



**SPECTRUM YOUTH AND FAMILY SERVICES, INC.  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2019 AND 2018**

**JMM & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

**SPECTRUM YOUTH AND FAMILY SERVICES, INC.  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2019 AND 2018**

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**CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 AND 2018**

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VT License #92-0000171

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Spectrum Youth and Family Services, Inc.  
Burlington, Vermont

We have audited the accompanying consolidated financial statements of Spectrum Youth and Family Services, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

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## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Spectrum Youth and Family Services, Inc. and Subsidiary as of September 30, 2019 and 2018, 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.

## Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, including the Schedule of Expenditures of Federal Awards on pages 24 - 26, which is presented as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2020 on our consideration of Spectrum Youth and Family Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Spectrum Youth and Family Services, Inc.'s internal control over financial reporting and compliance.

*Jmm & Associates*

March 20, 2020

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**SEPTEMBER 30, 2019 AND 2018**

**A S S E T S**

	<b>2019</b>	<b>2018</b> <b>(as restated)</b>
	<u>2019</u>	<u>(as restated)</u>
<b>CURRENT ASSETS</b>		
Cash - unrestricted	\$ (426,902)	\$ 94,592
Grants and contracts receivable	790,974	205,459
Gifts receivable - other, current portion	223,500	211,000
Prepaid expenses	<u>37,378</u>	<u>45,773</u>
 <b>TOTAL CURRENT ASSETS</b>	 <u>624,950</u>	 <u>556,824</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Land	289,065	289,065
Buildings	746,625	746,625
Building improvements	1,115,972	1,113,548
Furniture and equipment	251,853	251,853
Vehicles	52,222	58,530
Construction in progress	<u>11,063</u>	<u>-</u>
	2,466,800	2,459,621
Less accumulated depreciation	<u>(1,590,512)</u>	<u>(1,490,862)</u>
 <b>TOTAL PROPERTY AND EQUIPMENT</b>	 <u>876,288</u>	 <u>968,759</u>
 <b>OTHER ASSETS</b>		
Long-term investments	4,292,468	4,361,732
Restricted cash - capital reserve	36,876	26,846
Restricted cash - capital projects	708,280	358,650
Beneficial interest held by others	44,484	44,733
Gifts receivable - other, net of current portion	100,000	50,000
Gifts receivable - capital	428,561	-
Security deposits	<u>3,799</u>	<u>2,175</u>
 <b>TOTAL OTHER ASSETS</b>	 <u>5,614,468</u>	 <u>4,844,136</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 7,115,706</u>	 <u>\$ 6,369,719</u>

See accompanying notes.

## LIABILITIES AND NET ASSETS

	<b>2019</b>	<b>2018</b> <b>(as restated)</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 435,424	\$ 165,039
Accrued payroll liabilities	142,615	170,235
Accrued vacation	83,911	81,043
Rent deposits	1,180	4,080
Deferred revenue	<u>57,542</u>	<u>63,583</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>720,672</u>	<u>483,980</u>
<b>TOTAL LIABILITIES</b>	<u>720,672</u>	<u>483,980</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions	4,433,761	4,680,232
Net assets with donor restrictions:		
Restricted by time or purpose	1,570,801	815,035
Restricted in perpetuity	<u>390,472</u>	<u>390,472</u>
Subtotal - net assets with donor restrictions	<u>1,961,273</u>	<u>1,205,507</u>
<b>TOTAL NET ASSETS</b>	<u>6,395,034</u>	<u>5,885,739</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,115,706</u>	<u>\$ 6,369,719</u>

See accompanying notes.

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u> <u>(as restated)</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUE</b>		
Grants and contracts	\$ 1,895,239	\$ 794,312
Program fees	715,377	880,497
Contributions	1,895,283	1,860,059
Operating investment income	150,000	160,000
Rental income	23,724	28,444
Miscellaneous income	22,158	3,201
	<u>4,701,781</u>	<u>3,726,513</u>
Net assets released from restrictions	244,715	200,753
	<u>4,946,496</u>	<u>3,927,266</u>
<b>TOTAL SUPPORT AND REVENUE</b>		
<b>EXPENSES</b>		
Program services:		
Residential programs	830,394	910,660
Drop-in Center	304,503	369,920
Multicultural youth	224,898	159,403
Counseling	462,918	395,600
Youth development	460,757	482,631
JOBS & Youth in Transition	200,008	203,575
Mentoring	99,890	79,306
Social enterprise initiative	325,151	311,119
Compass	194,216	-
SBIRT	972,459	139,181
Total Program services	<u>4,075,194</u>	<u>3,051,395</u>
Support services:		
General and administrative	558,991	508,436
Fundraising	465,599	435,691
Total Support services	<u>1,024,590</u>	<u>944,127</u>
	<u>5,099,784</u>	<u>3,995,522</u>
<b>TOTAL EXPENSES</b>		
<b>OPERATING LOSS</b>	<u>(153,288)</u>	<u>(68,256)</u>
<b>NONOPERATING INCOME (LOSS)</b>		
Investment income (loss)	(92,281)	60,443
Loss on the sale of assets	(902)	-
	<u>(93,183)</u>	<u>60,443</u>
<b>TOTAL NONOPERATING INCOME (LOSS)</b>		
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (forward)</b>	<u>\$ (246,471)</u>	<u>\$ (7,813)</u>

See accompanying notes.



**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)**

**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u> <u>(as restated)</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (forwarded)</b>	\$ (246,471)	\$ (7,813)
<b>BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS (AS PREVIOUSLY REPORTED)</b>		4,724,356
Correct prepaid expense		<u>(36,311)</u>
<b>BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS (AS RESTATED)</b>	<u>4,680,232</u>	<u>4,688,045</u>
<b>ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>\$ 4,433,761</u>	<u>\$ 4,680,232</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS SUPPORT AND REVENUE</b>		
Contributions	\$ 250,101	\$ 340,621
Capital gifts	743,191	-
Earnings on endowment	<u>7,189</u>	<u>21,740</u>
	1,000,481	362,361
Net assets released from restrictions	<u>(244,715)</u>	<u>(200,753)</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>755,766</u>	<u>161,608</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	755,766	161,608
<b>BEGINNING NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>1,205,507</u>	<u>1,043,899</u>
<b>ENDING NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>\$ 1,961,273</u>	<u>\$ 1,205,507</u>
<b>TOTAL CHANGE IN NET ASSETS</b>		
Without donor restrictions	\$ (246,471)	\$ (7,813)
With donor restrictions	<u>755,766</u>	<u>161,608</u>
	<u>\$ 509,295</u>	<u>\$ 153,795</u>

See accompanying notes.

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - 2019**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Residential Programs</u>	<u>Drop-in Center</u>	<u>Multicultural Youth</u>	<u>Counseling</u>	<u>Youth Development</u>	<u>JOBS &amp; Youth in Transition</u>	<u>Mentoring</u>
Salaries and wages	\$ 517,822	\$ 169,927	\$ 107,097	\$ 267,397	\$ 222,133	\$ 128,044	\$ 66,889
Payroll taxes and employee benefits	140,009	46,796	28,970	76,307	63,751	36,167	18,889
Total Personnel	657,831	216,723	136,067	343,704	285,884	164,211	85,778
Professional services	5,484	5,326	12,513	28,592	1,800	1,790	2,789
Program and client expense	13,746	14,555	26,370	10,217	113,124	10,413	1,877
Occupancy	64,401	9,403	29,149	35,164	14,205	750	976
Technology expense	9,524	1,354	4,147	22,371	12,304	3,639	1,736
Depreciation	47,839	21,216	3,187	4,053	10,035	4,059	346
Insurance	16,897	6,732	3,617	6,981	5,282	3,699	3,162
Office expenses	7,992	3,952	4,460	5,439	6,079	5,835	1,740
Miscellaneous	44	577	294	4,830	-	-	-
Travel	858	2,269	1,563	552	11,293	5,411	1,087
Food	2,278	18,839	2,180	232	100	52	40
Advertising	3,296	680	453	490	541	-	129
Conferences and meetings	204	2,877	898	293	110	149	230
Total Expenses	<u>\$ 830,394</u>	<u>\$ 304,503</u>	<u>\$ 224,898</u>	<u>\$ 462,918</u>	<u>\$ 460,757</u>	<u>\$ 200,008</u>	<u>\$ 99,890</u>

See accompanying notes.

	<b>Social Enterprise Initiative</b>	<b>Compass</b>	<b>SBIRT</b>	<b>Total Program Services</b>	<b>General &amp; Administrative</b>	<b>Fundraising</b>	<b>2019 Total</b>	<b>2018 Total</b>
Salaries and wages	\$ 182,114	\$ 119,443	\$ 19,614	\$ 1,800,480	\$ 323,378	\$ 254,244	2,378,102	\$ 2,226,005
Payroll taxes and employee benefits	38,911	33,581	8,406	491,787	96,361	69,791	657,939	590,193
Total Personnel	221,025	153,024	28,020	2,292,267	419,739	324,035	3,036,041	2,816,198
Professional services	8,225	9,024	944,439	1,019,982	17,400	22,031	1,059,413	217,037
Program and client expense	23,431	1,705	-	215,438	5,741	65,406	286,585	275,661
Occupancy	28,410	11,273	-	193,731	4,143	1,428	199,302	215,325
Technology expense	5,307	6,466	-	66,848	60,128	17,144	144,120	100,538
Depreciation	1,402	-	-	92,137	10,719	1,699	104,555	105,018
Insurance	4,758	1,581	-	52,709	8,634	6,899	68,242	65,424
Office expenses	2,665	2,185	-	40,347	9,633	8,425	58,405	57,099
Miscellaneous	6,532	-	-	12,277	6,996	16,540	35,813	42,540
Travel	2,145	6,298	-	31,476	2,497	265	34,238	33,141
Food	6,086	437	-	30,244	285	319	30,848	33,791
Advertising	15,152	630	-	21,371	1,082	235	22,688	10,122
Conferences and meetings	13	1,593	-	6,367	11,994	1,173	19,534	23,628
Total Expenses	<u>\$ 325,151</u>	<u>\$ 194,216</u>	<u>\$ 972,459</u>	<u>\$ 4,075,194</u>	<u>\$ 558,991</u>	<u>\$ 465,599</u>	<u>\$ 5,099,784</u>	<u>\$ 3,995,522</u>

See accompanying notes.

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - 2018**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Residential Programs</u>	<u>Drop-in Center</u>	<u>Multicultural Youth</u>	<u>Counseling</u>	<u>Youth Development</u>	<u>JOBS &amp; Youth in Transition</u>	<u>Mentoring</u>
Salaries and wages	\$ 566,112	\$ 210,927	\$ 76,613	\$ 235,422	\$ 219,692	\$ 130,335	\$ 51,251
Payroll taxes and employee benefits	155,783	54,564	22,007	63,593	59,266	34,420	13,662
<b>Total Personnel</b>	<b>721,895</b>	<b>265,491</b>	<b>98,620</b>	<b>299,015</b>	<b>278,958</b>	<b>164,755</b>	<b>64,913</b>
Professional services	1,653	747	6,727	15,285	229	550	785
Occupancy	72,023	20,031	11,141	28,925	21,905	12,171	2,654
Program and client expense	14,979	20,607	16,272	6,793	137,978	7,322	1,288
Depreciation	47,228	18,718	2,954	6,479	8,138	4,222	2,769
Technology expense	13,260	1,810	11,741	18,526	11,717	2,021	1,050
Insurance	18,045	7,457	2,922	7,118	5,952	3,831	2,762
Office expenses	8,569	5,955	3,543	5,650	6,882	3,954	1,113
Miscellaneous	4,982	1,000	-	5,348	-	-	-
Food	3,733	23,727	218	22	230	100	(30)
Travel	2,621	3,051	1,187	2,389	10,110	4,459	720
Conferences and meetings	661	1,021	4,078	(539)	115	190	1,090
Advertising	1,011	305	-	589	417	-	192
<b>Total Expenses</b>	<b>\$ 910,660</b>	<b>\$ 369,920</b>	<b>\$ 159,403</b>	<b>\$ 395,600</b>	<b>\$ 482,631</b>	<b>\$ 203,575</b>	<b>\$ 79,306</b>

See accompanying notes.

	<b>Social Enterprise Initiative</b>	<b>SBIRT</b>	<b>Total Program Services</b>	<b>General &amp; Administrative</b>	<b>Fundraising</b>	<b>2018 Total</b>
Salaries and wages	\$ 196,991	\$ -	\$ 1,687,343	\$ 310,641	\$ 228,021	2,226,005
Payroll taxes and employee benefits	44,577	-	447,872	81,367	60,954	590,193
<b>Total Personnel</b>	<b>241,568</b>	<b>-</b>	<b>2,135,215</b>	<b>392,008</b>	<b>288,975</b>	<b>2,816,198</b>
Professional services	2,326	139,181	167,483	24,510	25,044	217,037
Occupancy	22,963	-	191,813	14,299	9,213	215,325
Program and client expense	15,243	-	220,482	2,640	52,539	275,661
Depreciation	1,847	-	92,355	10,380	2,283	105,018
Technology expense	2,898	-	63,023	23,956	13,559	100,538
Insurance	4,102	-	52,189	7,923	5,312	65,424
Office expenses	2,753	-	38,419	8,829	9,851	57,099
Miscellaneous	2,621	-	13,951	5,842	22,747	42,540
Food	3,040	-	31,040	2,183	568	33,791
Travel	2,643	-	27,180	5,154	807	33,141
Conferences and meetings	2,333	-	8,949	10,466	4,213	23,628
Advertising	6,782	-	9,296	246	580	10,122
<b>Total Expenses</b>	<b>\$ 311,119</b>	<b>\$ 139,181</b>	<b>\$ 3,051,395</b>	<b>\$ 508,436</b>	<b>\$ 435,691</b>	<b>\$ 3,995,522</b>

**See accompanying notes.**

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b> <b>(as restated)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants and contracts	\$ 1,303,683	\$ 666,239
Cash received from contributions	2,082,884	2,179,680
Cash received from program fees	715,377	880,497
Other miscellaneous receipts	40,622	29,925
Interest received	80,609	72,210
Cash paid to suppliers for goods and services	(1,682,934)	(839,608)
Cash paid for personnel	<u>(3,060,793)</u>	<u>(2,814,410)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(520,552)</u>	<u>174,533</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of long-term investments	2,043,747	850,558
Purchases of long-term investments	(1,986,172)	(939,388)
Purchases of fixed assets	<u>(13,487)</u>	<u>(87,177)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>44,088</u>	<u>(176,007)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Increase) decrease in restricted cash	(359,660)	8,493
Cash received from capital gifts	<u>314,630</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(45,030)</u>	<u>8,493</u>
<b>INCREASE (DECREASE) IN CASH</b>	(521,494)	7,019
<b>BEGINNING CASH</b>	<u>94,592</u>	<u>87,573</u>
<b>ENDING CASH</b>	<u><u>\$ (426,902)</u></u>	<u><u>\$ 94,592</u></u>

See accompanying notes.

# SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

### 1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of operations

Spectrum Youth and Family Services, Inc. ("Spectrum" or the "Organization") is a nonprofit organization dedicated to empowering teenagers, young adults, and their families to make and sustain positive changes through prevention, intervention and life skills services. The Organization serves clients in Chittenden County, Vermont and other areas throughout the State and receives revenues from federal and state grants, program fees and private support.

#### Principles of consolidation

In 2016 Spectrum created a subsidiary entity, Spectrum Works, L3C, for the purpose of vocational training. Spectrum Youth and Family Services, Inc. is the sole member of Spectrum Works, L3C. The accompanying consolidated financial statements include the accounts of Spectrum and Spectrum Works, L3C. All significant intercompany accounts have been eliminated in consolidation.

#### Programs and activities

The Organization provides a wide range of counseling and social work services. The following programs and supporting services are included in the accompanying financial statements:

*Residential programs* include three residential facilities and an emergency shelter providing services to help youth transition to independent living. The third residential facility on Pearl Street in Burlington was opened in June 2012 (Note 16).

The *Drop-in Center* helps youth with basic needs (such as meals and clothing) and offers job training classes, driver education and other services.

The *Counseling Program* is nationally recognized and specializes in assessment and treatment of mental health and substance abuse concerns for adolescents and young adults.

*Social Enterprise Initiative* consists of Detail Works, which gives youth progressive, on-the-job experience, with an emphasis on attention, communication, and accountability, and gives youth a chance to try out these skills in a safe environment.

*Other programs* focus on individualized services for youth, offering independent living skills, job training and development and substance abuse education, and identifying additional programs to help youth become contributing members of the community.

*General and administrative* functions include managing the financial and budgetary responsibilities of the Organization, overseeing program activities for compliance with funding requirements and for conformance with the Organization's mission, and providing a working environment offering employees fair compensation and opportunities for professional growth.

*Fundraising* provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations.

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 AND 2018**

**1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Change in accounting principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Spectrum has implemented ASU 2016-14 as of October 1, 2018 and has adjusted the presentation in these financial statements accordingly.

Reclassification

Certain amounts in the financial statements for 2018 have been restated to provide an improved comparison to 2019. This includes passthrough grant funds that were previously reported as net revenue in fiscal year 2018. In fiscal year 2019, the Organization began reporting gross amounts of revenue and expense for these passthrough grants. As a result, fiscal year 2018 balances have been reclassified to be comparable to fiscal year 2019.

Financial statement presentation

Spectrum Youth and Family Services, Inc. is required to report its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and cash equivalents

For purposes of the Consolidated Statements of Cash Flows, Spectrum Youth and Family Services, Inc. considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Amounts on deposit in excess of the FDIC limit were approximately \$58,000 and \$150,000 as of September 30, 2019 and 2018, respectively.

Investments

Spectrum Youth and Family Services, Inc. is required to report covered investments in the Consolidated Statements of Financial Position at fair market value. Any realized or unrealized gain or loss and interest or dividends are reported as investment income in the Consolidated Statements of Activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Spectrum's policy is to budget a portion of its investment income to support current year operations.



**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 AND 2018**

**1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property and equipment

Property and equipment are carried at cost when acquired by purchase, and at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Organization's policy is to capitalize all acquisitions over \$2,000 and having a useful life of more than one year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

Spectrum Youth and Family Services, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on income related to its exempt purpose as a public charity pursuant to Section 509(a)(1). In addition, contributions to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi). Spectrum Works, L3C is a disregarded entity for tax purposes.

The Organization does not believe it has any unrelated business income, and believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Contributions

Spectrum Youth and Family Services, Inc. reports its contributions as increases in net assets with donor restrictions, or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, the appropriate amount is reclassified from net assets with donor restrictions to net assets without donor restrictions as net assets released from restrictions.

Contributions of noncash assets are recorded at their fair values in the period received. Donated investments are also reported at fair value at the date of receipt, which is then treated as cost.

# SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

### 1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Donated services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, a number of volunteers contributed other services that have not been reflected in these financial statements, but are included by the Organization in the measurement of the total effort of its programs. In total, approximately 150 individuals provided donated services to Spectrum for 2019 and 2018.

#### Advertising

Advertising costs are charged to expense when incurred.

#### Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. The Consolidated Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas. Indirect salaries have been allocated to the various program based on estimated time spent by each person. Other indirect costs are allocated based on percentages of wages or total expenses.

#### Grant and contract support

Spectrum Youth and Family Services, Inc. recognizes grant and contract funds on an exchange basis. As such, revenues are booked as the grant is earned. In accordance with the normal policies of the contracting organizations, Spectrum Youth and Family Services, Inc. may retain unexpended funds for use in future periods provided expenses incurred are in compliance with the specified terms of each grant or contract, as defined. The organizations may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the grants or contracts. In addition, if the Organization terminates providing services, all unexpended funds are to be returned to the funding sources.

### 2) LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and lines of credit. See Note 9 for information about the Organization's line of credit.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 AND 2018**

**2) LIQUIDITY (continued)**

As of September 30, 2019, the following tables show the total financial assets held by the Organization and the amounts of those financial assets could readily be made available within one year of the Consolidated Statement of Financial Position date to meet general expenditures:

Financial assets at September 30, 2019:

Cash - unrestricted	\$ (426,902)
Restricted cash - capital reserve	36,876
Restricted cash - capital projects	708,280
Grants and contracts receivable	790,974
Gifts receivable - other	323,500
Gifts receivable - capital	428,561
Beneficial interest held by others	44,484
Long-term investments	4,292,468
Total financial assets	<u>6,198,241</u>

Less amounts not available to meet general expenditures:

Restricted cash - capital projects	(708,280)
Restricted cash - capital reserve	(36,876)
Long-term portion of gifts receivable - other	(100,000)
Gifts receivable - capital	(428,561)
Less beneficial interest held by others	(44,484)
Less long-term investments restricted in perpetuity	<u>(390,492)</u>

Financial assets available to meet general expenditures over the next 12 months \$ 4,489,548

**3) GRANTS AND CONTRACTS RECEIVABLE**

Grants and contracts receivable as of September 30, 2019 and 2018 consisted of amounts due from various federal and state agencies and other nonprofit organizations.

At September 30, 2019 and 2018, 34% and 70%, respectively, of total grants and contracts receivable were due from State of Vermont agencies. At September 30, 2019 and 2018, 52% and 0%, respectively, of total grants and contracts receivable were due from Federal agencies.

Due to the current nature of the amounts, no allowance for uncollectible accounts has been recorded. There was no bad debt expense related to grants and contracts receivable at September 30, 2019 or 2018.

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 AND 2018**

**4) GIFTS RECEIVABLE - OTHER**

Gifts receivable - other consisted of unconditional promises to give to support Spectrum's programs. As of September 30, amounts are expected to be collected as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 223,500	\$ 211,000
Receivable in one to four years	<u>100,000</u>	<u>50,000</u>
	<u>\$ 323,500</u>	<u>\$ 261,000</u>

Gifts receivable - other are recorded in the Consolidated Statements of Financial Position as of September 30:

	<u>2019</u>	<u>2018</u>
Current	\$ 223,500	\$ 211,000
Noncurrent	<u>100,000</u>	<u>50,000</u>
	<u>\$ 323,500</u>	<u>\$ 261,000</u>

Management has deemed the discount to net present value to be immaterial.

Due to experience with the dependability of the donors, management estimates gifts receivable - other to be fully collectible. Therefore, no allowance for uncollectible amounts is deemed necessary. There was no bad debt expense related to gifts receivable at September 30, 2019 or 2018.

**5) GIFTS RECEIVABLE - CAPITAL**

Gifts receivable - capital consist of unconditional promises to give to support Spectrum's capital projects. As of September 30, amounts are expected to be collected as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 383,561	\$ -
Receivable in one to three years	<u>45,000</u>	<u>-</u>
	<u>\$ 428,561</u>	<u>\$ -</u>

Management has deemed the discount to net present value to be immaterial.

Due to experience with the dependability of the donors, management estimates the gifts receivable - capital to be fully collectible. Therefore, no allowance for uncollectible amounts is deemed necessary. There was no bad debt expense related to gifts receivable - capital at September 30, 2019 or 2018.

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 AND 2018**

**6) BENEFICIAL INTEREST HELD BY OTHERS**

In 2007, Spectrum Youth and Family Services, Inc. deposited \$25,000 with the Vermont Community Foundation to establish The Spectrum Youth and Family Services Fund. The gift has been invested in the Foundation's investment pool. The balances of the fund, including accumulated earnings, were \$44,484 and \$44,733 as of September 30, 2019 and 2018, respectively.

**7) LONG-TERM INVESTMENTS**

Investments in debt securities and equity securities with readily determinable fair values are carried at fair value as determined by reference to quoted market prices and other relevant information generated by market transactions (Level 1 inputs).

Long-term investments consisted of the following at:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>September 30, 2019:</b>			
Cash and money funds	\$ 477,891	\$ 475,615	\$ 2,276
Fixed income securities	971,981	974,165	(2,184)
Equity securities	2,842,596	2,425,303	417,293
	<u>\$ 4,292,468</u>	<u>\$ 3,875,083</u>	<u>\$ 417,385</u>
<b>September 30, 2018:</b>			
Cash and money funds	\$ 376,355	\$ 376,240	\$ 115
Fixed income securities	983,525	1,000,385	(16,860)
Equity securities	3,001,852	2,551,750	450,102
	<u>\$ 4,361,732</u>	<u>\$ 3,928,375</u>	<u>\$ 433,357</u>

Investment return consisted of the following for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 80,609	\$ 72,210
Net change in beneficial interest	(249)	2,942
Realized gains	520	55,561
Unrealized gains (losses)	(15,972)	111,470
	<u>\$ 64,908</u>	<u>\$ 242,183</u>

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 AND 2018**

**7) LONG-TERM INVESTMENTS (continued)**

Investment income (loss) is reported on the Consolidated Statements of Activities as follows for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Without donor restrictions:		
Operating	\$ 150,000	\$ 160,000
Nonoperating	(92,281)	60,443
Subtotal - without donor restrictions	<u>57,719</u>	<u>220,443</u>
With donor restrictions	<u>7,189</u>	<u>21,740</u>
	<u>\$ 64,908</u>	<u>\$ 242,183</u>

Spectrum determines the portion of return included in operating amounts during the Organization's annual budgeting process. Investment revenues are reported net of related expenses. Investment fees were \$24,637 and \$25,930 for the years ended September 30, 2019 and 2018, respectively.

In March 2020, the world experienced a global pandemic, COVID-19, which has dramatically decreased economic activity and resulted in significant losses in the financial markets, including for Spectrum. As of the report date, it is not possible to determine the total decline from the economic slowdown and whether or not any of the decline is other than temporary.

**8) RESTRICTED CASH**

Restricted cash consisted of the following at September 30:

	<u>2019</u>	<u>2018</u>
Restricted cash - capital projects:		
Pearl Street residence - capital	\$ 348,650	\$ 358,650
Pearl Street renovations	359,630	-
Subtotal - restricted cash - capital projects	<u>708,280</u>	<u>358,650</u>
Restricted cash - capital reserve (Pearl Street)	<u>36,876</u>	<u>26,846</u>
	<u>\$ 745,156</u>	<u>\$ 385,496</u>

The Vermont Housing and Conservation Board (VHCB), which provided funding for the Pearl Street Residence, requires that a reserve account be maintained for the use of capital needs at the Pearl Street building.

**9) LINE OF CREDIT**

In March 2016, the Organization entered into a line of credit agreement with Morgan Stanley Private Bank National Association which is collateralized by securities held in its Morgan Stanley investment account. The interest rate under this agreement (5.032% and 5.216% at September 30, 2019 and 2018, respectively) is the one-month LIBOR rate plus a spread of 3%. The available credit on the line was \$2,869,527 and \$2,852,308 at September 30, 2019 and 2018, respectively. No amounts have been borrowed under the agreement as of September 30, 2019 or 2018.

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 AND 2018**

**10) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at September 30:

	<u>2019</u>	<u>2018</u>
Restricted by time or specific purpose:		
Pearl Street residence - capital and programs	\$ 348,650	\$ 358,650
Pearl Street renovations	743,191	-
Warming shelter	235,000	220,000
Multicultural youth	3,600	100,000
Unappropriated endowment earnings	28,929	21,740
Youth development	-	23,645
Other programs and future periods	211,431	91,000
Subtotal - restricted by time or specific purpose	<u>1,570,801</u>	<u>815,035</u>
Restricted in perpetuity	<u>390,472</u>	<u>390,472</u>
	<u>\$ 1,961,273</u>	<u>\$ 1,205,507</u>

**11) ENDOWMENT FUNDS**

Spectrum Youth and Family Services, Inc.'s endowment funds consisted of funds established by donors to provide annual funding for specific activities and general operations. Spectrum's Board of Directors adopted a policy in 2018 to spend yearly up to 4% of the endowment fund's value based on a rolling monthly average.

FASB Staff Position

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position "Endowments of Not-for-Profit Organizations Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds." The Staff Position provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Staff Position also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the organization to retain in perpetuity. There were no such deficiencies at September 30, 2019 or 2018.

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 AND 2018**

**11) ENDOWMENT FUNDS (continued)**

The fair values of Spectrum's endowment net assets were as follows at:

	<b>Net Assets with Donor Restrictions</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Restricted by Time or Purpose</b>	<b>Restricted To be Held In Perpetuity</b>	
<b>September 30, 2019:</b>				
Donor-restricted endowment funds	\$ -	\$ 28,929	\$ 390,472	\$ 419,401
	<u>\$ -</u>	<u>\$ 28,929</u>	<u>\$ 390,472</u>	<u>\$ 419,401</u>
<b>September 30, 2018:</b>				
Donor-restricted endowment funds	\$ -	\$ 21,740	\$ 390,472	\$ 412,212
	<u>\$ -</u>	<u>\$ 21,740</u>	<u>\$ 390,472</u>	<u>\$ 412,212</u>

A summary of the changes in Spectrum's endowment funds is as follows for the years ended September 30, 2019 and 2018:

	<b>Net Assets with Donor Restrictions</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Restricted by Time or Purpose</b>	<b>Restricted To be Held In Perpetuity</b>	
<b>Balance - October 1, 2017</b>	\$ -	\$ -	\$ 390,472	\$ 390,472
Contributions	-	-	-	-
Investment return	-	21,740	-	21,740
Appropriated for expenditure	-	-	-	-
<b>Balance - September 30, 2018</b>	<u>\$ -</u>	<u>\$ 21,740</u>	<u>\$ 390,472</u>	<u>\$ 412,212</u>
<b>Balance - October 1, 2018</b>	\$ -	\$ 21,740	\$ 390,472	\$ 412,212
Contributions	-	-	-	-
Investment return	-	7,189	-	7,189
Appropriated for expenditure	-	-	-	-
<b>Balance - September 30, 2019</b>	<u>\$ -</u>	<u>\$ 28,929</u>	<u>\$ 390,472</u>	<u>\$ 419,401</u>



**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 AND 2018**

**12) RETIREMENT PLAN**

Spectrum Youth and Family Services, Inc. offers its employees a 403(b) plan. The plan allows all employees to make salary reduction contributions to the plan up to the amount allowed by law. The Organization offers an employer matching contribution to all employees 18 years or older who have completed at least one year of service. The Organization makes a matching contribution equal to the lesser of 50% of an employee's salary reduction amount or 3% of an employee's annual compensation. Total contributions to the plan for the years ended September 30, 2019 and 2018 were \$36,535 and \$28,151, respectively.

**13) SPECTRUM WORKS, L3C**

In fiscal year 2017, Spectrum Youth and Family Services, Inc. created a subsidiary entity, Spectrum Works, L3C, for the purpose of vocational training as an auto detailing social enterprise. Spectrum Youth and Family Services, Inc. advanced total amounts of \$403,503 and \$254,987 to Spectrum Works, L3C as of September 30, 2019 and 2018, respectively.

**14) LEASES**

The Organization has several noncancelable operating leases, primarily for office space and equipment, that expire at various dates through February 28, 2021. Lease payments were \$20,088 and \$28,414, respectively, for the years ended September 30, 2019 and 2018.

Future minimum lease commitments under operating leases that have remaining terms in excess of one year as of September 30, 2019 are as follows:

	<u>Spectrum Youth and Family Services</u>	<u>Spectrum Works, L3C</u>	<u>Total</u>
2020	\$ 9,200	\$ 35,700	\$ 44,900
2021	1,900	27,400	29,300
	<u>\$ 11,100</u>	<u>\$ 63,100</u>	<u>\$ 74,200</u>

The Organization leases a portion of its property on Pearl Street in Burlington to another not-for-profit organization under a three-year lease which will expire in June 2020. In June 2012, the Organization opened the Pearl Street Residence, which has eight units available to lease to qualified youth. The monthly rent per unit is \$590, and rent is subsidized by the Burlington Housing Association for youth unable to pay the full monthly amount.

Total rental income was \$23,724 and \$28,444 for the years ended September 30, 2019 and 2018, respectively. Future minimum lease income is \$12,000 for the year ending September 30, 2020.

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 AND 2018**

**15) CONTINGENCIES**

Financial awards from federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

**16) HOUSING COVENANTS AND MORTGAGE DEED**

The Organization is subject to a housing subsidy covenant and a mortgage deed as conditions of funding provided to it by the Vermont Housing and Conservation Board (VHCB). VHCB funding consisted of (1) \$150,000 provided in 1994 for repayment of indebtedness to purchase the property at Pearl Street which houses the Emergency Shelter, (2) funding of a \$10,000 feasibility grant received in 2011 for pre-development expenses related to construction of a third residential facility, and (3) \$144,000 received in 2012 for rehabilitation of a portion of the Pearl Street building as a residential facility, known as the Pearl Street Residence, which was opened to residents in June 2012. The housing covenants for the Emergency Shelter and Pearl Street Residence restrict the number of units, and establish rent restrictions and affordability requirements.

The mortgage deed restricts use of a portion of the Pearl Street property as an emergency shelter, and establishes penalties for noncompliance including repayment of the principal amount granted for purchase of the building plus 25% of any appreciation of the property from the date of mortgage and date of noncompliance. The \$144,000 VHCB grant requires the funding of a reserve account to be used for future capital needs at the Pearl Street building (Note 8).

**17) CONDITIONAL PROMISES TO GIVE**

In April 2019, the Organization received a conditional promise to give of \$100,000. The gift is contingent upon Spectrum raising matching funds to support an expansion project.

**18) PRIOR PERIOD ADJUSTMENT**

During 2019, it was discovered that certain expenses held as prepaid assets were overstated for the year ended September 30, 2016. This resulted in an overstatement of prepaid expenses and net assets without donor restrictions of \$36,311. Beginning net assets without donor restrictions for the year ended September 30, 2018 have been restated to reflect this prior period adjustment.

**19) SUBSEQUENT EVENTS**

As disclosed in Note 7, in March 2020, the world experienced a global pandemic, COVID-19, which has dramatically decreased economic activity and resulted in significant losses in the financial markets, including for Spectrum. As of the report date, it is not possible to determine the total decline from the economic slowdown and whether or not any of the decline is other than temporary.

Spectrum Youth and Family Services, Inc. has evaluated events and transactions for potential recognition or disclosure through March 20, 2020, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b>Federal Grantor Pass-through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Passed- through to Subrecipients</b>	<b>Pass-through Entity ID Number</b>	<b>Federal Expenditures</b>
<b>OTHER PROGRAMS:</b>				
<b>U.S. Department of Health and Human Services</b>				
Direct Funding:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	\$ 432,018	N/A	\$ 852,865
Passed through State of Vermont Department of Health: Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	<u>-</u>	SP022106	<u>102,197</u>
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance		<u>-</u>		<u>955,062</u>
Opioid State Targeted Response (STR)	93.788	<u>-</u>	TI010055-17	<u>46,842</u>
Block Grants for Community Mental Health Services	93.958	<u>-</u>	SM10055-18	<u>7,000</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>-</u>	TI010055-17	<u>69,992</u>
Passed through Vermont Coalition for Runaway and Homeless Youth Basic Center Grant	93.623	<u>-</u>	90CY6887-03	<u>4,057</u>
<b>Subtotal - U.S. Department of Health and Human Services (forward)</b>		<b>\$ 432,018</b>		<b>\$ 1,082,953</b>

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Passed- through to Subrecipients	Pass-through Entity ID Number	Federal Expenditures
<b>Subtotal - U.S. Department of Health and Human Services (forwarded)</b>		\$ 432,018		\$ 1,082,953
Passed through Washington County Youth Service Bureau: John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	-	03440-28379	86,400
<b>Total U.S. Department of Health and Human Services</b>		432,018		1,169,353
<b>U.S. Department of Housing and Urban Development</b>				
Passed through Vermont Office of Economic Opportunity: Emergency Solutions Grant Program	14.231	-	E-19-DC-50-0001	29,375
<b>Total U.S. Department of Housing and Urban Development</b>		-		29,375
<b>U.S. Department of Justice</b>				
Passed through HOPE Works: Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies	16.888	-	2016-CY-AX-0001	14,421
<b>Total U.S. Department of Justice</b>		-		14,421
<b>Corporation for National and Community Service</b>				
Passed through Vermont Youth Development Corps: AmeriCorps	94.006	-	03400-VYDC-18ACH-FY19	3,232
<b>Total Corporation for National and Community Service</b>		-		3,232
<b>TOTAL OTHER PROGRAMS</b>		-		1,216,381
<b>TOTAL FEDERAL AWARDS EXPENDED</b>		\$ 432,018		\$ 1,216,381

**SPECTRUM YOUTH AND FAMILY SERVICES, INC. AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**1) BASIS OF PRESENTATION**

This Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of Spectrum Youth and Family Services, Inc. (Spectrum) under programs of the Federal government for the year ended September 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Spectrum Youth and Family Services, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Spectrum.

**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3) INDIRECT COST RATE**

Spectrum has elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.