



**FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

THE NATIONAL MENTORING PARTNERSHIP, INC.

Contents
December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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, which 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 11, 2024

THE NATIONAL MENTORING PARTNERSHIP, INC.Statements of Financial Position
December 31, 2023 and 2022

Assets	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 413,404	\$ 3,822,702
Restricted cash	25,670	25,670
Investments	5,933,570	8,674,902
Pledges, grants and contracts receivable, net of allowance	1,444,365	927,025
Prepaid expenses and other	628,575	640,717
Total current assets	8,445,584	14,091,016
Pledges, grant and contracts receivable, net of current portion	100,000	150,000
Investments	1,613,760	-
Property and Equipment, net	660,814	477,430
Right-of-Use Asset - Operating Lease	-	241,148
Total assets	<u>\$ 10,820,158</u>	<u>\$ 14,959,594</u>
Liabilities and Net Assets		
Current Liabilities:		
Operating lease obligation	\$ -	\$ 243,643
Accounts payable and accrued expenses	682,241	763,305
Grants payable - Pathways Initiative	25,670	25,670
Conditional grant advances	375,150	500,000
Deferred revenue	647,443	472,373
Total current liabilities	1,730,504	2,004,991
Net Assets:		
Without donor restrictions:		
Operating	154,400	2,193,922
Board designated	6,348,702	7,197,130
With donor restrictions	2,586,552	3,563,551
Total net assets	9,089,654	12,954,603
Total liabilities and net assets	<u>\$ 10,820,158</u>	<u>\$ 14,959,594</u>

The accompanying notes are an integral part of these statements.

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THE NATIONAL MENTORING PARTNERSHIP, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2023 and 2022

	2023					2022				
	Without Donor Restrictions			With Donor Restrictions	Total	Without Donor Restrictions			With Donor Restrictions	Total
	Operations	Board Designated	Total Without Donor Restrictions			Operations	Board Designated	Total Without Donor Restrictions		
Operating Revenue and Support:										
Grants and contributions	\$ 1,381,273	\$ -	\$ 1,381,273	\$ 2,665,021	\$ 4,046,294	\$ 1,783,250	\$ -	\$ 1,783,250	\$ 4,658,216	\$ 6,441,466
Government contracts	3,126,455	-	3,126,455	-	3,126,455	2,722,558	-	2,722,558	-	2,722,558
Program income	934,111	-	934,111	-	934,111	1,840,087	-	1,840,087	-	1,840,087
Contributed services	34,268	-	34,268	-	34,268	292,838	-	292,838	-	292,838
Interest and other	33,713	-	33,713	-	33,713	119,822	-	119,822	-	119,822
Special events, net	-	-	-	-	-	1,369,521	-	1,369,521	-	1,369,521
Net assets released from restrictions	3,642,020	-	3,642,020	(3,642,020)	-	5,104,051	-	5,104,051	(5,104,051)	-
Total operating revenue and support	9,151,840	-	9,151,840	(976,999)	8,174,841	13,232,127	-	13,232,127	(445,835)	12,786,292
Operating Expenses:										
Program services:										
Mentoring affiliates support and development	1,625,709	485,000	2,110,709	-	2,110,709	1,929,675	604,662	2,534,337	-	2,534,337
Promotion, public education and policy	1,529,626	56,400	1,586,026	-	1,586,026	1,969,555	78,916	2,048,471	-	2,048,471
Product and program development	6,014,847	31,227	6,046,074	-	6,046,074	6,534,489	35,483	6,569,972	-	6,569,972
National Mentoring Summit	1,353,420	7,000	1,360,420	-	1,360,420	681,998	6,262	688,260	-	688,260
Total program services	10,523,602	579,627	11,103,229	-	11,103,229	11,115,717	725,323	11,841,040	-	11,841,040
Supporting services:										
General and administrative	411,328	120,000	531,328	-	531,328	695,024	62,936	757,960	-	757,960
Fundraising	664,629	148,801	813,430	-	813,430	946,301	14,611	960,912	-	960,912
Total supporting services	1,075,957	268,801	1,344,758	-	1,344,758	1,641,325	77,547	1,718,872	-	1,718,872
Total operating expenses	11,599,559	848,428	12,447,987	-	12,447,987	12,757,042	802,870	13,559,912	-	13,559,912
Changes in net assets from operations	(2,447,719)	(848,428)	(3,296,147)	(976,999)	(4,273,146)	475,085	(802,870)	(327,785)	(445,835)	(773,620)
Non-Operating Revenue:										
Investment return, net	408,197	-	408,197	-	408,197	-	-	-	-	-
Changes in net assets	(2,039,522)	(848,428)	(2,887,950)	(976,999)	(3,864,949)	475,085	(802,870)	(327,785)	(445,835)	(773,620)
Net Assets:										
Beginning of year	2,193,922	7,197,130	9,391,052	3,563,551	12,954,603	1,718,837	8,000,000	9,718,837	4,009,386	13,728,223
End of year	\$ 154,400	\$ 6,348,702	\$ 6,503,102	\$ 2,586,552	\$ 9,089,654	\$ 2,193,922	\$ 7,197,130	\$ 9,391,052	\$ 3,563,551	\$ 12,954,603

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (3,864,949)	\$ (773,620)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	182,769	46,467
Change in allowance for uncollectible accounts	-	(7,500)
Noncash lease expenses	(2,495)	2,495
Donated stocks	(29,849)	(119,503)
Net realized and unrealized gains on investments	(110,669)	-
Changes in operating assets and liabilities:		
Pledges, grants and contracts receivable	(467,340)	253,990
Prepaid expenses and other	12,142	(321,301)
Accounts payable and accrued expenses	(81,064)	197,962
Conditional grant advances	(124,850)	(470,963)
Deferred revenue	175,070	(52,493)
	<u>(4,311,236)</u>	<u>(1,244,466)</u>
Net cash used in operating activities		
	<u>(4,311,236)</u>	<u>(1,244,466)</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(366,152)	(422,069)
Reinvested interest and dividends	(297,470)	(151,764)
Proceeds from withdrawal of investments	1,565,560	802,869
	<u>901,938</u>	<u>229,036</u>
Net cash provided by investing activities		
	<u>901,938</u>	<u>229,036</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	(3,409,298)	(1,015,430)
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	<u>3,848,372</u>	<u>4,863,802</u>
End of year	<u>\$ 439,075</u>	<u>\$ 3,848,372</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Statements of Financial Position:		
Cash and cash equivalents	\$ 413,404	\$ 3,822,702
Restricted cash	<u>25,670</u>	<u>25,670</u>
Total cash, cash equivalents and restricted cash	<u>\$ 439,074</u>	<u>\$ 3,848,372</u>

THE NATIONAL MENTORING PARTNERSHIP, INC.

Statement of Functional Expenses
 For the Year Ended December 31, 2023
 (With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023							2022	
	Program Services				Supporting Services			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	Total	
Salaries and Related:									
Salaries	\$ 514,778	\$ 709,595	\$ 1,559,807	\$ 329,178	\$ 3,113,358	\$ 233,014	\$ 479,881	\$ 3,826,253	\$ 3,606,723
Employee benefits	75,727	97,891	218,256	48,727	440,601	31,558	68,030	540,189	605,333
Payroll taxes	39,952	50,977	114,053	24,632	229,614	19,608	36,014	285,236	261,031
Total salaries and related	630,457	858,463	1,892,116	402,537	3,783,573	284,180	583,925	4,651,678	4,473,087
Other:									
Consultants and program service contractors	190,986	361,481	3,626,885	185,476	4,364,828	71,777	128,451	4,565,056	5,384,105
Grants and awards	1,123,878	-	20,000	11,700	1,155,578	-	-	1,155,578	1,604,773
Travel, conference and meeting	62,713	48,968	118,728	605,383	835,792	25,328	21,739	882,859	471,464
Office supplies and services	44,860	33,532	90,778	63,883	233,053	43,003	21,423	297,479	280,082
Occupancy	34,225	47,177	103,702	21,885	206,989	15,492	31,904	254,385	228,686
Depreciation	9,062	12,492	142,870	5,795	170,219	4,102	8,448	182,769	46,467
Marketing and advertising	1,513	153,235	2,277	12,704	169,729	1,247	1,962	172,938	464,984
Dues and subscriptions	7,781	40,455	28,312	1,245	77,793	1,210	4,514	83,517	87,643
Professional services	1,766	2,435	5,352	1,129	10,682	43,871	1,647	56,200	45,200
Printing and postage	679	2,785	6,608	30,338	40,410	580	6,818	47,808	32,163
Donated professional services	-	21,139	-	-	21,139	13,129	-	34,268	292,838
Licenses and fees	163	220	484	16,665	17,532	14,590	149	32,271	22,562
Insurance	1,466	2,021	4,442	937	8,866	12,294	1,367	22,527	21,081
Telephone and communication services	703	970	2,132	450	4,255	318	656	5,229	9,420
Miscellaneous	457	653	1,388	293	2,791	207	427	3,425	3,589
Special event - direct cost to donor	-	-	-	-	-	-	-	-	237,155
Special event - other	-	-	-	-	-	-	-	-	91,768
Total other	1,480,252	727,563	4,153,958	957,883	7,319,656	247,148	229,505	7,796,309	9,323,980
Less - fundraising event expenses included with revenues on the statement of activities and changes in net assets	-	-	-	-	-	-	-	-	(237,155)
Total expenses included in the statement of activities and changes in net assets	\$ 2,110,709	\$ 1,586,026	\$ 6,046,074	\$ 1,360,420	\$ 11,103,229	\$ 531,328	\$ 813,430	\$ 12,447,987	\$ 13,559,912

The accompanying notes are an integral part of these statements.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2022

	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	\$ 547,444	\$ 761,769	\$ 1,213,008	\$ 230,813	\$ 2,753,034	\$ 368,033	\$ 485,656	\$ 3,606,723
Employee benefits	90,211	127,934	204,191	40,492	462,828	61,579	80,926	605,333
Payroll taxes	40,189	55,909	88,772	16,811	201,681	23,727	35,623	261,031
Total salaries and related	<u>677,844</u>	<u>945,612</u>	<u>1,505,971</u>	<u>288,116</u>	<u>3,417,543</u>	<u>453,339</u>	<u>602,205</u>	<u>4,473,087</u>
Other:								
Consultants and program service contractors	198,128	243,544	4,546,806	124,813	5,113,291	117,515	153,299	5,384,105
Grants and awards	1,454,773	25,000	125,000	-	1,604,773	-	-	1,604,773
Travel, conference and meeting	98,529	34,243	158,626	115,375	406,773	29,016	35,675	471,464
Office supplies and services	47,802	41,092	98,742	53,177	240,813	17,704	21,565	280,082
Occupancy	35,039	48,880	77,846	14,893	176,658	20,899	31,129	228,686
Depreciation	6,471	9,023	14,370	2,747	32,611	8,109	5,747	46,467
Marketing and advertising	3,844	381,641	2,940	72,926	461,351	757	2,876	464,984
Dues and subscriptions	8,086	59,600	12,073	736	80,495	1,113	6,035	87,643
Professional services	-	-	-	-	-	45,200	-	45,200
Printing and postage	346	1,229	19,881	3,265	24,721	826	6,616	32,163
Donated professional services	-	253,761	-	-	253,761	39,077	-	292,838
Licenses and fees	-	-	-	10,518	10,518	11,591	453	22,562
Insurance	1,636	2,282	3,634	695	8,247	11,381	1,453	21,081
Telephone and communication services	1,440	2,007	3,197	611	7,255	886	1,279	9,420
Miscellaneous	399	557	886	388	2,230	547	812	3,589
Special events - direct cost to donor	-	-	-	-	-	-	237,155	237,155
Special events - other	-	-	-	-	-	-	91,768	91,768
Total other	<u>1,856,493</u>	<u>1,102,859</u>	<u>5,064,001</u>	<u>400,144</u>	<u>8,423,497</u>	<u>304,621</u>	<u>595,862</u>	<u>9,323,980</u>
Less - fundraising event expenses included with revenues on the statement of activities and changes in net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(237,155)</u>	<u>(237,155)</u>
Total expenses included in the statement of activities and changes in net assets	<u>\$ 2,534,337</u>	<u>\$ 2,048,471</u>	<u>\$ 6,569,972</u>	<u>\$ 688,260</u>	<u>\$ 11,841,040</u>	<u>\$ 757,960</u>	<u>\$ 960,912</u>	<u>\$ 13,559,912</u>

The accompanying notes are an integral part of these statements.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2023 and 2022

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 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 2023 and 2022, the Organization awarded \$1,123,878 and \$1,454,773 in grants to 30 and 20 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, 2023 and 2022

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 1,342 participants representing 48 states and territories and 10 countries in 2024.

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, 2023 and 2022

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 conditioned upon the incurrence of allowable qualifying expenses. These contracts are considered nonreciprocal transactions because the overall field of mentoring receives the benefit as a result of the assets transferred. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract provisions.

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. 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.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Special Events

Special events revenue is from the Organization's ability to host fundraising events, in which revenues are recognized at the time of the event. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received. The sales portion of the special event income is derived from various components, including registration fees, in which the transaction price is determined annually. Registration fees for these events are set by the Organization and are recognized when the event occurs. Contributions collected in advance of the special events are initially recorded as conditional grant advances and are only recognized in the accompanying statements of activities and changes in net assets after the special event has occurred and qualifying costs have been incurred.

Special events are considered donor restricted if the proceeds of the event are restricted for specific purposes at the time of the event.

Other Revenue

Other income is recognized as earned.

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 NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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.

Investments

Investments are recorded in the financial statements at fair value. 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. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the calendar year.

All Other Assets and Liabilities

The carrying value of all other assets and liabilities does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

Cash, Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, cash, cash equivalents and restricted cash consist of general checking and money market accounts.

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 no allowance for uncollectible accounts as of December 31, 2023 and 2022.

Investments

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). The Organization policy is to maintain a portion of investments for short-term reserves, shown as current in the accompanying statements of financial position and a long-term reserve fund, which is shown as long-term in the accompanying statements of financial position.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 consists of a one-time unrestricted non-operating gift of \$8,000,000 received in 2021 and designated by the Board of Directors to be used for specific initiatives that require approval from the Board for usage. The Board has designated \$4,000,000 for the purpose of growing and strengthening the Organization's capacity, the capacity of its affiliates, and the broader mentoring field in the short-term. The Board has designated the remaining \$4,000,000 to be invested for future needs and specific initiatives. The Organization has created a plan for these Board-designated investments that has both short-term and long-term components.

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>2023</u>	<u>2022</u>
Purpose restricted	\$ 1,730,002	\$ 1,907,001
Investment held in perpetuity	26,550	26,550
Time restricted	<u>830,000</u>	<u>1,630,000</u>
	<u>\$ 2,586,552</u>	<u>\$ 3,563,551</u>

Net assets released from donor restrictions are as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions	\$ 2,752,020	\$ 5,104,051
Expiration of time restrictions	<u>890,000</u>	<u>-</u>
	<u>\$ 3,642,020</u>	<u>\$ 5,104,051</u>

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Non-operating revenue includes investment return.

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, occupancy, 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.

Contributed Services

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization receives contributed professional services, including in-kind legal services for general and administrative purposes and in-kind marketing services for the Organization's program use (2022 only) that are reported using current rates for similar services. There were no donor-imposed restrictions associated with the contributed services in 2023 or 2022.

Donated Stock

Donated stock is recorded at fair value on the date of the gift. During 2023 and 2022, the Organization received stock donations valued at \$29,849 and \$119,503, respectively, which are included in grants and contributions in the accompanying statements of activities and changes in net assets. In 2023 and 2022, these stocks were held in the Organization's investment portfolio.

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, 2023 and 2022. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Organization leases office space and equipment. The determination of whether an arrangement is a lease or contains a lease is made at the inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, equipment or software (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Management only reassesses its determination if the terms and conditions of the contract are changed. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities. The Organization has elected the practical expedient to combine lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses the risk-free discount rate for the term closest to the full term of the lease, based on the information available at the commencement date to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

Subsequent Events

Subsequent events have been evaluated through June 11, 2024, 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.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2023 and 2022

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>Investment Type</u>	<u>2023</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money market funds	\$ 3,815,483	\$ -	\$ -	\$ 3,815,483
Fixed income- government and agency securities	247,383	1,958,885	-	2,206,268
Mutual funds- equities	830,855	-	-	830,855
Mutual funds- fixed income	542,251	-	-	542,251
Mutual funds- other	<u>152,473</u>	<u>-</u>	<u>-</u>	<u>152,473</u>
	<u>\$ 5,588,445</u>	<u>\$ 1,958,885</u>	<u>\$ -</u>	<u>\$ 7,547,330</u>

<u>Investment Type</u>	<u>2022</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money market funds	<u>\$ 8,674,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,674,902</u>

Investments are not insured and are subject to market fluctuations. The Organization policy is to maintain a portion of investments for short-term reserves, shown as current in the accompanying statements of financial position and a long-term reserve fund, which is shown as long-term in the accompanying statements of financial position.

4. CONDITIONAL GRANTS

During 2023 and 2022, the Organization received grants and contributions (including government contracts), 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 2022 were recognized as revenue in 2023 once the conditions were met.

At December 31, 2023, conditional promises to give of \$2,056,213 were conditional upon incurring qualifying expenses and \$1,220,000 were conditional upon meeting certain project milestones or metrics as outlined in the respective agreements.

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 as follows at December 31:

	<u>2023</u>	<u>2022</u>
2023	\$ -	\$ 927,025
2024	1,444,365	50,000
2025	50,000	50,000
2026	<u>50,000</u>	<u>50,000</u>
	<u>\$ 1,544,365</u>	<u>\$ 1,077,025</u>

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2023 and 2022

5. PLEDGES, GRANTS AND CONTRACTS RECEIVABLE (Continued)

No discount was recorded on the pledges, grants and contracts receivable at December 31, 2023 and 2022, as the discount would be immaterial to the accompanying financial statements.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Computer software and technology	\$ 1,057,479	\$ 691,327
Furniture and equipment	71,859	71,859
Leasehold improvements	<u>19,155</u>	<u>19,155</u>
	1,148,493	782,341
Less - accumulated depreciation	<u>487,679</u>	<u>304,911</u>
Net property and equipment	<u>\$ 660,814</u>	<u>\$ 477,430</u>

7. LEASE

In January 2019, the Organization entered into a lease agreement for expanded office space in Boston, Massachusetts under an operating lease agreement that required monthly payments of \$20,376, which increased annually as defined in the agreement. The lease expired in December 2023 and was not renewed. The Organization is currently renting the office space on a month-by-month basis.

At December 31, 2022, the Organization had recorded ROU assets amounting to \$241,148, and an operating lease liability of \$243,643 in the accompanying 2022 statement of financial position.

Total occupancy rent expense was \$241,148 and \$224,330 for the years ended December 31, 2023 and 2022, respectively, which is included in occupancy in the accompanying statements of functional expenses.

The weighted-average discount rate associated with operating leases for the year ended December 31, 2022, is .78%. The Organization's weighted-average lease term is two years for the year ended December 31, 2022.

The scheduled minimum lease payments under the lease terms were as follows for the year ended December 31, 2022:

Future undiscounted lease payments	\$ 244,510
Less - present value discount/interest	<u>(867)</u>
Operating lease liability	<u>\$ 243,643</u>

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
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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 \$150,590 and \$146,180 for the years ended December 31, 2023 and 2022, 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.

As of December 31, 2023 and 2022, 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 2024 through 2026 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 \$366,714 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 2024 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 supported 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 \$100,000 under this agreement, which is included in grants and awards in the accompanying 2022 statement of functional expenses. The agreement concluded in July 2022 as the Organization fulfilled the full commitment of \$1,000,000.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2023 and 2022

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, 2023 and 2022, the Organization's cash balances exceeded the insured amounts. Money market cash balances (see Note 3) held in another financial institution are protected in accordance with the Securities Investor Protection Corporation (SIPC). 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 and money market funds.

Funding

The Organization received approximately 38% and 21% of its total operating revenue and support from the United States Department of Justice (DOJ) during 2023 and 2022, respectively. Approximately 26% of the Organization's pledges, grants and contracts receivable at December 31, 2023 and 2022, respectively, are due from the DOJ.

Approximately 62% and 42% of the Organization's remaining pledges, grants and contracts receivable at December 31, 2023 and 2022, are due from three and one donors, respectively. Approximately 33% of the Organization's operating revenue and support at December 31, 2022, was from two donors.

Payments to the Organization are subject to an 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, 2023 and 2022, 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 413,404	\$ 3,822,702
Investments	5,933,570	8,674,902
Pledges, grants and contracts receivable	<u>1,444,365</u>	<u>927,025</u>
Total financial assets	7,791,339	13,424,629
Less - Board-designated	(4,734,942)	(7,197,130)
Less - donor-imposed restrictions:		
Investment held in perpetuity (see Note 2)	(26,550)	(26,550)
Other donor-imposed purpose restrictions	(1,730,002)	(1,907,001)
Add - Board designated budgeted spend	<u>827,000</u>	<u>848,428</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,126,845</u>	<u>\$ 5,142,376</u>

THE NATIONAL MENTORING PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2023 and 2022

13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

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 two and four months of financial assets available within one year to cover operating expenses, net of depreciation and donated services at December 31, 2023 and 2022, respectively. In 2021, the Organization received \$8,000,000 in liquid investments, which are classified as Board-designated net assets. The Organization has created a plan for these Board-designated investments that has both short-term and long-term components. During 2023 and 2022, the Organization utilized approximately \$848,000 and \$803,000 to fund program expenditures from this fund, which are included in operating expenses respectively.

14. RECLASSIFICATION

Certain amounts in the 2022 financial statements have been reclassified to conform with the 2023 presentation.