

**YMCA OF WESTERN STARK COUNTY
MASSILLON, OHIO**

FINANCIAL REPORT

DECEMBER 31, 2019 and 2018

YMCA OF WESTERN STARK COUNTY
MASSILLON, OHIO

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Independent Auditors' Report

To the Board of Directors
YMCA of Western Stark County
Massillon, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of YMCA of Western Stark County (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YMCA of Western Stark County as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Canton, Ohio
June 1, 2020

YMCA OF WESTERN STARK COUNTY
STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 265,624	\$ 235,782
Accounts receivable - net of allowance for doubtful accounts of \$3,000 for both 2019 and 2018	<u>16,567</u>	<u>16,052</u>
Total current assets	282,191	251,834
PROPERTY AND EQUIPMENT		
Land	94,675	94,675
Building and building improvements	7,782,305	7,706,500
Furniture and fixtures	527,822	499,710
Fitness equipment	<u>342,991</u>	<u>305,941</u>
	8,747,793	8,606,826
Less accumulated depreciation	<u>3,986,809</u>	<u>3,757,797</u>
	4,760,984	4,849,029
 Total assets	 <u>\$ 5,043,175</u>	 <u>\$ 5,100,863</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 21,592	\$ 21,443
Accounts payable	40,110	64,350
Accrued expenses	65,495	54,896
Deferred membership dues	<u>31,741</u>	<u>32,000</u>
Total current liabilities	158,938	172,689
 LONG-TERM DEBT, NET OF CURRENT PORTION	 553,434	 574,670
NET ASSETS		
Without donor restrictions	4,314,136	4,317,030
With donor restrictions	<u>16,667</u>	<u>36,474</u>
Total net assets	4,330,803	4,353,504
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,043,175</u>	 <u>\$ 5,100,863</u>

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2019 and 2018

	Year Ended December 31, 2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
Public support			
Contributions	\$ 17,309	\$ 171,615	\$ 188,924
United Way contributions	39,400	-	39,400
Special events - net	22,310	-	22,310
Net assets released from restrictions	191,422	(191,422)	-
Total public support	<u>270,441</u>	<u>(19,807)</u>	<u>250,634</u>
Revenues			
Child care revenue	1,096,300	-	1,096,300
Other program service revenue	186,141	-	186,141
Membership dues	822,014	-	822,014
Rental income	55,161	-	55,161
Miscellaneous income	33,548	-	33,548
Interest income	1,174	-	1,174
(Loss) on disposal of property and equipment	-	-	-
Total revenues	<u>2,194,338</u>	<u>-</u>	<u>2,194,338</u>
Total public support and revenues	<u>2,464,779</u>	<u>(19,807)</u>	<u>2,444,972</u>
EXPENSES			
Program services:			
Youth development	683,646	-	683,646
Healthy living	988,767	-	988,767
Total program services	<u>1,672,413</u>	<u>-</u>	<u>1,672,413</u>
Support services:			
Management and general	778,297	-	778,297
Fundraising	16,963	-	16,963
TOTAL EXPENSES	<u>2,467,673</u>	<u>-</u>	<u>2,467,673</u>
CHANGE IN NET ASSETS	(2,894)	(19,807)	(22,701)
NET ASSETS - BEGINNING OF YEAR	<u>4,317,030</u>	<u>36,474</u>	<u>4,353,504</u>
NET ASSETS - END OF YEAR	<u>\$ 4,314,136</u>	<u>\$ 16,667</u>	<u>\$ 4,330,803</u>

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2019 and 2018

	Year Ended December 31, 2018		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
Public support			
Contributions	\$ 114,962	\$ 124,450	\$ 239,412
United Way contributions	37,050	-	37,050
Special events - net	20,620	-	20,620
Net assets released from restrictions	87,976	(87,976)	-
Total public support	<u>260,608</u>	<u>36,474</u>	<u>297,082</u>
Revenues			
Child care revenue	953,572	-	953,572
Other program service revenue	163,593	-	163,593
Membership dues	863,756	-	863,756
Rental income	55,709	-	55,709
Miscellaneous income	29,404	-	29,404
Interest income	544	-	544
(Loss) on disposal of property and equipment	(17,383)	-	(17,383)
Total revenues	<u>2,049,195</u>	<u>-</u>	<u>2,049,195</u>
Total public support and revenues	<u>2,309,803</u>	<u>36,474</u>	<u>2,346,277</u>
EXPENSES			
Program services:			
Youth development	907,396	-	907,396
Healthy living	956,003	-	956,003
Total program services	<u>1,863,399</u>	<u>-</u>	<u>1,863,399</u>
Support services:			
Management and general	474,437	-	474,437
Fundraising	6,719	-	6,719
TOTAL EXPENSES	<u>2,344,555</u>	<u>-</u>	<u>2,344,555</u>
CHANGE IN NET ASSETS	(34,752)	36,474	1,722
NET ASSETS - BEGINNING OF YEAR	<u>4,351,782</u>	<u>-</u>	<u>4,351,782</u>
NET ASSETS - END OF YEAR	<u>\$ 4,317,030</u>	<u>\$ 36,474</u>	<u>\$ 4,353,504</u>

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2019 and 2018

	Year Ended December 31, 2019					
	Program Services			Support Services		
	Youth Development	Healthy Living	Total Program	Management & General	Fundraising	Total
PERSONNEL COSTS						
Salaries	\$ 330,657	\$ 529,942	\$ 860,599	\$ 373,625	\$ 14,789	\$ 1,249,013
Employee benefits	26,528	42,516	69,044	29,973	1,186	100,203
Payroll taxes	22,084	35,394	57,478	24,954	988	83,420
TOTAL PERSONNEL COSTS	379,269	607,852	987,121	428,552	16,963	1,432,636
NON-PERSONNEL COSTS						
Professional fees	17,373	8,287	25,660	36,160	-	61,820
Advertising	139	8,016	8,155	925	-	9,080
Information technology	675	2,535	3,210	18,366	-	21,576
Office expense	3,016	40,497	43,513	14,513	-	58,026
Occupancy	68,402	81,362	149,764	39,605	-	189,369
Travel	9,807	3,369	13,176	6,785	-	19,961
Conferences, conventions, and meetings	337	328	665	1,215	-	1,880
Interest	-	-	-	24,792	-	24,792
Payments to affiliates	8,954	19,724	28,678	11,876	-	40,554
Depreciation	103,055	103,055	206,110	22,902	-	229,012
Insurance	-	-	-	32,089	-	32,089
Bad debts (recoveries)	45	333	378	(4,191)	-	(3,813)
Repairs and maintenance	1,877	25,248	27,125	76,343	-	103,468
Training	8,939	13,939	22,878	719	-	23,597
Supplies	70,934	72,248	143,182	61,101	-	204,283
Miscellaneous	10,824	1,974	12,798	6,545	-	19,343
Cost of direct benefit to donors	-	-	-	-	17,203	17,203
TOTAL NON-PERSONNEL COSTS	304,377	380,915	685,292	349,745	17,203	1,052,240
TOTAL EXPENSES BY FUNCTION	683,646	988,767	1,672,413	778,297	34,166	2,484,876
Less expenses net against revenue:						
Cost of direct benefit to donors	-	-	-	-	17,203	17,203
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	\$ 683,646	\$ 988,767	\$ 1,672,413	\$ 778,297	\$ 16,963	\$ 2,467,673

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2019 and 2018

	Year Ended December 31, 2018					
	Program Services			Support Services		
	Youth Development	Healthy Living	Total Program	Management & General	Fundraising	Total
PERSONNEL COSTS						
Salaries	\$ 515,956	\$ 497,901	\$ 1,013,857	\$ 179,428	\$ 5,743	\$ 1,199,028
Employee benefits	30,633	25,843	56,476	25,987	517	82,980
Payroll taxes	43,550	46,962	90,512	16,880	459	107,851
TOTAL PERSONNEL COSTS	590,139	570,706	1,160,845	222,295	6,719	1,389,859
NON-PERSONNEL COSTS						
Professional fees	19,776	4,722	24,498	26,711	-	51,209
Advertising	300	8,377	8,677	175	-	8,852
Information technology	1,200	296	1,496	19,529	-	21,025
Office expense	2,657	38,422	41,079	14,358	-	55,437
Occupancy	58,265	97,108	155,373	38,942	-	194,315
Travel	10,151	2,145	12,296	5,911	-	18,207
Conferences, conventions, and meetings	196	197	393	-	-	393
Interest	3,300	-	3,300	22,251	-	25,551
Payments to affiliates	8,954	19,724	28,678	15,523	-	44,201
Depreciation	93,178	93,178	186,356	20,706	-	207,062
Insurance	-	-	-	28,148	-	28,148
Bad debts (recoveries)	16	98	114	(4,006)	-	(3,892)
Repairs and maintenance	941	35,404	36,345	59,800	-	96,145
Training	5,355	14,298	19,653	-	-	19,653
Supplies	109,840	70,236	180,076	-	-	180,076
Miscellaneous	3,128	1,092	4,220	4,094	-	8,314
Cost of direct benefit to donors	-	-	-	-	15,559	15,559
TOTAL NON-PERSONNEL COSTS	317,257	385,297	702,554	252,142	15,559	970,255
TOTAL EXPENSES BY FUNCTION	907,396	956,003	1,863,399	474,437	22,278	2,360,114
Less expenses net against revenue:						
Cost of direct benefit to donors	-	-	-	-	15,559	15,559
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	\$ 907,396	\$ 956,003	\$ 1,863,399	\$ 474,437	\$ 6,719	\$ 2,344,555

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (22,701)	\$ 1,722
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	229,012	207,062
Loss on disposal of assets	-	17,383
Decrease (increase) in:		
Accounts receivable	(515)	20,625
Increase (decrease) in:		
Accounts payable	(24,240)	28,308
Accrued expenses	10,599	8,136
Deferred membership dues	(259)	(4,710)
Net cash provided by operating activities	<u>191,896</u>	<u>278,526</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(140,967)</u>	<u>(159,156)</u>
Net cash (used) by investing activities	(140,967)	(159,156)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(21,087)</u>	<u>(20,211)</u>
Net cash (used) by financing activities	<u>(21,087)</u>	<u>(20,211)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,842	99,159
CASH AND CASH EQUIVALENTS - BEGINNING	<u>235,782</u>	<u>136,623</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 265,624</u></u>	<u><u>\$ 235,782</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 24,792	\$ 25,551

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

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations

Description of Organization – YMCA of Western Stark County's (YMCA) mission is to advance our cause of strengthening community through youth development, healthy living, and social responsibility. The YMCA is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being, and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families, and communities to be healthy, confident, and secure.

Program Activities:

Youth Development – The YMCA is committed to nurturing the potential of every child and teen. We believe that all kids deserve the opportunity to discover who they are and what they can achieve. That is why we help young people cultivate the values, skills and relationships that lead to positive behaviors, better health, and educational achievement. The YMCA programs, such as childcare, youth sports, and other youth programming, offer a range of experiences that enrich cognitive, social, physical, and emotional growth.

Healthy Living – The YMCA is a leading voice on health and well-being. We bring families closer together, encourage good health and foster connections through fitness, sports, fun and shared interests. As a result, people in our community are receiving the support, guidance, and resources they need to achieve greater health in spirit, mind, and body. This is particularly important as our nation struggles with an obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment. The YMCA provides health and wellness classes as well as promotes personal training.

Social Responsibility – The YMCA believes in giving back and supporting our neighbors. We have been listening and responding to our community's most critical social needs. YMCA programs are examples of how we deliver training, resources and support that empower our neighbors to effect change, bridge gaps and overcome obstacles. We engage YMCA members, participants and volunteers in activities that strengthen our community and pave the way for future generations to thrive. Much of our social responsibility takes place in conjunction with programs we offer at the YMCA.

As part of our mission, our programs are accessible, affordable, and open to all faiths, backgrounds, abilities, and income levels. We provide financial assistance to people who otherwise may not have been able to afford to participate.

Note 2. Summary of Significant Accounting Policies

- A. Basis of Accounting – The financial statements of the YMCA have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP).
- B. Basis of Presentation – The YMCA records resources for accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions, based on the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

- C. Accounting Estimates – The preparation of financial statements in conformity with 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.
- D. Contributions – The YMCA receives contributions to support operating activities, endowments, and capital projects. These contributions can be from individuals, foundations, corporations, or trusts. The YMCA records contributions receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.
- E. Revenue Recognition – The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees.

Because the YMCA's performance obligations relate to contracts with a duration of less than one year, the YMCA has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

Membership dues and program fees: Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs. Members join for varying lengths of time and may cancel. Members generally pay a onetime joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to free classes, programs and activities, and discounts to fee-based programs.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

The YMCA offers a variety of programs including family, childcare, day camp, resident camp, teen, scholastic, fitness, aquatics, health, immigration, and international services. Fee-based programs are available to the public. Program fees for short duration programs of two months or less, such as aquatics classes, are typically paid in advance at the time of registration. Program fees for longer duration programs, such as fee-based childcare, are usually paid monthly in advance. Cancellation provisions vary by program, but most transactions are cancellable with 15 to 30 days' notice. Refunds may be available for services not provided. Financial assistance is available to members and program participants. Such financial assistance is reflected as a reduction of gross membership dues and program fees.

Membership dues and program fees are recognized ratably over the period the membership or program service is provided on a straight-line basis in an amount that reflects the consideration the YMCA expects to be entitled to in exchange for those services. All the YMCA's revenue from contracts with customers is from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Membership joining fees are ratably recognized over a one-year period from the membership start date.

Membership dues and program fees paid to the YMCA in advance represent contract liabilities and are recorded as deferred membership dues. Amounts billed but unpaid are contract assets and recorded as accounts receivable.

- F. Contributed Services – A substantial number of volunteers have donated significant amounts of time to the YMCA's program services. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort as required by GAAP, has not been satisfied.
- G. Accounts Receivable – The YMCA extends credit to third party payers of child development and other programs in the normal course of operations. The YMCA also extends credit to its members enrolling in certain programs, such as summer and day camp, which are due in full prior to the start of the program. The YMCA's accounts receivable represents an unconditional right to consideration from its contracts with customers. Receivables are recorded at estimated fair value at the time of origination and are reflected in the statements of financial position net of allowances for doubtful accounts. The allowance for doubtful accounts is determined by a monthly review of account balances, including the age of the balance and historical collection experience. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted.
- H. Functional Expenses – The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs have been allocated based on time and effort as estimated by management. All other expenses are based on specific identification.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

- I. Advertising – The YMCA participates in various advertising and marketing programs. All costs related to marketing and advertising the YMCA's services are expensed in the period incurred.
- J. Federal Income Taxes – The YMCA has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (IRC), as an organization described in Section 501(c)(3), except for income taxes pertaining to unrelated business income.
- K. Uncertain Tax Positions – GAAP requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements. Interest and penalties would be recognized as tax expense, however, there is no interest or penalties recognized in the statements of activities.
- L. Cash and Cash Equivalents – Cash and cash equivalents include highly liquid equity instruments with original maturities of three months or less.
- M. Concentration of Credit Risk – The YMCA maintains cash balances at certain financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation. The YMCA has not experienced any losses in such accounts. The YMCA monitors the financial stability of financial institutions regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.
- N. Property and Equipment – Investment in property and equipment is stated at cost less accumulated depreciation or at fair value if donated. Buildings and building improvements are depreciated using the straight-line method over 10 to 35 years based upon useful lives. Equipment and furniture and vehicles are depreciated using the straight-line method over 3 to 10 years. Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.
- O. Deferred Revenue – Membership dues and program fees that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which they apply.
- P. Change in Accounting Principle – In May 2014, the FASB issued (ASU) 2014-09, *Revenue from Contracts with Customers: Topic 606*. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The YMCA adopted this ASU on January 1, 2019.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

The YMCA implemented ASU 2014-09 using a modified retrospective method of application. The adoption of ASU 2014-09 resulted in changes to the disclosure of revenue. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

In June 2018, the FASB issued (ASU) 2018-08, *Not-for-Profit Entities: Topic 958*. The amendments in this update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The YMCA adopted this ASU on January 1, 2019.

The YMCA implemented ASU 2018-08 using a modified prospective method of application. The adoption of ASU 2018-08 resulted in changes to the disclosure of revenue. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

- Q. Reclassification – Certain amounts in the prior year financial statements have been reclassified to conform to the current presentation.
- R. Subsequent Events – Management has performed an analysis of the activities and transactions subsequent to December 31, 2019, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2019. Management has performed their analysis through June 1, 2020, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements except for that described in Note 11.

Note 3. Liquidity and Availability

The YMCA strives to maintain liquid financial assets sufficient to cover general expenditures for the next fiscal year. The YMCA sets a realistic goal at the beginning of each year through adoption of a budget and strives to follow the budget in order to ensure sufficient cash is present. In addition to the available financial assets, the YMCA will rely upon contributions, service revenue, membership dues, and special event revenue to cover general expenditures for the next year.

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 265,624	\$ 235,782
Accounts receivable	<u>16,567</u>	<u>16,052</u>
	<u>\$ 282,191</u>	<u>\$ 251,834</u>

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 4. Line of Credit

As of December 31, 2019, the YMCA had a line of credit with a bank, with \$0 outstanding under the available line-of-credit of \$100,000. All borrowings are secured by the YMCA's property and bear interest at the prime rate plus .5% (5.25% at December 31, 2019).

Note 5. Long-Term Debt

Long-term debt payable at December 31 and thereafter, consisted of the following:

	<u>2019</u>	<u>2018</u>
Note payable to a bank, due in monthly installments of \$3,813, including interest at 4.15% through June 2022, variable afterwards, secured by the assets of the YMCA, due November 2037	\$ 575,026	\$ 596,113
Less current portion	<u>21,592</u>	<u>21,443</u>
	<u>\$ 553,434</u>	<u>\$ 574,670</u>

The aggregate maturities for the five years ending December 31 and thereafter, are as follows:

2020	\$ 21,592
2021	22,531
2022	23,513
2023	24,537
2024	25,605
Thereafter	<u>457,248</u>
	<u>\$ 575,026</u>

The loan agreement contains certain financial and nonfinancial covenants. Management has an ongoing analysis of covenant compliance. At December 31, 2019, management believes the YMCA was in compliance with its financial covenants.

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2019 and 2018, consisted of the following:

	<u>2019</u>	<u>2018</u>
Net assets with donor restrictions:		
Restricted for		
Programs		
Youth Development	\$16,667	\$ 15,205
Healthy Living	<u>-</u>	<u>21,269</u>
Total net assets with donor restrictions	<u>\$16,667</u>	<u>\$ 36,474</u>

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 6. Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of events specified by the donors, or by a change in the restrictions specified by the donor. Those amounts released from restrictions during the years ended December 31, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Programs		
Youth Development	\$ 35,803	\$12,045
Healthy Living	<u>155,619</u>	<u>75,931</u>
Total donor restricted net assets released from restrictions	<u>\$191,422</u>	<u>\$87,976</u>

Note 7. Special Events

As part of its fundraising efforts, the YMCA holds periodic special events. Revenue for special events is recognized in the period in which the event is held. Direct expenses associated with special events are netted against such revenue as follows:

	<u>2019</u>	<u>2018</u>
Special event revenue	\$ 39,513	\$ 36,179
Special event direct expenses	<u>17,203</u>	<u>15,559</u>
Special event revenue, net	<u>\$ 22,310</u>	<u>\$ 20,620</u>

Note 8. Employee Benefit Plan

The YMCA participates in the YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in section 403(b)(9) of the code. Both Plans are sponsored by The Young Men's Christian Association Retirement Fund (Fund).

The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with our agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the YMCA. Total contributions charged to retirement costs aggregated \$58,907 and \$55,181 for the years ended December 31, 2019 and 2018, respectively.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 8. Employee Benefit Plan (Continued)

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution to this plan.

Note 9. Related Parties

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2019 and 2018 were \$35,422 and \$35,784, respectively.

Note 10. Commitments and Contingencies

In the normal course of business, various legal actions and claims are pending or may be instituted or asserted in the future against the YMCA. Management believes the YMCA does not have any significant claims or other litigation which the ultimate resolution would have a material financial impact.

Note 11. Subsequent Event - COVID-19 Pandemic

A novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the YMCA could be materially adversely affected. The extent to which the coronavirus (or any other disease or epidemic) may impact business activity will depend on the future developments. These future developments are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.