than 1 year	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ 40,000
Receivable 1-5 years	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>(1,900)</u>	<u>38,100</u>
Total	\$ <u>80,000</u>	\$ <u>-</u>	\$ <u>80,000</u>	\$ <u>(1,900)</u>	\$ <u>78,100</u>

(3) Note Payable

The Organization received a PPP loan from Eastern Bank during the fiscal year ended June 30, 2020 in the original amount of \$177,520 with a maturity date of April 29, 2022. The loan bears interest at a rate of 1%, which is deferred for the first six months. Management expects that the loan will be substantially forgiven during the year ended June 30, 2021 and the loan has 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.

(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 loan is \$4,125. Lease expense for the year ended June 30, 2020 totaled \$49,500, which includes parking and additional space rented for trainings. The future minimum annual operating non-cancelable lease commitments on property are as follows:

FY21	\$ 43,312
FY22	49,500
FY23	24,750

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2020

(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, 2020, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to the passage of time:	
For periods after June 30, 2020	\$ <u>169,767</u>
 Total net assets with donor restrictions	 \$ <u><u>169,767</u></u>

Net assets released from restrictions during the year ended June 30, 2020 were \$323,658, of which \$84,333 was from program restrictions and \$239,325 was from time restrictions.

(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.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2020

(7) Contributed Services and Gifts in Kind

Contributed services and gifts in kind for the year ended June 30, 2020 were as follows:

Gifts in kind:	
Donated rehearsal space for special event	\$ 34,589
Supplies and office expenses	<u>8,374</u>
Total	\$ <u>42,963</u>

(8) Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2020, 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	\$ 510,266
Accounts and contributions receivable, net	<u>267,797</u>
Total	<u>778,063</u>
Less amounts unavailable for general expenditures within one year, due to:	
Contributions receivable - more than one year	<u>38,100</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>739,963</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.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2020

(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, 2020 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 loan. Further, the Organization's liquidity as of June 30, 2020 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.

(10) Subsequent Events

The Organization has performed an evaluation of subsequent events through January 13, 2021 which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2020 that required recognition or disclosure in these financial statements.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Schedule of Findings and Responses

June 30, 2020

(1) Combined Financial Statement Findings

No significant deficiencies or material weaknesses reported.

(2) Status of Prior Year Findings

No significant deficiencies or material weaknesses