

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Financial Statements

June 30, 2015

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

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June 30, 2015

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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, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015, 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

The financial statements of the Organization as of June 30, 2014, were audited by other auditors whose report dated September 5, 2014, expressed an unmodified opinion on those statements. 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, 2014, 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 12, 2015, 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.



December 12, 2015



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, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2015.

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 in cursive script: Nimir P. Martini & Associates, P.C.

December 12, 2015

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Financial Position

As of June 30, 2015

With Comparative Totals as of June 30, 2014

Current Assets	2015	2014
Cash and cash equivalents	\$ 283,635	\$ 402,205
Accounts receivable	121,424	40,073
Pledges receivable	48,100	103,500
Prepaid expenses	12,334	13,833
Total current assets	465,493	559,611
Fixed Assets		
Furniture and equipment	11,859	19,137
Less: accumulated depreciation	10,807	16,539
Total net fixed assets	1,052	2,598
Other Assets		
Long term pledges receivable - (net discount of \$1,073)	-	31,927
Total other assets	-	31,927
Total Assets	\$ 466,545	\$ 594,136
Current Liabilities		
Accrued expenses	\$ 18,014	\$ 14,744
Accrued vacation compensation	26,118	24,834
Deferred revenue	2,000	-
Total current liabilities	46,132	39,578
Total liabilities	46,132	39,578
Net Assets		
Unrestricted	313,146	336,464
Temporarily restricted	107,267	218,094
Total net assets	420,413	554,558
Total Liabilities and Net Assets	\$ 466,545	\$ 594,136

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, 2015
With Comparative Totals for the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Revenue and Support				
Grants and contributions	\$ 210,052	\$ 220,100	\$ 430,152	\$ 760,371
In-kind contributions	19,421		19,421	94,517
Special events	123,855	1,000	124,855	38,764
Net assets released from restrictions	331,927	(331,927)	-	-
Service fees	334,571	-	334,571	239,074
Interest and dividends	<u>37</u>	<u>-</u>	<u>37</u>	<u>56</u>
 Total revenue and support	 <u>1,019,863</u>	 <u>(110,827)</u>	 <u>909,036</u>	 <u>1,132,782</u>
Expenses				
Program services	723,003	-	723,003	722,354
General and administrative	148,440	-	148,440	191,230
Fundraising	<u>171,738</u>	<u>-</u>	<u>171,738</u>	<u>210,255</u>
 Total expenses	 <u>1,043,181</u>	 <u>-</u>	 <u>1,043,181</u>	 <u>1,123,839</u>
 Change in net assets	 <u>(23,318)</u>	 <u>(110,827)</u>	 <u>(134,145)</u>	 <u>8,943</u>
Total Change in Net Assets	(23,318)	(110,827)	(134,145)	8,943
Net Assets at Beginning of Year	<u>336,464</u>	<u>218,094</u>	<u>554,558</u>	<u>545,615</u>
Net Assets at End of Year	<u>\$ 313,146</u>	<u>\$ 107,267</u>	<u>\$ 420,413</u>	<u>\$ 554,558</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, 2015
With Comparative Totals for the Year Ended June 30, 2014

Cash Flows from Operating Activities	<u>2015</u>	<u>2014</u>
Change in net assets	\$ (134,145)	\$ 8,943
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,546	2,275
Decrease (increase) in assets:		
Accounts receivable	(81,351)	56,357
Pledges receivable	87,327	(27,963)
Prepaid expenses	1,499	(5,923)
Increase (decrease) in liabilities:		
Accrued expenses	3,270	(9,249)
Accrued vacation compensation	1,284	2,298
Deferred revenue	<u>2,000</u>	
Net Cash (Used in) Provided by Operating Activities	<u>(118,570)</u>	<u>26,738</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	<u>-</u>	<u>(2,103)</u>
Net Cash Used in Investing Activities	<u>-</u>	<u>(2,103)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(118,570)	24,635
Cash and Cash Equivalents - Beginning	<u>402,205</u>	<u>377,570</u>
Cash and Cash Equivalents - Ending	<u>\$ 283,635</u>	<u>\$ 402,205</u>

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Statement of Functional Expenses

As of June 30, 2015

With Comparative Totals as of June 30, 2014

	<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>2015 Total</u>	<u>2014 Total</u>
Salaries	\$ 198,307	\$ 60,693	\$ 163,431	\$ 422,431	\$ 96,460	\$ 91,784	\$ 610,675	\$ 635,159
Payroll tax	19,443	5,565	15,278	40,286	7,477	8,685	56,448	58,822
Fringe benefits	29,636	9,071	23,813	62,520	14,415	11,690	88,625	94,183
Subtotal	<u>247,386</u>	<u>75,329</u>	<u>202,522</u>	<u>525,237</u>	<u>118,352</u>	<u>112,159</u>	<u>755,748</u>	<u>788,164</u>
Activity fees	5,672	-	-	5,672	-	-	5,672	16,709
Advertising and recruitment	1,124	-	80	1,204	5	383	1,592	773
Bank fees	-	-	-	-	576	2,001	2,577	2,027
Charitable donation	-	-	-	-	-	-	-	350
Client transportation	-	-	100	100	-	998	1,098	1,386
Conferences and meetings	1,098	-	490	1,588	40	176	1,804	1,156
Contracted services	13,582	4,110	29,551	47,243	1,380	6,597	55,220	55,094
Depreciation	502	154	414	1,070	244	232	1,546	2,275
Equipment rental and maintenance	1,621	457	1,233	3,311	728	2,242	6,281	5,957
Food	2,881	1,935	414	5,230	-	78	5,308	5,186
Grant expense	10,000	-	-	10,000	-	-	10,000	11,100
Insurance	6,657	2,037	5,485	14,179	3,238	3,080	20,497	19,715
Interest expense	-	-	-	-	342	-	342	403
Membership dues	-	55	-	55	1,515	330	1,900	1,685
Miscellaneous	1,018	-	283	1,301	105	802	2,208	6,133
Occupancy	17,059	7,265	19,694	44,018	7,280	9,814	61,112	51,929
Payroll fees	-	-	-	-	2,336	-	2,336	2,265
Permits and fees	75	-	-	75	610	-	685	681
Postage and delivery	146	191	108	445	257	885	1,587	1,754
Printing and reproduction	518	113	562	1,193	33	4,515	5,741	1,197
Professional fees	-	-	-	-	6,671	-	6,671	44,826
Publications and subscriptions	635	63	62	760	1,492	70	2,322	1,651
Special event	-	-	-	-	-	17,744	17,744	11,524
Supplies	2,245	699	1,601	4,545	242	2,367	7,154	11,231
Telephone and internet	4,834	1,375	3,754	9,963	2,026	2,292	14,281	10,833
Temporary help	13,400	3,450	11,222	28,072	0	-	28,072	32,005
Travel	7,877	4,004	5,223	17,104	822	4,835	22,761	34,998
Utilities	299	92	247	638	146	138	922	832
Total Functional Expenses	<u>\$ 338,629</u>	<u>\$ 101,329</u>	<u>\$ 283,045</u>	<u>\$ 723,003</u>	<u>\$ 148,440</u>	<u>\$ 171,738</u>	<u>\$ 1,043,181</u>	<u>\$ 1,123,839</u>

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2015

(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 (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

Partner for Youth with Disabilities, Inc. (PYD) was organized in the Commonwealth of Massachusetts as a nonprofit corporation in 1985. Since its founding in 1983, PYD 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. PYD 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**, PYD 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, PYD'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.

PYD continues to focus its efforts on offering high quality programming in a sustainable manner. In FY15, its 30th year of incorporation, PYD focused on rolling out its Young Entrepreneurs Program in a replicated format within the Boston Public Schools and beyond. PYD also further developed its National Center Training and Technical Assistance offerings and devoted resources to provide expertise in the area of transition of youth with disabilities from school to work and adulthood. These efforts were designed to maximize both traditional contract and alternative service fee revenue streams.

Current PYD programs include:

Mentoring Division:

Mentor Match Program - This core program of the Organization matches youth with disabilities with caring adults that serve as role models and mentors for the youth guiding them to achieve their personal, independent living and career goals. The Mentor Match Program served 130 youth during FY15 through creating new or supporting existing matches.

National Center for Mentoring Youth with Disabilities - The National Center reaches non-profit organizations across the United States with customized training, technical assistance, and support to improve inclusion and engagement of people with disabilities. During FY15, PYD's National Center provided training for 750 individuals representing 300 organizations across the country.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Youth in Preparation for Independence Division:

Making Healthy Connections Program - This health promotion peer mentoring program brings together young adults with disabilities who are interested in learning how to lead active and healthy lifestyles. The goal of the program is to assist youth in transitioning to adulthood. In addition to offering group programming in two program sites based in Boston and Springfield, the program also offers support groups for parents. Making Healthy Connections served 58 youth and their families during FY15.

Peer Leadership Program - This program prepares young adults with disabilities to become leaders in their communities through participating in after-school community service opportunities. Young leaders develop leadership and job readiness skills while at the same time learning the value of community service. During FY15, 13 Peer Leaders participated in this program.

Education and Training Division:

Young Entrepreneurs Program - This program teaches youth with and without disabilities to plan for their financial future by offering training workshops to teach entrepreneurial and business skills to youth. Mentors from the business community work with youth to assist them in preparing business plans and in working on career and educational goals. The Young Entrepreneurs Program served 135 youth through 4 Boston Public Schools and 2 Boys and Girls Clubs in FY15.

Access to Theatre Program - This is an inclusive theatre arts program that engages youth with and without disabilities in after-school and summer theatre arts activities. The program features creative workshops and original productions created by the youth and performed at community locations. The Access to Theatre Program served 40 youth during FY15 through its two-week Summer Institute as well as 20 weeks of out-of-school time programming designed to engage youth in acquiring knowledge, experience, and skills in the arts.

All of these PYD 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 PYD 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.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(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 (permanently restricted, temporarily restricted and unrestricted) 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.

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 and the Securities Investor Protection 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. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2015.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies – continued

(e) Revenue Recognition

The Organization earns revenue as follows:

Contracts - Contracts 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.

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

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special event contributions and fees are recognized as income when received. The majority of special event revenue is derived from two events, the P4PYD 30th Anniversary Benefits. Revenue derived from this event totaled approximately \$121,955.

Program Service Fees - Program service fee revenue is earned and recognized by the Organization when units or services are provided and billed.

Deferred revenue represents program service fees received prior to year-end for the following fiscal period. These amounts are recognized as income during the subsequent fiscal period.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2015, the Organization derived approximately 37% of its total revenue from governmental agencies and 63% 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, 2015, management has determined any allowance would be immaterial.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(f) Accounts Receivable - continued

As of June 30, 2015, 72% of the Organization's accounts receivable is due from various contractual obligations and service fees and 28% is due from foundations, corporations, and individuals.

(g) Promises to Give

Unconditional promises to give are recognized as revenue and as assets, net of allowances, in the period in which the promises are made. Unconditional promises to give are recorded, in the year received, at the present value of estimated future cash flows using a risk-adjusted discount rate. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and when the promises become unconditional.

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, 2015, 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 following estimated lives:

Furniture and equipment	3-5 years
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(i) Contributed Services and Gifts in Kind

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

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(j) *Fair Value Measurements*

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: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Recurring Measurements

In accordance with GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. The Organization's assets that are adjusted to fair value on a recurring basis are investments in equity and debt securities. The Organization currently has no assets or liabilities that are adjusted to fair value on a recurring basis.

Nonrecurring Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Organization records assets and liabilities at fair value on a nonrecurring basis as required by GAAP. The Organization had no assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2015.

(k) *Fundraising*

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 5% for the year ended June 30, 2015. 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, 2015

(1) Summary of Significant Accounting Policies - continued

(k) Special Events

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

(l) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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

(m) Advertising Costs

The Organization expenses advertising costs when they are incurred. Advertising expense amounted to \$1,592 for the year ended June 30, 2015.

(n) 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.

(p) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore is not subject to income tax. The Organization is not a private foundation under Section 509(a)(1). Certain unrelated business income, as defined in the IRC, is subject to federal income tax. For the year ended June 30, 2015, there was no liability for tax on unrelated business income.

GAAP prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(p) Income Taxes - continued

For the year ended June 30, 2015, the Organization has determined that it has not taken any tax positions which would result in an uncertainty interest requiring recognition in the accompanying financial statements. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. There were no interest or penalties for the year ended June 30, 2015.

Generally, the Organization's information/tax 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.

(q) Summarized Financial Information for 2014

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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

(r) Reclassifications

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

(2) Pledges Receivable

The Organization has received unconditional promises to give related to fundraising efforts initiated during the prior and current fiscal year are primarily due from foundations and individual donors. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give as of June 30, 2015 were \$48,100. Uncollectible amounts of pledges receivable are expected to be immaterial. Accordingly, no provision has been made for uncollectible amounts.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2015

(3) Debt

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 prime rate, or 3.25% as of June 30, 2015. The line is secured by the Organization's general business assets. There was no outstanding borrowings as of June 30, 2015.

(4) Temporarily Restricted Net Assets

Temporarily restricted net assets consists of grants which are restricted for specific use or time by the donor at the year ended June 30, 2015, are as follows:

Time	\$ 59,767
Inclusive Fitness Project	37,500
National Disability Mentoring Council Project	<u>10,000</u>
Total temporarily restricted net assets	\$ <u>107,267</u>

During the year ended June 30, 2015, net assets were released from donor restrictions by incurring costs satisfying donor stipulations associated with the following programs:

Time	\$ 121,927
Inclusion Projects	8,000
Inclusive Fitness Project	75,000
Mentor Match	83,000
Making Healthy Connections	5,000
Campus Career Connect Project	4,000
PYD Web Project	20,000
Young Entrepreneurs Project	<u>15,000</u>
Total temporarily restricted net assets released	\$ <u>331,927</u>

(5) Employee Benefits

The Organization has a plan that qualifies as "Cafeteria Plans" 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.

PARTNERS FOR YOUTH WITH DISABILITIES, INC.

Notes to Financial Statements

June 30, 2015

(6) Operating Lease Commitments

The Organization leases office space under a five-year lease expiring December 31, 2017. The lease requires monthly payments of \$3,277. Occupancy expenses for the year ended June 30, 2015, totaled \$61,112, which includes parking and additional space rented for trainings. Future minimum lease payments are as follows:

FY16	\$ 44,369
FY17	45,533
FY18	23,154

The Organization leases copier equipment under operating leases. The copier lease requires monthly payments of \$205 and expires August 2016. Future minimum lease payments are as follows:

FY16	\$ 2,458
FY17	273

(7) Commitments and Contingencies

The Organization receives a portion of its funding from government agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed, if any, and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Organization's operations are concentrated in the social service provider field. As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the following:

Commonwealth of Massachusetts Department of Public Health

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, 2015

(8) Contributed Services and Gifts in Kind

Contributed services and gifts in kind for the year ended June 30, 2015 were as follows:

Pro-bono outside services:	
Graphic Design/Photography	\$ 4,000
Donated facilities	2,400
Gifts in kind:	
Materials and event supplies	<u>13,021</u>
Total	\$ <u>19,421</u>

(9) Subsequent Events

The Organization has performed an evaluation of subsequent events through December 12, 2015 which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2015 that required recognition or disclosure in these financial statements.