



FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

THE NATIONAL MENTORING PARTNERSHIP, INC.

Contents
December 31, 2021 and 2020

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Independent Auditor's Report

To the Board of Directors of
The National Mentoring Partnership, Inc.:

Opinion

We have audited the financial statements of The National Mentoring Partnership, Inc. (a District of Columbia nonprofit corporation) (the Organization) which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The National Mentoring Partnership, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

AAFCPA, Inc.

Boston, Massachusetts
June 23, 2022

THE NATIONAL MENTORING PARTNERSHIP, INC.Statements of Financial Position
December 31, 2021 and 2020

| Assets | 2021 | 2020 |
|--|----------------------|---------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 4,838,132 | \$ 4,162,987 |
| Restricted cash | 25,670 | 25,670 |
| Investments | 9,206,504 | 1,170,694 |
| Pledges, grants and contracts receivable, net of allowance | 1,323,515 | 1,053,411 |
| Prepaid expenses and other | 319,416 | 359,250 |
| Total current assets | 15,713,237 | 6,772,012 |
| Property and Equipment, net | 101,828 | 135,806 |
| Total assets | <u>\$ 15,815,065</u> | <u>\$ 6,907,818</u> |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 565,343 | \$ 915,047 |
| Grants payable - Pathways Initiative | 25,670 | 25,670 |
| Conditional grant advances | 970,963 | 340,000 |
| Deferred revenue | 524,866 | 623,961 |
| Total current liabilities | 2,086,842 | 1,904,678 |
| Net Assets: | | |
| Without donor restrictions: | | |
| Operating | 1,718,837 | 2,270,919 |
| Board designated | 8,000,000 | - |
| With donor restrictions | 4,009,386 | 2,732,221 |
| Total net assets | 13,728,223 | 5,003,140 |
| Total liabilities and net assets | <u>\$ 15,815,065</u> | <u>\$ 6,907,818</u> |

THE NATIONAL MENTORING PARTNERSHIP, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2021 and 2020

| | 2021 | | | 2020 | | |
|--|----------------------------|-------------------------|----------------------|----------------------------|-------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Operating Revenue and Support: | | | | | | |
| Grants and contributions | \$ 2,106,218 | \$ 5,395,000 | \$ 7,501,218 | \$ 1,944,400 | \$ 3,279,000 | \$ 5,223,400 |
| Government contracts | 1,887,637 | - | 1,887,637 | 2,745,293 | - | 2,745,293 |
| Program income | 1,490,452 | - | 1,490,452 | 1,410,114 | - | 1,410,114 |
| Donated services | 120,191 | - | 120,191 | 34,693 | - | 34,693 |
| Interest and other | 29,825 | - | 29,825 | 34,869 | - | 34,869 |
| Net assets released from restrictions | 4,117,835 | (4,117,835) | - | 4,013,800 | (4,013,800) | - |
| Total operating revenue and support | <u>9,752,158</u> | <u>1,277,165</u> | <u>11,029,323</u> | <u>10,183,169</u> | <u>(734,800)</u> | <u>9,448,369</u> |
| Operating Expenses: | | | | | | |
| Program services: | | | | | | |
| Mentoring affiliates support and development | 2,003,779 | - | 2,003,779 | 1,500,318 | - | 1,500,318 |
| Promotion, public education and policy | 1,517,660 | - | 1,517,660 | 1,403,709 | - | 1,403,709 |
| Product and program development | 5,062,109 | - | 5,062,109 | 4,660,746 | - | 4,660,746 |
| National Mentoring Summit | 619,236 | - | 619,236 | 1,037,483 | - | 1,037,483 |
| Total program services | <u>9,202,784</u> | <u>-</u> | <u>9,202,784</u> | <u>8,602,256</u> | <u>-</u> | <u>8,602,256</u> |
| Supporting services: | | | | | | |
| General and administrative | 499,634 | - | 499,634 | 457,586 | - | 457,586 |
| Fundraising | 601,822 | - | 601,822 | 452,396 | - | 452,396 |
| Total supporting services | <u>1,101,456</u> | <u>-</u> | <u>1,101,456</u> | <u>909,982</u> | <u>-</u> | <u>909,982</u> |
| Total operating expenses | <u>10,304,240</u> | <u>-</u> | <u>10,304,240</u> | <u>9,512,238</u> | <u>-</u> | <u>9,512,238</u> |
| Changes in net assets from operations | (552,082) | 1,277,165 | 725,083 | 670,931 | (734,800) | (63,869) |
| Non-Operating Revenue: | | | | | | |
| Grant | 8,000,000 | - | 8,000,000 | - | - | - |
| Changes in net assets | 7,447,918 | 1,277,165 | 8,725,083 | 670,931 | (734,800) | (63,869) |
| Net Assets: | | | | | | |
| Beginning of year | <u>2,270,919</u> | <u>2,732,221</u> | <u>5,003,140</u> | <u>1,599,988</u> | <u>3,467,021</u> | <u>5,067,009</u> |
| End of year | <u>\$ 9,718,837</u> | <u>\$ 4,009,386</u> | <u>\$ 13,728,223</u> | <u>\$ 2,270,919</u> | <u>\$ 2,732,221</u> | <u>\$ 5,003,140</u> |

The accompanying notes are an integral part of these statements.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Changes in net assets | \$ 8,725,083 | \$ (63,869) |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation | 43,294 | 31,020 |
| Non-operating grant | (8,000,000) | - |
| Change in discount | - | 1,707 |
| Donated stocks | (34,747) | (57,829) |
| Net realized and unrealized gains on investments | (423) | (130) |
| Changes in operating assets and liabilities: | | |
| Pledges, grants and contracts receivable | (270,104) | 716,372 |
| Prepaid expenses and other | 39,834 | (19,194) |
| Accounts payable and accrued expenses | (349,704) | 589,397 |
| Conditional grant advances | 630,963 | (115,485) |
| Deferred revenue | (99,095) | 88,447 |
| | <u>685,101</u> | <u>1,170,436</u> |
| Cash Flows from Investing Activities: | | |
| Acquisition of property and equipment | (9,316) | (50,996) |
| Reinvested interest and dividends | (640) | (3,721) |
| Purchase of investments | (8,000,000) | - |
| | <u>(8,009,956)</u> | <u>(54,717)</u> |
| Cash Flows from Financing Activities: | | |
| Proceeds from non-operating grant | 8,000,000 | - |
| Net Change in Cash, Cash Equivalents and Restricted Cash | 675,145 | 1,115,719 |
| Cash, Cash Equivalents and Restricted Cash: | | |
| Beginning of year | <u>4,188,657</u> | <u>3,072,938</u> |
| End of year | <u>\$ 4,863,802</u> | <u>\$ 4,188,657</u> |
| Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Statements of Financial Position: | | |
| Cash and cash equivalents | \$ 4,838,132 | \$ 4,162,987 |
| Restricted cash | <u>25,670</u> | <u>25,670</u> |
| Total cash, cash equivalents and restricted cash | <u>\$ 4,863,802</u> | <u>\$ 4,188,657</u> |

THE NATIONAL MENTORING PARTNERSHIP, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2021

(With Summarized Comparative Totals for the Year Ended December 31, 2020)

| | 2021 | | | | | | | 2020 | |
|---|---|---|---------------------------------------|---------------------------------|------------------------------|---------------------------------------|-------------------|----------------------|---------------------|
| | Program Services | | | | Supporting Services | | | Total | Total |
| | Mentoring Affiliates Support and Development | Promotion, Public Education and Policy | Product and Program Development | National Mentoring Summit | Total Program Services | General and Adminis- trative | Fundraising | | |
| Salaries and Related: | | | | | | | | | |
| Salaries | \$ 491,745 | \$ 684,500 | \$ 1,111,745 | \$ 180,461 | \$ 2,468,451 | \$ 254,529 | \$ 401,790 | \$ 3,124,770 | \$ 2,683,309 |
| Employee benefits | 69,044 | 91,734 | 148,921 | 25,532 | 335,231 | 34,380 | 53,852 | 423,463 | 365,681 |
| Payroll taxes | 30,209 | 49,275 | 79,903 | 12,861 | 172,248 | 18,184 | 28,868 | 219,300 | 189,154 |
| Total salaries and related | 590,998 | 825,509 | 1,340,569 | 218,854 | 2,975,930 | 307,093 | 484,510 | 3,767,533 | 3,238,144 |
| Other: | | | | | | | | | |
| Consultants and program service contractors | 174,760 | 208,685 | 3,325,772 | 115,754 | 3,824,971 | 44,137 | 49,503 | 3,918,611 | 3,622,013 |
| Grants and awards | 1,143,400 | - | 150,000 | 12,000 | 1,305,400 | - | - | 1,305,400 | 871,691 |
| Marketing and advertising | 2,563 | 223,297 | 6,186 | 39,249 | 271,295 | 1,123 | 3,585 | 276,003 | 308,381 |
| Rent | 31,500 | 43,999 | 107,030 | 11,665 | 194,194 | 16,368 | 25,824 | 236,386 | 250,462 |
| Travel, conference and meeting | 8,820 | 8,444 | 18,743 | 162,779 | 198,786 | 9,819 | 3,405 | 212,010 | 677,942 |
| Office supplies and services | 23,350 | 48,386 | 53,638 | 40,861 | 166,235 | 11,596 | 9,134 | 186,965 | 160,856 |
| Donated professional services | - | 100,000 | - | - | 100,000 | 20,191 | - | 120,191 | 34,693 |
| Dues and subscriptions | 3,720 | 35,734 | 22,629 | 1,372 | 63,455 | 7,576 | 6,366 | 77,397 | 103,057 |
| Professional services | - | - | - | - | - | 44,652 | - | 44,652 | 81,841 |
| Telephone and communication services | 7,091 | 9,904 | 16,084 | 2,626 | 35,705 | 2,688 | 5,813 | 44,206 | 31,668 |
| Depreciation | 5,417 | 7,567 | 12,289 | 2,006 | 27,279 | 11,574 | 4,441 | 43,294 | 31,020 |
| Licenses and fees | 213 | 297 | 580 | 8,572 | 9,662 | 12,162 | 789 | 22,613 | 21,991 |
| Insurance | 1,509 | 2,108 | 3,423 | 559 | 7,599 | 9,394 | 1,237 | 18,230 | 20,354 |
| Postage and printing | 2,739 | 1,274 | 1,176 | 2,288 | 7,477 | 349 | 5,773 | 13,599 | 37,232 |
| Miscellaneous | 6,256 | 441 | 718 | 117 | 7,532 | 162 | 259 | 7,953 | 13,740 |
| Utilities | 810 | 1,131 | 1,837 | 300 | 4,078 | 421 | 664 | 5,163 | 3,799 |
| Equipment rental and maintenance | 633 | 884 | 1,435 | 234 | 3,186 | 329 | 519 | 4,034 | 3,354 |
| Total other | 1,412,781 | 692,151 | 3,721,540 | 400,382 | 6,226,854 | 192,541 | 117,312 | 6,536,707 | 6,274,094 |
| Total expenses included in the statement of activities and changes in net assets | \$ 2,003,779 | \$ 1,517,660 | \$ 5,062,109 | \$ 619,236 | \$ 9,202,784 | \$ 499,634 | \$ 601,822 | \$ 10,304,240 | \$ 9,512,238 |

THE NATIONAL MENTORING PARTNERSHIP, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2020

| | Program Services | | | | Supporting Services | | | |
|---|---|---|---------------------------------------|---------------------------------|------------------------------|---------------------------------------|-------------------|---------------------|
| | Mentoring Affiliates Support and Development | Promotion, Public Education and Policy | Product and Program Development | National Mentoring Summit | Total Program Services | General and Adminis- trative | Fundraising | Total |
| Salaries and Related: | | | | | | | | |
| Salaries | \$ 463,519 | \$ 637,766 | \$ 933,950 | \$ 159,841 | \$ 2,195,076 | \$ 204,241 | \$ 283,992 | \$ 2,683,309 |
| Employee benefits | 64,924 | 85,782 | 125,494 | 24,633 | 300,833 | 26,787 | 38,061 | 365,681 |
| Payroll taxes | 32,728 | 45,001 | 65,867 | 11,201 | 154,797 | 14,344 | 20,013 | 189,154 |
| Total salaries and related | 561,171 | 768,549 | 1,125,311 | 195,675 | 2,650,706 | 245,372 | 342,066 | 3,238,144 |
| Other: | | | | | | | | |
| Consultants and program service contractors | 150,301 | 142,860 | 3,136,399 | 135,331 | 3,564,891 | 23,772 | 33,350 | 3,622,013 |
| Grants and awards | 675,000 | - | 177,500 | - | 852,500 | - | 19,191 | 871,691 |
| Marketing and advertising | 996 | 253,268 | 13,134 | 37,454 | 304,852 | 194 | 3,335 | 308,381 |
| Rent | 43,405 | 59,445 | 87,040 | 15,135 | 205,025 | 18,979 | 26,458 | 250,462 |
| Travel, conference and meeting | 22,095 | 49,872 | 29,693 | 572,565 | 674,225 | 2,624 | 1,093 | 677,942 |
| Office supplies and services | 21,452 | 59,621 | 37,285 | 29,783 | 148,141 | 5,376 | 7,339 | 160,856 |
| Donated professional services | - | - | - | - | - | 34,693 | - | 34,693 |
| Dues and subscriptions | 11,953 | 44,282 | 28,460 | 2,425 | 87,120 | 9,043 | 6,894 | 103,057 |
| Professional services | - | - | - | - | - | 81,841 | - | 81,841 |
| Telephone and communication services | 5,488 | 7,516 | 11,005 | 1,914 | 25,923 | 2,400 | 3,345 | 31,668 |
| Depreciation | 2,809 | 8,449 | 5,634 | 980 | 17,872 | 11,435 | 1,713 | 31,020 |
| Licenses and fees | 400 | 484 | 776 | 19,831 | 21,491 | 285 | 215 | 21,991 |
| Insurance | 2,166 | 2,966 | 4,343 | 755 | 10,230 | 8,804 | 1,320 | 20,354 |
| Postage and printing | 1,478 | 4,223 | 979 | 25,080 | 31,760 | 363 | 5,109 | 37,232 |
| Miscellaneous | 365 | 476 | 701 | 122 | 1,664 | 11,863 | 213 | 13,740 |
| Utilities | 658 | 902 | 1,320 | 230 | 3,110 | 288 | 401 | 3,799 |
| Equipment rental and maintenance | 581 | 796 | 1,166 | 203 | 2,746 | 254 | 354 | 3,354 |
| Total other | 939,147 | 635,160 | 3,535,435 | 841,808 | 5,951,550 | 212,214 | 110,330 | 6,274,094 |
| Total expenses included in the statement of activities and changes in net assets | <u>\$ 1,500,318</u> | <u>\$ 1,403,709</u> | <u>\$ 4,660,746</u> | <u>\$ 1,037,483</u> | <u>\$ 8,602,256</u> | <u>\$ 457,586</u> | <u>\$ 452,396</u> | <u>\$ 9,512,238</u> |

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2021 and 2020

1. OPERATIONS AND NONPROFIT STATUS

The National Mentoring Partnership, Inc. (the Organization) is a national not-for-profit corporation established in 1990 in the District of Columbia. The Organization's mission is to fuel the quality and quantity of mentoring relationships for America's young people and to close the mentoring gap. The Organization drives the investment of time and money into high impact mentoring programs through advocacy, influence strategy and public awareness. The Organization advances quality mentoring through the development and delivery of standards, cutting-edge research, state-of-the-art tools and a national network of local capacity and movement builders. The Organization has four major program areas:

MENTOR Affiliates Network Support and Development

The Organization scales impact by developing and supporting a national network of affiliates. These affiliates are non-partisan, public-private organizations that galvanize local or statewide mentoring movements. They provide the leadership and infrastructure necessary to support the expansion of quality mentoring relationships. These affiliates also serve a unique role as a clearinghouse for training, resources, public awareness and advocacy, providing the critical link between the Organization's national efforts and local organizations and programs that foster and support quality mentoring relationships. As designated affiliates, they inform and distribute the Organization's research and resources.

The Organization's affiliates are focused on the following key priorities:

- Advancing the quality of the local mentoring field by building relationships with new and existing mentoring programs and providing capacity building trainings and technical assistance grounded in evidence-based approaches.
- Engaging a wide variety of public and private stakeholders to increase both the number of volunteer mentors, as well as resources for the local mentoring field.
- Collecting data on a regular basis to describe the impact of mentoring in the broader community and identify gaps in the range of services needed.
- Expanding public and private support and investment in mentoring through public awareness and advocacy efforts that foster communities that prioritize quality youth mentoring.

The Organization provides grant dollars to support the general operations of affiliate growth and development. In 2021 and 2020, the Organization awarded \$1,155,400 and \$796,691 in grants to 22 and 9 affiliates, respectively.

Promotion, Public Education and Policy

The Organization educates the general public, policymakers and the private sector about the effectiveness of mentoring as a proven strategy for helping young people become successful adults and seeks increased systemic integration of mentoring. Annual activities include leading cause elevating campaigns, including the Organization's signature Amplify Mentoring campaign, National Mentoring Month in January, and the National Corporate Mentoring Honor Roll.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2021 and 2020

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Product and Program Development

One of the Organization's core priorities is to drive excellence and rigor so that the quality and quantity of mentoring and mentoring experiences are enhanced across thousands of programs in America. The Organization does this by establishing nationally recognized standards for safe and effective mentoring programs called *The Elements of Effective Practice for Mentoring™*, developing tools to disseminate these evidenced-based practices and share innovation across the mentoring field, operating the only national database for volunteer mentoring opportunities, and informing and implementing new research to increase and enhance the impact of quality mentoring programs across the country.

National Mentoring Summit

Annually, the Organization convenes the *National Mentoring Summit* in Washington D.C. The National Mentoring Summit is the only national convening of youth mentoring professionals, researchers, corporate partners, and government and civic leaders. The National Mentoring Summit allows attendees to collectively strengthen and expand quality mentoring relationships for youth nationwide. Since inception in 2010, the National Mentoring Summit has grown more than three-fold and reached over 2,149 attendees in 2022.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Contributions made to the Organization are deductible by donors within the requirements of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization's financial statements have been prepared in accordance with accounting standards generally accepted in the United States of America (U.S. GAAP). References to U.S. GAAP in these notes are to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Revenue Recognition, Conditional Grant Advances and Deferred Revenue

Government Contracts, Grants and Contributions

In accordance with FASB's Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, the Organization must determine whether a grant or 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 the assets or a right of release of a promise to transfer assets exists (see Note 4). Indicators of a barrier include a measurable performance-related barrier or another 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.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition, Conditional Grant Advances and Deferred Revenue (Continued)

Government Contracts, Grants and Contributions (Continued)

Grants and contributions without donor restrictions are recorded as revenue and net assets without donor restrictions when received or unconditionally committed by the donor. Revenue from donor restricted grants and contributions are recorded as donor restricted revenue and net assets when received or unconditionally committed by the donor. Net assets released from donor restrictions represent transfers made to revenue and net assets without donor restrictions as costs are incurred, time restrictions lapse or program restrictions have been satisfied.

The Organization's Federal cost reimbursable contract, included in government contracts in the accompanying statements of activities and changes in net assets, is recognized under Topic 958 and treated as conditional and recorded as revenue upon meeting expense criteria and recognized over the period of time expenses are incurred (see Note 4).

Program Income

Program income is recognized in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgement and changes in judgements.

The annual National Mentoring Summit (see Note 1) registration revenue is accounted for under Topic 606 and recognized at a point in time when the event takes place. Registrations received in advance of this event are included in deferred revenue in the accompanying statements of financial position. Sponsorship revenue for this event is recognized as contributions under Topic 958. Sponsorships received in advance are included in conditional grant advances in the accompanying statements of financial position as conditional contributions. Once the event takes place, the sponsorship revenue is recognized as contribution revenue.

Through several fee-for-service contract agreements, the Organization offers consulting, training and performs research projects within the mission of expanding the field of mentoring and creating awareness. The Organization evaluates its revenue contracts with customers based on the five-step model under ASC 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. Revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised consulting services are transferred to customers or trainings are held. Any research performance obligations included in the contracts are recognized at a point in time when the Organization completes the published work for the customer. If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. The Organization's contracts that contain multiple performance obligations require an allocation of the transaction price based on the estimated relative standalone selling prices of the promised consulting or training services underlying each performance obligation.

Generally, the Organization receives contract advances from customers before revenue is recognized, which are recorded as deferred revenue in the accompanying statements of financial position.

Other Revenue

Other income is recognized as earned.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at the estimated market value at the date of gift, if donated. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

| | <u>Estimated Useful Lives</u> |
|----------------------------------|--|
| Computer software and technology | 3 years |
| Furniture and equipment | 3 - 10 years |
| Leasehold improvements | Lesser of life of lease or 10 years |

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Organization values all of its qualifying assets and liabilities using Level 1 inputs.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Uncollectible Accounts

The Organization records an allowance for uncollectible accounts based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible. Accounts are written-off when they are determined to be uncollectible and are recorded as bad debt. There was an allowance for uncollectible accounts of \$7,500 as of December 31, 2021 and 2020.

Investments

If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Investments are recorded in the accompanying financial statements at fair value. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date. Realized gains or losses on investment transactions are recorded using the average cost method. Unrealized gains and losses are recognized based on market value changes during the period (see Note 3).

Grants and Awards

Grants and awards are recorded when approved and all conditions have been satisfied.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions. The Organization has classified its net assets without donor restrictions into the following categories:

Operating consists of amounts relating to program and other operating activities and are currently available for operations.

Board-designated includes funds without donor restrictions designated by the Board of Directors to be used for specific initiatives that require approval from the Board for usage. As of the report date, the Organization's management and the Board are in the process of determining the intent and usage of the Board-designated net assets, as well as formalizing a policy.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted) or amounts for use in future periods (time restricted). Investment held in perpetuity represents net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The income earned on those net assets is for operations.

Net assets with donor restrictions consist of the following at December 31:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|---------------------|---------------------|
| Purpose restricted | \$ 3,982,836 | \$ 2,635,671 |
| Investment held in perpetuity | 26,550 | 26,550 |
| Time restricted | <u>-</u> | <u>70,000</u> |
| | <u>\$ 4,009,386</u> | <u>\$ 2,732,221</u> |

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net Assets With Donor Restrictions (Continued)

Net assets released from donor restrictions are as follows:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|---------------------|---------------------|
| Satisfaction of purpose restrictions | \$ 4,047,835 | \$ 3,320,507 |
| Expiration of time restrictions | <u>70,000</u> | <u>693,293</u> |
| | <u>\$ 4,117,835</u> | <u>\$ 4,013,800</u> |

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.

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenue and support and operating expenses in the accompanying statements of activities and changes in net assets. A one-time gift from a foundation, shown as non-operating revenue according to the Organization's policy, which is to include all gifts that individually exceed 50% of the prior year operating revenue as non-operating revenue.

Expense Allocation

Expenses related directly to a program are recorded as program expenses, while other expenses are allocated based upon management's estimate of the percentage attributable to program services, general and administrative, and fundraising.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and related, rent, utilities office supplies and services, depreciation, and insurance, which are allocated based on an estimate of time and level of effort spent on the Organization's program and supporting functions.

Donated Services

Organizations provide pro-bono services to the Organization in support of various aspects of its programs. The fair value of these services, as determined by the donors, is reflected as donated services and donated professional services in the accompanying statements of activities and changes in net assets and functional expenses. The Organization received \$120,191 and \$34,693 of donated legal and consulting services during 2021 and 2020, respectively.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Stock

Donated stock is recorded at fair value on the date of the gift. During 2021 and 2020, the Organization received stock donations valued at \$34,747 and \$57,829, respectively, which are included in grants and contributions in the accompanying statements of activities and changes in net assets. In 2021 and 2020, these stocks were held in the Organization's investment portfolio.

Subsequent Events

Subsequent events have been evaluated through June 23, 2022, 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.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. 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 December 31, 2021 and 2020. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

3. INVESTMENTS

Investments are presented in the accompanying financial statements at fair value. The Organization's investments consist of the following as of December 31:

| <u>Description</u> | <u>2021</u> | | | <u>Total</u> |
|--------------------|---------------------|----------------|----------------|---------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | |
| Money market funds | <u>\$ 9,206,504</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,206,504</u> |

| <u>Description</u> | <u>2020</u> | | | <u>Total</u> |
|--------------------|---------------------|----------------|----------------|---------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | |
| Money market funds | <u>\$ 1,170,694</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,170,694</u> |

Investment earnings included unrealized and realized gains of \$423 and \$130 for the years ended December 31, 2021 and 2020, respectively, which are included in interest and other in the accompanying statements of activities and changes in net assets.

There were no investment fees for the years ended December 31, 2021 and 2020.

The Organization intends to hold its investments as available for use in operations. Accordingly, the investments are shown as current assets in the accompanying statements of financial position. Investments are not insured and are subject to ongoing market fluctuations.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2021 and 2020

4. CONDITIONAL GRANTS

During 2021 and 2020, the Organization received grants and contributions (including government contracts) totaling \$3,770,226 and \$4,236,788, respectively, that contained donor-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 these grants and contributions, including government contracts, when donor-imposed conditions are substantially met (see Note 2). Conditional grants received in 2020 were recognized as revenue in 2021 once the conditions were met.

Conditional promises to give at December 31, 2021, consist of:

| | |
|--|---------------------|
| Subject to measurable performance barriers | \$ 1,165,000 |
| Incurring qualifying expenses | <u>2,605,226</u> |
| Total conditional promises to give | <u>\$ 3,770,226</u> |

During 2020, the Organization applied for, and was awarded, a loan of \$547,900 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds were used to pay certain payroll costs and benefits during a covered period as defined in the CARES Act.

The Organization believed there was not more than a remote chance this loan would not be forgiven, and therefore, accounted for it as a conditional grant under Topic 958. As of December 31, 2020, the Organization recognized \$547,900 of grant revenue, included in government contracts in the accompanying 2020 statement of activities and changes in net assets. The Organization submitted the application for forgiveness for PPP and the Small Business Administration then forgave the note payable and accrued interest in full on February 11, 2021, thus legally releasing the obligation.

5. PLEDGES, GRANTS AND CONTRACTS RECEIVABLE

Pledges, grants and contracts receivable are recorded at their net present value when unconditionally committed or as contract services are provided and consist of amounts committed for programs and general operating support and are due within one year at \$1,323,515 and \$1,053,411 at December 31, 2021 and 2020, respectively.

A reserve of \$7,500 has been recorded for the years ended December 31, 2021 and 2020 (see Note 2).

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

| | <u>2021</u> | <u>2020</u> |
|----------------------------------|-------------------|-------------------|
| Computer software and technology | \$ 269,258 | \$ 259,942 |
| Furniture and equipment | 71,859 | 71,859 |
| Leasehold improvements | <u>19,155</u> | <u>19,155</u> |
| | 360,272 | 350,956 |
| Less - accumulated depreciation | <u>258,444</u> | <u>215,150</u> |
| Net property and equipment | <u>\$ 101,828</u> | <u>\$ 135,806</u> |

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2021 and 2020

7. LEASES

In January 2019, the Organization entered into a lease agreement for expanded office space in Boston, Massachusetts under an operating lease agreement that requires monthly payments of \$19,544, which increase annually as defined in the agreement. The lease expires in January 2024. Rent expense, including storage costs, for this office space was \$236,386 and \$240,167 for the years ended December 31, 2021 and 2020, respectively.

Additionally, the Organization leased space in Washington, DC under a twelve-month lease agreement which expired on June 30, 2020. The lease was not renewed following expiration in June 2020. Monthly payments under this lease were \$1,716. Rent expense was \$10,295 for the year ended December 31, 2020.

In accordance with the U.S. GAAP standard for *Accounting for Leases*, the Organization has recorded rent for these agreements on a straight-line basis over the term of the lease regardless of actual cash payments. The Organization has recorded \$14,970 of deferred rent as of December 31, 2021 and 2020, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

Remaining future minimum cash lease payments under the lease agreements are as follows:

| | |
|------|-------------------|
| 2022 | \$ 239,520 |
| 2023 | 244,510 |
| 2024 | <u>20,376</u> |
| | <u>\$ 504,406</u> |

The Organization leases office equipment under an operating lease expiring in November 2022. Future minimum payments under this lease agreement of \$1,934 are due in 2022.

8. PENSION PLAN

The Organization has a defined contribution pension plan covering all eligible employees. Employees become eligible to participate on their date of hire. Employees are eligible for employer matching contributions immediately upon joining the plan and for other discretionary employer contributions after one year of employment. The Organization matches the employee's contribution up to 2% of the employee's compensation immediately upon joining the plan and contributes 3% of each eligible employee's compensation to the plan after a one-year period from their date of hire. The Organization's contributions to employees' accounts vest 100% when made.

Pension expense was \$120,368 and \$110,211 for the years ended December 31, 2021 and 2020, respectively, which is included in employee benefits in the accompanying statements of functional expenses.

9. PATHWAYS INITIATIVE

Pathways was a program designed to give young people living in high-risk environments the adult guidance and tangible incentives they need to aspire, achieve and develop to their fullest potential. Pathways set aside \$10,000 for each economically disadvantaged youth who took part in mentoring and economic self-sufficiency programs. This program has ended, and no additional amounts are being accrued or set aside.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2021 and 2020

9. PATHWAYS INITIATIVE (Continued)

As of December 31, 2021 and 2020, the Organization has committed \$25,670 for seven Pathways' participants and graduates, which is reflected as a liability in the accompanying statements of financial position. Funds the Organization has committed to the Pathways Initiative are presented as restricted cash in the accompanying statements of financial position. Management is in the process of determining final distribution of these funds.

10. COMMITMENTS

The Organization is under contractual agreements with a hotel for events taking place in 2022 through 2024 for room rentals for participants at the Organization's annual conference. If the Organization cancels these agreements or does not fill the rooms under agreement, there are certain penalties the Organization may have to pay. These penalties range from approximately \$10,000 to \$357,000 per event, dependent on proximity of cancellation to the scheduled event. Due to global health concerns brought on by the COVID-19 pandemic, the Organization cancelled the 2022 in-person event, pivoting to a virtual platform, shortly before the event was scheduled to take place. The hotel required the Organization to pay a cancellation fee of \$330,000, which is being applied as a credit to the scheduled 2023 event. Management anticipates that no other material penalties will be incurred, and therefore, no liability has been recorded in the accompanying financial statements.

11. CONDITIONAL COMMITMENT

During 2012, the Organization agreed to support the UMass Boston Center for Evidence Based Mentoring (UMass) to help further research in the mentoring field, which is the Organization's overall mission. The Organization committed to support at a cost to the Organization not to exceed \$1,000,000 over seven years, conditional upon UMass increasing research in the mentoring field and being operated in a manner acceptable to the Organization. The original agreement was extended through July 2022 at no additional cost.

The Organization paid \$150,000 and \$75,000 under this agreement, which are included in grants and awards in the accompanying statements of functional expenses for the years ended December 31, 2021 and 2020, respectively.

12. CONCENTRATIONS

Credit Risk

The Organization maintains its cash balances in a Massachusetts bank. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. During the years ended December 31, 2021 and 2020, the Organization's cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash.

Funding

The Organization received approximately 17% and 23% of its total operating revenue and support from the United States Department of Justice (DOJ) during 2021 and 2020, respectively. Approximately 55% and 30% of the Organization's pledges, grants and contracts receivable at December 31, 2021 and 2020, respectively, are due from the DOJ.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2021 and 2020

12. CONCENTRATIONS (Continued)

Funding (Continued)

Approximately 23% and 47% of the Organization's remaining pledges, grants and contracts receivable at December 31, 2021 and 2020, are due from one and two donors, respectively. Approximately 11% of the Organization's operating revenue and support at December 31, 2020, was from one donor.

Payments to the Organization are subject to audit by the DOJ. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Organization as of December 31, 2021 and 2020, or on the changes in net assets for the years then ended.

13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from the statements of financial position date for general operating expenses are as follows at December 31:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 4,838,132 | \$ 4,162,987 |
| Investments | 9,206,504 | 1,170,694 |
| Pledges, grants and contracts receivable | <u>1,323,515</u> | <u>1,053,411</u> |
| Total financial assets | 15,368,151 | 6,387,092 |
| Less - Board-designated | (8,000,000) | - |
| Less - donor-imposed restrictions: | | |
| Investment held in perpetuity (see Note 2) | (26,550) | (26,550) |
| Other donor-imposed purpose restrictions | <u>(3,982,836)</u> | <u>(2,635,671)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 3,358,765</u> | <u>\$ 3,724,871</u> |

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Organization has approximately four months of financial assets available within one year to cover operating expenses, net of depreciation and donated services. The Organization has \$8,000,000 in liquid investments, which are classified as Board-designated net assets. As of the report date, the Organization's management and the Board are in the process of determining the intent and usage of the Board-designated net assets, as well as formalizing both an investment and Board-designated policy and securing an investment advisor.