

YMCA OF WESTERN STARK COUNTY

MASSILLON, OHIO

AUDITED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

December 31, 2016 and 2015

C O N T E N T S

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Smith Barta & Company

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
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 statement of financial position as of December 31, 2016 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the YMCA'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 YMCA'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, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the YMCA of Western Stark County's 2015 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 29, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Certified Public Accountants

June 22, 2017

Canton, Ohio

YMCA OF WESTERN STARK COUNTY
STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

ASSETS

	2016	2015
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 146,811	\$ 199,472
Accounts receivable - membership (net of allowance for doubtful accounts of \$3,000 for both 2016 and 2015)	22,866	12,902
TOTAL CURRENT ASSETS	169,677	212,374
<u>PROPERTY AND EQUIPMENT</u>		
Land	94,675	94,675
Building and building improvements	7,581,137	7,556,662
Furniture and fixtures	481,266	512,960
Fitness equipment	275,850	264,910
	8,432,928	8,429,207
Less accumulated depreciation	3,364,638	3,215,586
	5,068,290	5,213,621
TOTAL ASSETS	\$ 5,237,967	\$ 5,425,995

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line-of-credit - NOTE C	\$ 102,591	\$ 104,560
Current portion of long-term debt - NOTE D	21,098	20,019
Accounts payable	46,972	57,925
Accrued expenses	46,563	36,078
Deferred membership dues	32,075	28,482
TOTAL CURRENT LIABILITIES	249,299	247,064
<u>LONG-TERM DEBT - NOTE D</u>	519,800	540,876
<u>NET ASSETS</u>		
Unrestricted		
Undesignated	4,440,001	4,622,277
Board designated - NOTE F	-	6,839
Total unrestricted	4,440,001	4,629,116
Temporarily restricted - NOTE E	28,867	8,939
TOTAL NET ASSETS	4,468,868	4,638,055
TOTAL LIABILITIES AND NET ASSETS	\$ 5,237,967	\$ 5,425,995

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2016 with Comparative Totals for 2015

	<u>UNRESTRICTED</u>	<u>BOARD DESIGNATED</u>
<u>REVENUES, GAINS, AND OTHER SUPPORT</u>		
Program service revenue	\$ 953,631	\$ -
Membership dues	855,595	-
Contributions	46,044	-
United Way contributions	-	-
Fundraising (net of direct expenses of \$7,184 and \$8,545 in 2016 and 2015, respectively)	12,108	-
Rental income	67,555	-
Loss on disposal of assets	(23,003)	-
Interest income	263	391
Net assets released from restrictions	141,155	(7,230)
	<hr/>	<hr/>
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	2,053,348	(6,839)
<u>EXPENSES</u>		
Program services		
Youth development	897,229	-
Healthy living	966,781	-
Total program services	<hr/> 1,864,010	<hr/> -
Support services		
Management and general	<hr/> 371,614	<hr/> -
	<hr/>	<hr/>
TOTAL EXPENSES	2,235,624	-
	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	(182,276)	(6,839)
NET ASSETS AT BEGINNING OF YEAR	<hr/> 4,622,277	<hr/> 6,839
NET ASSETS AT END OF YEAR	<u>\$ 4,440,001</u>	<u>\$ -</u>

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

TEMPORARILY RESTRICTED	TOTAL	
	2016	2015
\$ -	\$ 953,631	\$ 894,663
-	855,595	841,595
98,931	144,975	126,916
54,922	54,922	62,270
-	12,108	19,842
-	67,555	42,346
-	(23,003)	-
-	654	546
<u>(133,925)</u>	<u>-</u>	<u>-</u>
19,928	2,066,437	1,988,178
-	897,229	957,960
-	966,781	787,441
-	<u>1,864,010</u>	<u>1,745,401</u>
-	371,614	338,639
-	<u>2,235,624</u>	<u>2,084,040</u>
19,928	(169,187)	(95,862)
8,939	4,638,055	4,733,917
<u>\$ 28,867</u>	<u>\$ 4,468,868</u>	<u>\$ 4,638,055</u>

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016 with Comparative Totals for 2015

	PROGRAM SERVICES		
	YOUTH DEVELOPMENT	HEALTHY LIVING	TOTAL PROGRAM
<u>PERSONNEL COSTS</u>			
Salaries and wages	\$ 483,915	\$ 447,210	\$ 931,125
Employee benefits	28,283	19,525	47,808
Payroll taxes	42,841	39,163	82,004
TOTAL PERSONNEL COSTS	555,039	505,898	1,060,937
<u>NON-PERSONNEL COSTS</u>			
Advertising	1,098	5,634	6,732
Automobile expense	-	-	-
Bad debts expense (recovery)	(594)	82	(512)
Depreciation	94,385	94,385	188,770
Dues and subscriptions	422	627	1,049
Equipment lease	1,716	11,178	12,894
Fair Share - national dues	15,425	24,170	39,595
Fees	35	18,772	18,807
Insurance	-	12,326	12,326
Interest	3,532	-	3,532
Licenses and permits	417	2,241	2,658
Meetings expense	104	567	671
Miscellaneous	1,237	586	1,823
Office expense	385	1,081	1,466
Payroll service	495	1,251	1,746
Postage and delivery	77	846	923
Printing and reproduction	-	5,572	5,572
Professional fees	12,737	3,699	16,436
Program expense	82,188	10,064	92,252
Repairs and maintenance	596	93,585	94,181
Staff expense	13,228	1,384	14,612
Supplies	21,595	42,232	63,827
Telephone	81	4,791	4,872
Training	2,711	6,191	8,902
Travel and entertainment	12,946	1,946	14,892
Utilities	77,374	117,673	195,047
TOTAL NON-PERSONNEL COSTS	342,190	460,883	803,073
TOTAL EXPENSES	\$ 897,229	\$ 966,781	\$ 1,864,010

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

SUPPORT SERVICES		
MANAGEMENT & GENERAL	TOTAL	
	2016	2015
\$ 179,513	\$ 1,110,638	\$ 997,308
24,294	72,102	46,072
27,282	109,286	82,864
231,089	1,292,026	1,126,244
1,020	7,752	5,814
(4,749)	(5,261)	3,839
20,975	209,745	(2,513)
715	1,764	222,316
-	12,894	3,153
-	39,595	10,327
1,943	20,750	30,613
17,109	29,435	18,238
29,268	32,800	25,972
25	2,683	35,780
332	1,003	1,801
5,745	7,568	691
3,447	4,913	9,028
15,768	17,514	6,567
2,536	3,459	14,526
133	5,705	3,586
23,665	40,101	5,412
133	92,385	42,783
603	94,784	75,371
-	14,612	113,814
13,472	77,299	15,349
898	5,770	81,609
-	8,902	6,576
7,769	22,661	3,586
(282)	194,765	12,066
140,525	943,598	211,492
\$ 371,614	\$ 2,235,624	\$ 2,084,040

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Decrease in net assets	\$ (169,187)	\$ (95,862)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	209,745	222,316
Loss on disposal of assets	23,003	-
(Increase) decrease in accounts receivable	(9,964)	6,802
Decrease in pledges receivable	-	80
Decrease in prepaids and deposits	-	1,000
Increase (decrease) in accounts payable	(10,953)	34,018
Increase (decrease) in accrued expenses	10,485	(8,251)
Increase in deferred membership dues	3,593	5,024
	<u>56,722</u>	<u>165,127</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	56,722	165,127
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	<u>(87,417)</u>	<u>(75,562)</u>
NET CASH USED BY INVESTING ACTIVITIES	(87,417)	(75,562)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Decrease in line-of-credit	(1,969)	(106,535)
Repayment of long-term debt	<u>(19,997)</u>	<u>(18,315)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(21,966)</u>	<u>(124,850)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(52,661)	(35,285)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>199,472</u>	<u>234,757</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 146,811</u>	<u>\$ 199,472</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the years for:		
Interest	\$ 32,800	\$ 35,780

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

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE A - 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, connected 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 child care, 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 B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the YMCA's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

BASIS OF PRESENTATION

The YMCA records resources for accounting and reporting purposes into three net asset categories: unrestricted, temporarily restricted, and permanently restricted, based on the existence or absence of donor-imposed restrictions.

Unrestricted: Net assets not subject to donor-imposed restrictions. Such net assets are available for any purpose consistent with the YMCA's mission.

Temporarily Restricted: Net assets subject to specific, donor-imposed restrictions that must be met by actions of the YMCA and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as releases from restriction. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to unrestricted support.

Permanently Restricted: Net assets subject to donor-imposed restriction requiring they be maintained permanently by the YMCA. Such net assets are normally restricted to long-term investment, with income earned and appreciation available for specific or general YMCA purposes. The YMCA does not have any permanently restricted net assets as of December 31, 2016 or 2015.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short maturity of these instruments.

MEMBERSHIP DUES

Membership dues and program fees are recognized as revenue ratably over the period of membership or the duration of the program. 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. The YMCA's policy is to record membership dues prorated over a twelve-month billing period. Dues received but unearned are recorded as deferred membership dues.

DONATED 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 the "Accounting for Contributions Received and Contributions Made" topic of the FASB ASC, has not been satisfied, but is estimated as follows:

	<u>2016</u>	<u>2015</u>
Number of volunteers	80	91

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FUNCTIONAL EXPENSES

Expenses are charged directly to programs or management based on specific identification. Indirect supporting costs are primarily comprised of bookkeeping, payroll and administrative services provided to the individual programs within the YMCA. Management has allocated indirect costs among the programs benefited.

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. Advertising costs charged to operations were \$7,752 and \$5,814 in 2016 and 2015, respectively.

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.

UNCERTAIN TAX POSITIONS

The Financial Accounting Standards Board (FASB) guidance 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. The tax years after 2012 are still open to audit for both federal and state purposes.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly liquid equity instruments with original maturities of three months or less.

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.

ACCOUNTS RECEIVABLE

Accounts receivable consists primarily of receivables from program registrants. An allowance is determined by management based on historical collections, specific participants' circumstances, and economic conditions. Member receivables are written off when management has exhausted collections efforts and deems the accounts uncollectible. The YMCA does not accrue interest on unpaid accounts receivable.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed for financial statement purposes principally on the straight-line method over the estimated useful lives of the related assets.

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.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

RECLASSIFICATION

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 22, 2017, which is the date the financial statements were available to be issued.

NOTE C - LINE-OF-CREDIT

As of December 31, 2016, the YMCA had a line-of-credit with a bank, with \$9,234 outstanding under the available line-of-credit of \$15,000. All borrowings are secured by the YMCA's property and bear interest at the prime rate (3.75% at December 31, 2016).

As of December 31, 2016, the YMCA had a line-of-credit with a bank, with \$93,357 outstanding under the available line-of-credit of \$212,000. All borrowings are secured by the YMCA's property and bear interest at 3.75%.

NOTE D - LONG-TERM DEBT

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

	<u>2016</u>	<u>2015</u>
Note payable to a bank, interest only until August 2014, then monthly payments of \$4,084, including interest at 5.26%, secured by the assets of the YMCA, due July, 2024	\$ 540,898	\$ 560,895
Less current portion	21,098	20,019
	<u>\$ 519,800</u>	<u>\$ 540,876</u>

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

2017	\$ 21,098
2018	22,235
2019	23,433
2020	24,695
2021	26,026
Thereafter	423,411
	<u>\$ 540,898</u>

The YMCA's long-term debt payable agreements contain financial covenants including the maintenance of specified levels of minimum income to cash flow requirements through an operating cash flow to total fixed charges ratio. Management has an ongoing analysis of covenant compliance. At December 31, 2016, the YMCA was in compliance with these covenants.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE E - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes:

	2016	2015
Capital expenditures	\$ 2,306	\$ -
Youth development	16,814	3,002
Healthy living	9,747	5,937
	<u>\$ 28,867</u>	<u>\$ 8,939</u>

NOTE F - ENDOWMENT COMPOSITION

The YMCA's endowment consisted solely of funds designated by the board of trustees to function as endowments for the following purposes:

- Youth development
- Healthy living
- Social responsibility

Net assets associated with endowment funds, included funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Purpose of the Endowment: The endowment fund is intended to provide for the operation and special programs of the YMCA. In so doing, the endowment fund provides a secure, long-term source of funds to establish or maintain programs that are consistent with the mission of the YMCA.

At December 31, 2016 and 2015, the balance of the endowment funds was \$0 and \$6,839, respectively.

NOTE G - EMPLOYEE BENEFIT PLAN

The YMCA participates in a defined contribution, individual account, money purchase retirement plan (Plan) which is administered by the Young Men's Christian Association Retirement Fund (Retirement Fund), a separate corporation. This Plan is for the benefit of all eligible employees of the YMCA who qualify under the participation requirements.

In accordance with a special noncontributory agreement with the Retirement Fund, the YMCA contributes at a rate of 8% of participating employees' compensation. Contributions are remitted to the Retirement Fund bi-weekly. Total contributions made to the Plan for 2016 and 2015 were \$35,043 and \$32,100, respectively. Participating employees may elect to contribute additional amounts (either tax-deferred or after-tax) up to certain limits as described in the Plan.

The Retirement Fund is operated as a church pension plan and is a nonprofit, tax-exempt New York State corporation (1922). Participation is available to all duly organized and reorganized YMCAs in the United States. As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations.

NOTE H - RELATED PARTIES

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2016 and 2015, were \$39,595 and \$30,613, respectively.