Youth Enrichment Services, Inc.

Financial Statements

June 30, 2021

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YOUTH ENRICHMENT SERVICES, INC.

Index

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Independent Auditor's Report

To the Board of Directors of
Youth Enrichment Services, Inc.

We have audited the accompanying financial statements of Youth Enrichment Services, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of June 30, 2021, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Organization for the year ended June 30, 2020, were audited by another auditor whose report dated October 4, 2021, included an emphasis-of-matter indicating that the Organization has adopted ASU 2018-08*, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and expressed an unmodified opinion on those statements.

CohnReznick LLP

Danvers, Massachusetts
May 13, 2022

Youth Enrichment Services, Inc.

Statement of Financial Position

As of June 30, 2021
With Comparative Totals as of June 30, 2020

	2021	2020
Current Assets		
Cash and cash equivalents	$ 1,105,017	$ 511,465
Accounts receivable	120	10,380
Contributions receivable, current portion	79,767	291,817
Prepaid expenses	39,405	27,176
Inventory	7,460	7,460
Total current assets	1,231,769	848,298
Fixed Assets		
Land	12,700	12,700
Building and building improvements	782,226	782,226
Vehicles	36,118	36,118
Office equipment	211,812	211,812
Software	26,224	26,224
Furnishings and equipment	26,403	26,403
Construction in progress	157,238	-
Total fixed assets	1,252,721	1,095,483
Less: accumulated depreciation	(918,053)	(886,212)
Total net fixed assets	334,668	209,271
Other Assets		
Investments	35,058	79,286
Contributions receivable, net of current portion	100,000	-
Total other assets	135,058	79,286
Total Assets	$ 1,701,495	$ 1,136,855

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

Youth Enrichment Services, Inc.

Statement of Financial Position - continued

As of June 30, 2021
With Comparative Totals as of June 30, 2020

Current Liabilities	2021	2020
Accounts payable	$ 27,304	$ 24,776
Accrued salaries and related costs	36,335	32,940
Accrued interest	6,733	6,733
Accrued expenses	-	3,200
Deferred revenue	10,476	1,175
Capital lease obligations	-	3,788
Loan payable - Paycheck Protection Program	-	133,670
Total current liabilities	80,848	206,282
Long Term Liabilities		
Security deposit	2,600	2,600
Long term debt	406,000	406,000
Total long term liabilities	408,600	408,600
Total liabilities	489,448	614,882
Net Assets		
Net assets without donor restrictions		
Operating	1,113,356	542,712
Board-designated fund	75,000	75,000
Property and equipment	(78,065)	(207,250)
Total net assets without donor restrictions	1,110,291	410,462
Net assets with donor restrictions	101,756	111,511
Total net assets	1,212,047	521,973
Total Liabilities and Net Assets	$ 1,701,495	$ 1,136,855

Youth Enrichment Services, Inc.

Statement of Activities

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

	Without Donor Restrictions					
	Operating and Board-Designated	Property and Equipment	Total	With Donor Restrictions	2021 Total	2020 Total
Revenue and Support						
Contributions	$ 1,281,422	$ -	$ 1,281,422	$ 436,144	$ 1,717,566	$ 1,156,663
Special events revenue	79,135	-	79,135	-	79,135	45,040
Non-cash and in-kind donations	168,285	-	168,285	-	168,285	273,468
Participant fees	10,624	-	10,624	-	10,624	65,491
Short-term usage income	-	-	-	-	-	1,814
Rental income	33,900	-	33,900	-	33,900	34,800
Investment and interest income	748	-	748	-	748	7,559
Gain on capital lease disposition	-	-	-	-	-	7,427
Other income	4,721	-	4,721	-	4,721	7,924
Net assets released from restrictions	445,899	-	445,899	(445,899)	-	-
Total revenue and support	2,024,734	-	2,024,734	(9,755)	2,014,979	1,600,186
Expenses						
Administration	185,492	2,823	188,315	-	188,315	210,928
Fundraising	406,732	4,946	411,678	-	411,678	356,738
Program services	939,168	24,072	963,240	-	963,240	1,233,527
Total expenses	1,531,392	31,841	1,563,233	-	1,563,233	1,801,193
Change in net assets from operations	493,342	(31,841)	461,501	(9,755)	451,746	(201,007)
Non-Operating Revenue						
Gain on forgiveness of debt	238,328	-	238,328	-	238,328	-
Total non-operating revenue	238,328	-	238,328	-	238,328	-
Change in net assets before transfers and relocation project feasibility expenses	731,670	(31,841)	699,829	(9,755)	690,074	(201,007)
Transfers	(161,026)	161,026	-	-	-	-
Relocation project feasibility expenses	-	-	-	-	-	(46,519)
Total transfers and relocation project feasibility expenses	(161,026)	161,026	-	-	-	(46,519)
Total Change in Net Assets	570,644	129,185	699,829	(9,755)	690,074	(247,526)
Net Assets at Beginning of Year	617,712	(207,250)	410,462	111,511	521,973	769,499
Net Assets at End of Year	$ 1,188,356	$ (78,065)	$ 1,110,291	$ 101,756	$ 1,212,047	$ 521,973

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

Youth Enrichment Services, Inc.

Statement of Cash Flows

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

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	$ 690,074	$ (247,526)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	31,841	44,090
Net unrealized and realized gains on long term investments	(43)	(1,146)
Loss on inventory valuation adjustment	-	3,954
Gain on disposition of capital lease	-	(7,427)
Forgiveness of Paycheck Protection Program loans	(238,328)	-
Loss on inventory valuation adjustment	-	3,954
Gain on disposition of capital lease	-	(7,427)
Decrease (increase) in assets		
Accounts receivable	10,260	(10,380)
Contributions receivable	112,050	(3,091)
Prepaid expenses	(12,229)	4,179
(Decrease) increase in liabilities		
Accounts payable	(9,784)	(2,606)
Accrued salaries and related costs	3,395	29,505
Accrued expenses	(3,200)	(12,573)
Deferred revenue	9,301	(8,471)
Other current liabilities	-	(1,050)
Net Cash Provided by (Used in) Operating Activities	593,337	(212,542)
Cash Flows from Investing Activities		
Purchase of property and equipment	(144,926)	(40,407)
Purchase of marketable securities	(62,511)	(80,883)
Proceeds from redemption of marketable securities	106,782	501,797
Net Cash (Used in) Provided by Investing Activities	(100,655)	380,507
Cash Flows from Financing Activities		
Principal payments made on capital lease obligations	(3,788)	(7,060)
Proceeds from Paycheck Protection Program loans	104,658	133,670
Net Cash Provided by Financing Activities	100,870	126,610
Net Increase in Cash and Cash Equivalents	593,552	294,575
Cash and Cash Equivalents - Beginning	511,465	216,890
Cash and Cash Equivalents - Ending	$ 1,105,017	$ 511,465
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 9,086	$ 12,438
Supplemental Data for Noncash Investing and Financing Activities		
Fixed asset additions in accounts payable	$ 12,312	$ -
Disposal of vehicle as part of capital lease disposition	$ -	$ 26,405
Disposal of capital lease obligation	$ -	$ 33,832

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

Youth Enrichment Services, Inc.

Statement of Functional Expenses

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

	2021							
	Operations Snowsports	Outdoor Adventure	YES Academy	Total Program Expenses	General and Administration	Fundraising	Total	2020
Salaries, employee benefits, and payroll taxes	$ 179,954	$ 155,004	$ 250,753	$ 585,711	$ 107,033	$ 200,666	$ 893,410	$ 936,311
Advertising	33	32	53	118	14	24	156	1,049
Conferences and meetings	185	179	301	665	486	137	1,288	176
Depreciation and amortization	6,708	6,474	10,890	24,072	2,823	4,946	31,841	44,090
Discretionary scholarships	4,000	-	10,400	14,400	-	-	14,400	8,667
Equipment in-kind	9,410	-	-	9,410	-	-	9,410	3,375
Equipment maintenance	3,959	884	1,486	6,329	385	675	7,389	9,259
Event management	-	-	-	-	-	14,992	14,992	13,165
Insurance	25,833	24,934	41,938	92,705	10,873	19,048	122,626	107,656
Lift tickets and lodging in-kind	46,205	-	-	46,205	-	6,070	52,275	192,847
Lift tickets, admissions, and lodging	18,065	7,001	7,001	32,067	-	-	32,067	33,749
Materials and supplies	-	-	-	-	-	-	-	35,009
Miscellaneous	1,323	1,717	2,148	5,188	1,377	1,932	8,497	32,239
Occupancy	9,450	9,121	15,341	33,912	3,977	6,968	44,857	46,360
Occupancy in-kind	-	-	-	-	-	-	-	9,520
Office supplies and expenses	2,575	2,003	3,368	7,946	873	1,530	10,349	7,232
Other program related expenses	6,081	10,543	2,584	19,208	-	-	19,208	31,160
Professional fees	6,127	5,914	9,947	21,988	47,848	55,304	125,140	119,234
Professional fees in-kind	-	-	-	-	10,660	95,940	106,600	67,726
Relocation project feasibility expenses	-	-	-	-	-	-	-	46,519
Rental shop expenses	8,805	-	-	8,805	-	-	8,805	2,822
Staff training	103	99	167	369	43	76	488	169
Telephone and internet	3,544	3,420	5,753	12,717	1,491	2,613	16,821	15,767
Transportation and travel	38,064	1,421	1,841	41,326	432	757	42,515	69,705
Volunteer support	74	25	-	99	-	-	99	13,906
	370,498	228,771	363,971	963,240	188,315	411,678	1,563,233	1,847,712
Reconciliation to statement of activities:								
Relocation project feasibility expenses	-	-	-	-	-	-	-	(46,519)
Total Functional Expenses	$ 370,498	$ 228,771	$ 363,971	$ 963,240	$ 188,315	$ 411,678	$ 1,563,233	$ 1,801,193

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

(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 Youth Enrichment Services, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization is a youth development organization that provides challenging recreation, outdoor education, a college and career development program, and service opportunities to urban youth. Its core programs consist of the following:

<u>Operation Snowsports</u> - The Organization partners with a number of ski slopes throughout New England to offer skiing and snowboarding trips. The ski areas, volunteers and retailers donate hundreds of thousands of dollars in lift tickets, lessons, and equipment each year. Operation Snowsports accounted for 38% of total program expenditures for the year ended June 30, 2021.

<u>Outdoor Adventure</u> - Week long "sessions" and "intensive" programs challenge youth with new outdoor recreational programs. One-day biking, hiking, rock-climbing, kayaking and paddle-boarding trips take urban youth to state parks, rivers and bays in and around Boston. Overnight camping trips take place at Swann Lodge in western Massachusetts, made available to the Organization by the Massachusetts Department of Conservation and Recreation. Outdoor Adventure accounted for 24% of total program expenditures for the year ended June 30, 2021.

<u>YES Academy</u> - The YES Academy provides year-round opportunities for youth to learn the critical and leadership skills needed to be successful in college, work, and life. YES Academy accounted for 38% of total program expenditures for the year ended June 30, 2021.

In addition, the Organization serves as a local chapter of Dollars for Scholars, a volunteer program that raises and disburses scholarship funds for students in their communities. Funds disbursed in accordance with the program's requirements are reported as discretionary scholarships in the statement of activities and changes in net assets.

The Organization derives its support primarily from contributions, conducting special events, and sliding scale fees from program participants.

(b) Basis of 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. Non-operating revenue consists of loan forgiveness, see Note 3.

(1) Summary of Significant Accounting Policies - continued

(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. 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. As of June 30, 2021, net assets without donor restrictions consisted of the following:

- Net assets which are available for operations;
- Net assets that represent the Organization's property and equipment, net of related liabilities;
- Net assets that have been set aside by the Board of Directors for unexpected emergencies, in the amount of $75,000 at June 30, 2021.

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.

Net assets with donor restrictions also includes the original amount of gifts and investment earnings required by the donor to be permanently retained. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

(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. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

(1) Summary of Significant Accounting Policies - continued

(d) Cash and Cash Equivalents - continued

The Organization maintains its cash balances at four financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2021.

(e) Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses. Investments are exposed to risks such as interest rate, credit and overall market volatility.

(f) Revenue Recognition

The Organization earns revenue as follows:

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

<u>Grants</u> – The Organization receives funding from private foundations for direct program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. 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.

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition - continued

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

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

Donated Property and Equipment - Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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

Special Events - Special event revenue is primarily derived from contributions collected at various sponsored events. Costs of direct donor benefits include value of food, beverage and entertainment served at the 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 statement of activities.

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition - continued

Participant Fees - Participant fee revenue is earned and recognized by the Organization when units or services are provided and the performance obligation has been met, which is when the trip or event occurs. Fees received prior to the commencement of the trip or event are recorded as deferred revenue.

Rental - Rental income is derived from commercial tenant rent from the store-front portion of the Organization's building. Rental revenue is recognized as rentals come due and are accounted for under Leases (Topic 840). All leases between the Organization and its tenants are operating leases.

Short-term usage income represents day-to-day rental of the Organization's facilities to various individuals and is recognized upon occurrence of the usage.

Changes in fair value of marketable securities and realized gains and losses have been reflected in the statement of activities. Interest, dividends, realized and unrealized gains and losses on marketable securities are recorded as revenue and support.

Substantially all of the Organization’s revenue is derived from its activities in Massachusetts. During the year ended June 30, 2021, the Organization derived 72% of its total revenue from contributions, 13% from in-kind donations, 10% from other sources, 3% from special events and 2% from participant fees.

(g) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2021, management has determined any allowance would be immaterial.

The Organization does not have a policy to accrue interest on receivables. The Organization has no policies requiring collateral or other security to secure the accounts receivable.

(1) Summary of Significant Accounting Policies - continued

(h) Contributions Receivable

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. 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 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. As of June 30, 2021, management has determined any discount would be immaterial.

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 balances. As of June 30, 2021, management has determined any allowance would be immaterial.

(i) Inventory

The Organization's inventories consist of ski apparel and equipment donated by individuals, retailers of ski equipment and ski resorts and are not expected to be used by the Organization's programs. When received, these donated inventories are initially reported at their estimated fair values and then, subsequently, adjusted to their net realizable values which approximate the prices at which the inventories will be sold to the program participants and their families, based on their ability to pay.

(j) Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Donated ski and camping equipment utilized for the Organization's programs are recorded at estimated fair value at the date of donation. Acquisitions of property and equipment in excess of $1,000 are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. 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.

(1) Summary of Significant Accounting Policies - continued

(j) Property and Equipment - continued

The estimated useful lives of property and equipment held by the Organization are as follows:

Building and building improvements	5-39 years
Vehicles	5-6 years
Office equipment	5-7 years
Software	3 years
Furnishings and equipment	5-7 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator or possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There were no impairment losses recognized during the year ended June 30, 2021.

Construction in progress consists of costs incurred related to the relocation of the Organization. Amounts will begin to be depreciated upon being placed in service.

(k) 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 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.

Recurring Fair Value 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 described below. The Organization currently has no liabilities that are adjusted to fair value on a recurring basis.

(1) Summary of Significant Accounting Policies - continued

(k) Fair Value Measurements - continued

Recurring Fair Value Measurements - continued
The following section describe the valuation methodologies used to measure assets financial assets and liabilities at fair value on a recurring basis.

Investments in Equity Securities: Quoted market prices, a Level 1 input, are used to determine the fair value of investments in equity securities, which totaled $35,058 as of June 30, 2021. The marketable equity securities consist of common stock of companies traded on the New York Stock Exchange.

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.

Nonrecurring Fair Value 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 currently has no liabilities that are adjusted to fair value on a nonrecurring basis.

(l) Fundraising Expense

Fundraising expense relates to the activities of raising general and specific contributions to the Organization. Fundraising expense as a percentage of total contributions amounted to 32% for the year ended June 30, 2021.

(m) Grant Expenses

Unconditional grants are recorded when the disbursement is authorized by management or the Board of Directors depending on the nature of the grant award. Conditional awards whose terms and conditions contain both a barrier and either a right of return or release directly linked with the accomplishment of that barrier are not recognized as grant expense until those conditions are substantially met. The Organization did not make any conditional grants during the year ended June 30, 2021.

(n) 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.

(1) Summary of Significant Accounting Policies - continued

(n) Functional Allocation of Expenses - continued

Payroll and associated costs are allocated to functions based upon actual time spent performing functions. Overhead expenses are allocated to functions based on square footage of the building that the functions occupy.

(o) 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.

(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 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).

The Organization received rental income for space leased at the Organization's office. Accordingly, management believes that since more than 85% of the use of its property is substantially related to its exempt purpose, the income derived from its rental activities does not generate unrelated business income.

(q) Summarized Financial Information for 2020

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, 2020, from which the summarized information was derived. Certain amounts in the prior year have been reclassified to conform to the current year.

(1) Summary of Significant Accounting Policies - continued

(r) Recent Accounting Standards Adopted

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

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

On July 1, 2020, the Organization adopted ASU 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update removed the following disclosure requirements from Topic 820: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels, (3) the valuation processes for Level 3 fair value measurements and (4) the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the reporting period. The following disclosure requirements were modified in Topic 820: (1) in lieu of a roll forward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities, (2) for investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly and (3) the amendments clarity that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The disclosures to the financial statements were updated to reflect the amendments in this update.

(s) Recent Accounting Standards

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

(1) Summary of Significant Accounting Policies - continued

(s) Recent Accounting Standards - continued

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

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

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

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

(t) Paycheck Protection Program Loan

As described at Note 3, the Organization received a first draw Paycheck Protection Program (PPP 1) loan during the year ended June 30, 2020. During the year ended June 30, 2021, the Organization received a second draw loan (PPP 2). The Organization has elected to follow the guidance regarding Debt found in FASB ASC 470 - *Not-for Profit Entities - Debt* to account for its PPP loans.

(2) Contributions Receivable

Contributions receivable consist of $179,767 of donations unconditionally promised as of June 30, 2021. Of the total, $79,767 is due within one year and the remaining $100,000 is due in one to five years. There is no discount applied to long-term contributions recievable as of June 30, 2021, as the effect to the financial statements would be immaterial.

(3) Paycheck Protection Program Loans

The Organization received a PPP loan from Bank of America, N.A. during the year ended June 30, 2020 in the original amount of $133,670 with a maturity date of April 27, 2022. The loan bore interest at a rate of 1%, which was deferred for the first six months. During the year ended June 30, 2021, the Organization received a second PPP loan in the amount of $104,658, which bore interest at a rate of 1% and had a maturity date of January 23, 2026. Both PPP loans allowed for forgiveness based on conditions as outlined by the U.S. Small Business Administration. During the year ended June 30, 2021, the Organization received forgiveness in full of both PPP loans totaling $238,328, which is reported as gain from forgiveness of debt on the statement of activities.

(4) Liquidity and Availability of Resources

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

Financial assets at year end		
Cash and cash equivalents	$	1,105,017
Accounts receivable		120
Contributions receivable		79,767
Investments		35,058
Total	$	1,219,962
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors for specific purposes		(101,756)
Financial assets available to meet general expenditures within one year	$	1,118,206

For purposes of analyzing resources available to meet general expenditures within one year, the Organization considers all expenditures related to its ongoing programs, as well as the conduct of services undertaken to support those programs to be general expenditures. As such, promises to give to be collected within one year are included in the above analysis as available for general expenditure within one year.

(4) Liquidity and Availability of Resources - continued

The Organization has identified a financial goal of establishing and maintaining sufficient operating funds - an imperative for sustainability of program delivery and organizational fiscal health. Excess operating cash is invested to generate better returns.

(5) Mortgage Payable

On August 27, 2014, the Organization entered into a mortgage loan agreement with a charitable foundation, the proceeds from which paid off the outstanding loan principal due to a bank. A trustee of the charitable foundation serves in a similar capacity with the Organization. The loan has an outstanding principal of $406,000 and bears interest at 1.99% annually, and it is collateralized by the Organization's building in Boston. The loan requires annual interest only payments of $8,079 starting September 1, 2015 and continuing through September 1, 2023, at which time a balloon payment of the outstanding principal balance is due. As of June 30, 2021, the outstanding principal and accrued interest is $406,000 and $6,733, respectively.

(6) Line of Credit

The Organization has a revolving line of credit agreement with East Boston Savings Bank permitting advances up to $100,000. The line of credit bears interest at the prime rate plus one percent, 4.25% at June 30, 2021. The line of credit is secured and collateralized by all assets of the Organization and rental receipts. As of June 30, 2021, the Organization had no outstanding balance on its line of credit.

(7) Net Assets with Donor Restrictions

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

Subject to purpose restrictions:		
Summer Youth	$	28,350
New Building Capital Campaign		73,406
Total net assets with donor restrictions	$	101,756

(7) Net Assets with Donor Restrictions - continued

Net assets were released from restrictions for the following purposes during the year ended June 30, 2021:

Subject to time restriction:		
Restriction for 2021 fiscal year operating expenses	$	111,518
Subject to purpose restrictions:		
Track and field programs		6,708
Winter outdoor equipment for youth		1,014
Healthy eating initiatives		3,021
Operation SnowSports		38,300
YES Academy		85,000
Outdoor Adventure		43,100
New Building Capital Campaign		157,238
Total net assets released from donor restrictions	$	445,899

(8) Construction in Progress

During the year ended June 30, 2021, the Organization began a capital campaign with the goal of raising $6,400,000 for the purchase of land and the construction of a new building in order to move its headquarters to Jamaica Plain, Massachusetts. During the year ended June 30, 2021, a total of $230,644 was raised for the capital campaign. As of June 30, 2021, $157,238 in pre-development costs was incurred and capitalized as construction in progress. The total cost of the project is expected to be $11,000,000 with the remaining funding estimated to be from proceeds of the sale of the Organization’s current facility and the land it is located on. Construction of the new facility is expected to be completed in July of 2023.

(9) Rental Income

The Organization has a lease agreement with a commercial tenant that was extended through April 30, 2022 with a monthly lease payment of $2,000 for the first six months and $2,900 for the last six months of the term. Rental income recognized for the year ended June 30, 2021 was $33,900. Rental receipts in the amount of $25,400 is expected to be collected under this lease agreement during the year ending June 30, 2022.

(10) Non-Cash and In-Kind Contributions

During the year ended June 30, 2021, the Organization received the following non-cash contributions:

Ski equipment and apparel	$ 55,615
Donated fundraising materials	6,070
Donated professional services	106,600
Total	168,285

The Commonwealth of Massachusetts entered into a 25-year lease with the Organization which provides for the use of a chalet in western Massachusetts for a nominal rent of $10 per year.

(11) Retirement Plan

The Organization provides a retirement plan for all eligible employees. The Organization provides for an employer match of employee deferrals in order to satisfy the average deferral percentage test and the average contribution percentage test. The Organization may also contribute an additional amount as determined by the Board of Directors. No additional contribution amount was expended during the year ended June 30, 2021.

(12) Concentration Risk

During the year ended June 30, 2021, the Organization received 35% of its revenue and support from one donor. As of June 30, 2021, 78% of outstanding unconditional contributions receivable were due from one donor.

(13) 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. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. The Organization's liquidity as of June 30, 2021 is documented at Note 4. 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.

(14) Subsequent Events

The Organization has performed an evaluation of subsequent events through May 13, 2022, which is the date the Organization's financial statements were available to be issued. Other than noted below, no material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in these financial statements.

The Organization entered into a purchase and sale agreement on October 28, 2021, to sell their building. On December 16, 2021, the Organization signed an amendment to this agreement to modify the agreement to increase the length of the study period. Concurrently with the sale of the building, the Organization has incurred costs, which are included in construction in progress on the statement of financial position, to construct a new building at a different location in Boston. As of the date of issuance, the Organization is facing a lawsuit from several abutters to this property to stop construction. The Organization has consulted with attorneys and anticipates construction will proceed as planned and the sale of the building to be completed during 2022. As of the date the financial statements are available to be issued, it is not possible to make an estimate of possible losses due to this event.

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