



**FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

Y2Y NETWORK, INC.

Contents
June 30, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors of
Y2Y Network, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Y2Y Network, Inc. (a Massachusetts corporation, not for profit), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Y2Y Network, Inc. as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

AAFCPAs, Inc.

Westborough, Massachusetts
September 18, 2020

Y2Y NETWORK, INC.Statements of Financial Position
June 30, 2020 and 2019

Assets	2020	2019
Current Assets:		
Cash	\$ 1,002,238	\$ 591,972
Current portion of contributions receivable	362,446	159,308
Prepaid expenses	9,897	10,590
Total current assets	1,374,581	761,870
Contributions Receivable, net of current portion	35,000	50,000
Total assets	<u>\$ 1,409,581</u>	<u>\$ 811,870</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 157,883	\$ 21,385
Current portion of note payable	34,436	-
Total current liabilities	192,319	21,385
Note Payable, net of current portion	43,864	-
Total liabilities	236,183	21,385
Net Assets:		
Without donor restrictions	1,022,399	566,793
With donor restrictions	150,999	223,692
Total net assets	1,173,398	790,485
Total liabilities and net assets	<u>\$ 1,409,581</u>	<u>\$ 811,870</u>

Y2Y NETWORK, INC.Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Changes in Net Assets Without Donor Restrictions:		
Operating revenue:		
Grants and contributions	\$ 1,181,268	\$ 928,062
Contract revenue	262,478	20,000
Donated goods and services	26,175	31,713
Interest income	3,369	-
Net assets released from restrictions	<u>157,905</u>	<u>-</u>
Total operating revenue	<u>1,631,195</u>	<u>979,775</u>
Operating expenses:		
Program services	825,034	249,338
Management and general	231,730	161,041
Fundraising	<u>118,825</u>	<u>83,985</u>
Total operating expenses	<u>1,175,589</u>	<u>494,364</u>
Changes in net assets without donor restrictions	<u>455,606</u>	<u>485,411</u>
Changes in Net Assets With Donor Restrictions:		
Grants and contributions	85,212	223,692
Net assets released from restrictions	<u>(157,905)</u>	<u>-</u>
Changes in net assets with donor restrictions	<u>(72,693)</u>	<u>223,692</u>
Changes in net assets	382,913	709,103
Net Assets:		
Beginning of year	<u>790,485</u>	<u>81,382</u>
End of year	<u><u>\$ 1,173,398</u></u>	<u><u>\$ 790,485</u></u>

Y2Y NETWORK, INC.

Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 382,913	\$ 709,103
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Contributions receivable	(188,138)	(159,308)
Prepaid expenses	693	(3,769)
Accounts payable and accrued expenses	<u>136,498</u>	<u>(3,131)</u>
Net cash provided by operating activities	331,966	542,895
Cash Flows from Financing Activities:		
Proceeds from note payable	<u>78,300</u>	<u>-</u>
Net Change in Cash	410,266	542,895
Cash:		
Beginning of year	<u>591,972</u>	<u>49,077</u>
End of year	<u><u>\$ 1,002,238</u></u>	<u><u>\$ 591,972</u></u>

Y2Y NETWORK, INC.

Statements of Functional Expenses
For the Years Ended June 30, 2020 and 2019

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Payroll and Related:								
Salaries	\$ 314,835	\$ 99,014	\$ 71,849	\$ 485,698	\$ 153,448	\$ 68,329	\$ 48,525	\$ 270,302
Fringe benefits	34,792	13,623	7,966	56,381	16,431	8,015	5,784	30,230
Payroll taxes	33,927	10,715	7,808	52,450	15,646	6,747	4,817	27,210
Total payroll and related	383,554	123,352	87,623	594,529	185,525	83,091	59,126	327,742
Other:								
Professional fees and outside services	137,021	74,391	14,813	226,225	20,332	47,002	6,780	74,114
Program supplies	49,639	-	-	49,639	2,082	-	-	2,082
Office expenses	12,170	16,491	11,936	40,597	9,316	15,611	9,121	34,048
Occupancy	15,116	9,680	3,662	28,458	18,482	8,308	6,032	32,822
Insurance	12,361	4,395	750	17,506	8,606	6,969	2,809	18,384
Travel	2,290	3,421	41	5,752	4,995	60	117	5,172
Total other	228,597	108,378	31,202	368,177	63,813	77,950	24,859	166,622
Total expenses before grants	612,151	231,730	118,825	962,706	249,338	161,041	83,985	494,364
Grants	212,883	-	-	212,883	-	-	-	-
Total expenses	<u>\$ 825,034</u>	<u>\$ 231,730</u>	<u>\$ 118,825</u>	<u>\$ 1,175,589</u>	<u>\$ 249,338</u>	<u>\$ 161,041</u>	<u>\$ 83,985</u>	<u>\$ 494,364</u>

The accompanying notes are an integral part of these statements.

Y2Y NETWORK, INC.

Notes to Financial Statements
June 30, 2020 and 2019

1. OPERATIONS AND NONPROFIT STATUS

Y2Y Network, Inc. ("the Organization" or "Y2Y"), a nonprofit corporation organized under the laws of the Commonwealth of Massachusetts, was formed on May 31, 2017. The Organization is a public charity exempt from Federal income tax under Internal Revenue Code ("IRC") Section 501(c)(3) and is also exempt from state income tax.

The Organization supports the operations of Y2Y Harvard Square, a student-run overnight shelter in Cambridge, Massachusetts whose mission is to employ a youth-to-youth model to provide a safe and affirming environment for young adults experiencing homelessness. Y2Y Harvard Square guests have opportunities to collaborate with service providers, other youth experiencing homelessness, and student volunteers to create sustainable pathways out of homelessness and develop skills for long-term success. Y2Y Harvard Square provides opportunities for both guests and volunteers to become the next generation's leading advocates for youth-driven solutions to homelessness. The Organization entered into a non-binding Memorandum of Understanding ("MOU") with the Phillips Brooks House Association ("PBHA") regarding the joint operations of Y2Y Harvard Square. Among other terms, the MOU contemplates that the Organization will provide financial support to PBHA in order to meet a portion of the expenses required to operate Y2Y Harvard Square. The Organization reviews and approves the amount of any financial support annually (see page 9). PBHA is responsible for providing volunteers to operate the shelter and shelter maintenance.

The Organization supports the operation of Y2Y Harvard Square in three ways:

- **Resources:** Through a co-budgeting process, the Organization provides funding to PBHA for Y2Y Harvard Square's ongoing operations.
- **Technical Assistance:** The Organization provides Y2Y's service model, data collection infrastructure, and Y2Y's "shelter app" to Y2Y Harvard Square for its operations.
- **Capacity:** The Organization's staff assist PBHA staff and Y2Y Harvard Square student volunteers with program operations, fund development, financial management, and facility maintenance.

In March 2020, the COVID-19 pandemic forced Harvard students to leave campus. To keep the Y2Y Harvard Square shelter open, Y2Y transitioned to a paid model and assumed administration of many of the responsibilities of PBHA for the daily shelter operations. Y2Y Harvard Square expects to return to a fully student-led model as soon as possible.

The Organization is partnering, and contemplating an MOU, with Youth Continuum in New Haven, Connecticut. The partnership is to build a shelter in New Haven for young adults experiencing homelessness. The shelter will operate a student-led program similar to Y2Y Harvard Square.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with United States generally accepted accounting principles ("U.S. GAAP") established by the Financial Accounting Standards Board ("FASB"). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification ("ASC"). The Organization is a not-for-profit entity, as defined by FASB ASC 958, *Not-For-Profit Entities* ("ASC 958") and, accordingly, the Organization applies the accounting and reporting guidance in ASC 958.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 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 entity expects to be entitled in exchange for those goods or services. On July 1, 2019, the Organization adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of July 1, 2019 (the practical expedient elected). Results for reporting periods beginning after July 1, 2019, are presented under Subtopic 958-605, while prior period amounts are not adjusted and continue to be reported in accordance with the Organization's historic accounting under Subtopic 958-605. There were no material changes in the timing of recognition of revenue and, therefore, there was no adjustment to the opening balance of net assets as of July 1, 2019. The Organization does not expect the adoption of the new revenue standard to have a material impact on its changes in net assets on an ongoing basis.

During fiscal year 2020, the Organization also adopted FASB's ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. The Organization adopted ASU 2018-08 using a modified prospective method effective July 1, 2019. As a result, the fiscal year 2019 financial statements are not restated and there was no cumulative-effect adjustment to beginning net assets as of July 1, 2019.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Cash

Cash consists of amounts on deposit and is not subject to withdrawal restrictions. Amounts are deposited with a single financial institution and exceeded Federally insured limits as of the date of the financial statements. In July 2020, the Organization entered an insured cash sweep arrangement, by which 100% of the deposits are insured.

Contributions Receivable and Allowance for Doubtful Accounts

Contributions receivable consist of unconditionally pledged support (see Note 6). The allowance for doubtful accounts is based on the collection history with each donor. There was no allowance as of June 30, 2020 and 2019.

Y2Y NETWORK, INC.

Notes to Financial Statements
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets without donor restrictions bear no external restriction and are available to carry on the operations of the Organization.

Net assets with donor restrictions represent amounts received by the Organization which are designated by donors for specific purposes or for specified time periods. These contributions are recorded as net assets with donor restrictions until the specified time restriction lapses or they are expended for their designated purposes. Net assets with donor restrictions consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Purpose:		
Harvard Square	\$ 42,933	\$ 45,000
Y2Y New Haven	16,066	-
Other	-	2,674
	<u>58,999</u>	<u>47,674</u>
Time:		
Fiscal year 2020	-	111,018
Fiscal year 2021	57,000	65,000
Fiscal year 2022	35,000	-
	<u>92,000</u>	<u>176,018</u>
Total net assets with donor restrictions	<u>\$ 150,999</u>	<u>\$ 223,692</u>

Releases in net assets with donor restrictions for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Releases:		
Purpose	\$ (46,887)	\$ -
Time	<u>(111,018)</u>	<u>-</u>
Total releases	<u>\$ (157,905)</u>	<u>\$ -</u>

Revenue Recognition

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise), including a government contract, 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 a measurable performance-related barrier or other measurable barriers, 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. Assets received before the barrier is overcome are accounted for as conditional advance liabilities.

Y2Y NETWORK, INC.

Notes to Financial Statements
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Grants and contributions without donor restrictions from government agencies (contract revenue), foundations, individuals, and corporations are recorded as revenue when unconditionally received or pledged. Restricted grants and contributions are recorded as revenue and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred, program restrictions are met, or time restrictions have lapsed. Contributions received with donor-imposed conditions and restrictions that are satisfied in the same period are included in net assets without donor restrictions.

Interest and other income are recognized when earned.

Donated Goods and Services

The Organization receives donated goods and services from various individuals or organizations for use in its programs. These goods and services are reflected in the accompanying financial statements at fair value.

The value of these goods and services is as follows and is included in professional fees, outside services and occupancy in the accompanying statements of activities and changes in net assets and functional expenses for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Professional fees and outside services	\$ 26,175	\$ 16,542
Occupancy	<u>-</u>	<u>15,171</u>
	<u>\$ 26,175</u>	<u>\$ 31,713</u>

Expense Allocation

Expenses specifically identified to program services are assigned to that cost center. The financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated primarily consist of salaries, fringe benefits, and payroll taxes, which are allocated based on an estimate of time and level of effort spent on the Organization's program and supporting functions.

Grants Expense

The Organization recognizes grants expense at the time the Board of Directors approves awards and all significant conditions are met. Effective January 31, 2019, the Organization awarded an annual conditional grant to PBHA. The grant was used to fund PBHA's operating deficit upon approval of invoices by the Organization. The grant expense for the year ended June 30, 2020, to Y2Y Harvard Square was \$102,883. The Organization awarded another conditional grant to PBHA in the maximum amount of approximately \$151,352 for PBHA's fiscal year ending January 31, 2021.

Grant expense relating to the New Haven Capital Campaign was \$110,000 for the year ended June 30, 2020.

There were no grant awards distributed for the year ended June 30, 2019.

Y2Y NETWORK, INC.

Notes to Financial Statements
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"). This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2020 or 2019. In general, the Organization's informational returns are subject to examination by the tax authorities in the jurisdictions in which the Organization operates.

Subsequent Events

Subsequent events have been evaluated through September 18, 2020, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

3. CONCENTRATIONS

During the year ended June 30, 2020, the Organization received 12% of its grants and contributions from a single donor. During the year ended June 30, 2019, the Organization received 35% of its grants and contributions and substantial portions of its donated goods and services from a different single donor (PBHA).

As of June 30, 2020 and 2019, 79% and 69% of the Organization's contributions receivable were due from three donors and four donors, respectively.

4. OPERATING LIQUIDITY

Financial assets available for use by the Organization within one year from the statements of financial position dates are as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,002,238	\$ 591,972
Current portion of contributions receivable	<u>362,446</u>	<u>159,308</u>
	1,364,684	751,280
Less - net assets with donor purpose restrictions (see Note 2)	<u>(58,999)</u>	<u>(47,674)</u>
	<u>\$ 1,305,685</u>	<u>\$ 703,606</u>

The Organization reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses.

5. LEASES

During a portion of fiscal year 2019, the Organization occupied office space in Cambridge, Massachusetts below market value under a tenant-at-will agreement. The Organization paid \$4,000 under the agreement for the year ended June 30, 2019. The remaining value of the space in the amount of \$15,171 was recorded as donated facilities (see page 9) and included in occupancy in the accompanying statement of functional expenses for the year ended June 30, 2019.

Y2Y NETWORK, INC.

Notes to Financial Statements
June 30, 2020 and 2019

5. LEASES (Continued)

The Organization rented other office space in Cambridge, Massachusetts through a tenant-at-will agreement. In April 2020, the Organization terminated the lease agreement. Total rent under this arrangement was \$22,002 and \$17,651 for the years ended June 30, 2020 and 2019, respectively, and is included in occupancy in the accompanying statements of functional expenses.

In July 2019, the Organization entered into a new tenant-at-will lease agreement for office space in New Haven, Connecticut in the amount of \$400 a month. Total rent under this arrangement was \$4,806 for the year ended June 30, 2020, and is included in occupancy in the accompanying statement of functional expenses.

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable are due as follows at June 30:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 362,446	\$ 159,308
Due in two years	<u>35,000</u>	<u>50,000</u>
	397,446	209,308
Less - current portion	<u>362,446</u>	<u>159,308</u>
Long-term contributions receivable, net	<u>\$ 35,000</u>	<u>\$ 50,000</u>

There was no discount on contributions receivable at June 30, 2020 or 2019, as the amount would have been immaterial to the accompanying financial statements.

Conditional Grants

During fiscal year 2019, the Organization received a multi-year conditional grant totaling \$100,000. The Organization received \$25,000 in fiscal years 2020 and 2019. The remaining \$50,000 will be paid subject to annual renewal by the donor. This amount has not been reflected in the accompanying financial statements as of June 30, 2020, as the conditions have not yet been met.

During fiscal year 2020, the Organization was awarded a government contract totaling \$53,881 that contained funder-imposed conditions that represent a barrier that must be overcome as well as a right of return of assets or release from obligations. The Organization recognizes related revenue from these government contracts when funder-imposed conditions are substantially met (see Note 1). The funder-imposed conditions for this contract revenue include the requirement for the Organization to incur qualifying expenses.

7. CONTINGENCY

During fiscal year 2020, COVID-19 was recognized as a global pandemic. The impact of COVID-19 on the Organization's future operations and the demand for its services will depend upon, among other things, the duration, spread and intensity of the pandemic, related government responses such as required physical distancing, restrictions on business operations and travel, the pace of recovery of economic activity, and the impact to consumers, all of which are uncertain and impossible to predict. The financial impact to the Organization, if any, cannot be reasonably estimated at this time.

Y2Y NETWORK, INC.

Notes to Financial Statements
June 30, 2020 and 2019

8. NOTE PAYABLE

The Organization applied for and was awarded a forgivable loan in the amount of \$78,300 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The funds were used to pay certain qualifying expenses as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred until November 21, 2020, when any portion of the note not forgiven, plus interest, will be due in equal monthly payments through April 21, 2022. The Organization anticipates the full amount of the loan will be forgiven in the upcoming fiscal year. Additionally, the cancellation of debt is not expected to result in Unrelated Business Taxable Income. There are no covenants with which to comply and the note is not secured by any collateral. There was no accrued interest on the note payable as of June 30, 2020, as it would be immaterial to the overall financial statements.

Maturities of the note payable over the remainder of the note term are as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>
2021	\$ 34,436
2022	\$ 43,864