

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

**FINANCIAL REPORT**

**DECEMBER 31, 2020 and 2019**

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 the YMCA of Western Stark County (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 the YMCA of Western Stark County as of December 31, 2020 and 2019, 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.

*Maloney + Novotny LLC*

Canton, Ohio  
June 14, 2021

YMCA OF WESTERN STARK COUNTY  
STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

<b><u>ASSETS</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 549,907	\$ 265,624
Accounts receivable - net of allowance for doubtful accounts of \$4,000 and \$3,000 in 2020 and 2019, respectively	40,245	16,567
Total current assets	<u>590,152</u>	<u>282,191</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	94,675	94,675
Building and building improvements	7,840,512	7,782,305
Furniture and fixtures	576,711	527,822
Fitness equipment	342,991	342,991
	<u>8,854,889</u>	<u>8,747,793</u>
Less accumulated depreciation	4,230,535	3,986,809
	<u>4,624,354</u>	<u>4,760,984</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,214,506</u></b>	<b><u>\$ 5,043,175</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 22,754	\$ 21,592
Accounts payable	66,372	40,110
Accrued expenses	26,346	65,495
Deferred membership dues	23,528	31,741
Total current liabilities	<u>139,000</u>	<u>158,938</u>
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>	542,008	553,434
<b>NET ASSETS</b>		
Without donor restrictions	4,515,642	4,314,136
With donor restrictions	17,856	16,667
Total net assets	<u>4,533,498</u>	<u>4,330,803</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 5,214,506</u></b>	<b><u>\$ 5,043,175</u></b>

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2020 and 2019

	<u>Year Ended December 31, 2020</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
<b>OPERATING ACTIVITIES</b>			
Public support			
Contributions	\$ 8,454	\$ -	\$ 8,454
United Way contributions	-	39,400	39,400
Foundation grants	-	334,883	334,883
Government grants	327,904	104,748	432,652
Special events - net	8,643	-	8,643
Net assets released from restrictions	477,842	(477,842)	-
Total public support	<u>822,843</u>	<u>1,189</u>	<u>824,032</u>
Revenues			
Child care revenue	658,507	-	658,507
Program fees, net	95,207	-	95,207
Membership dues, net	591,689	-	591,689
Rental income	49,224	-	49,224
Miscellaneous income	27,140	-	27,140
Interest income	2,237	-	2,237
Total revenues	<u>1,424,004</u>	<u>-</u>	<u>1,424,004</u>
Total public support and revenues	<u>2,246,847</u>	<u>1,189</u>	<u>2,248,036</u>
<b>EXPENSES</b>			
Program services			
Youth development	829,003	-	829,003
Healthy living	793,957	-	793,957
Total program services	<u>1,622,960</u>	<u>-</u>	<u>1,622,960</u>
Support services			
Management and general	402,262	-	402,262
Fundraising	20,119	-	20,119
<b>TOTAL EXPENSES</b>	<u>2,045,341</u>	<u>-</u>	<u>2,045,341</u>
<b>CHANGE IN NET ASSETS</b>	201,506	1,189	202,695
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>4,314,136</u>	<u>16,667</u>	<u>4,330,803</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,515,642</u>	<u>\$ 17,856</u>	<u>\$ 4,533,498</u>

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2020 and 2019

	<u>Year Ended December 31, 2019</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
<b>OPERATING ACTIVITIES</b>			
Public support			
Contributions	\$ 14,559	\$ -	\$ 14,559
United Way contributions	-	39,400	39,400
Foundation grants	2,750	171,615	174,365
Government grants	-	-	-
Special events - net	22,310	-	22,310
Net assets released from restrictions	230,822	(230,822)	-
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
Program fees, net	186,141	-	186,141
Membership dues, net	822,014	-	822,014
Rental income	55,161	-	55,161
Miscellaneous income	33,548	-	33,548
Interest income	1,174	-	1,174
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>
<b>EXPENSES</b>			
Program services			
Youth development	961,615	-	961,615
Healthy living	1,021,206	-	1,021,206
Total program services	<u>1,982,821</u>	<u>-</u>	<u>1,982,821</u>
Support services			
Management and general	467,889	-	467,889
Fundraising	16,963	-	16,963
<b>TOTAL EXPENSES</b>	<u>2,467,673</u>	<u>-</u>	<u>2,467,673</u>
<b>CHANGE IN NET ASSETS</b>	(2,894)	(19,807)	(22,701)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>4,317,030</u>	<u>36,474</u>	<u>4,353,504</u>
<b>NET ASSETS - END OF YEAR</b>	<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 FUNCTIONAL EXPENSES

Years Ended December 31, 2020 and 2019

	Year Ended December 31, 2020					
	Program Services			Support Services		
	Youth Development	Healthy Living	Total Program	Management & General	Fundraising	Total
<b>PERSONNEL COSTS</b>						
Salaries and wages	\$ 435,816	\$ 377,886	\$ 813,702	\$ 83,774	\$ 15,404	\$ 912,880
Employee benefits	51,339	23,878	75,217	19,639	3,635	98,491
Payroll taxes	30,502	26,445	56,947	5,865	1,080	63,892
<b>TOTAL PERSONNEL COSTS</b>	<u>517,657</u>	<u>428,209</u>	<u>945,866</u>	<u>109,278</u>	<u>20,119</u>	<u>1,075,263</u>
<b>NON-PERSONNEL COSTS</b>						
Professional fees	23,341	10,775	34,116	17,193	-	51,309
Advertising	210	10,160	10,370	149	-	10,519
Information technology	1,200	-	1,200	18,594	-	19,794
Office expense	5,473	27,817	33,290	9,859	-	43,149
Occupancy	45,550	91,553	137,103	15,184	-	152,287
Travel	2,315	426	2,741	2,745	-	5,486
Conferences, conventions, and meetings	679	392	1,071	340	-	1,411
Interest	2,250	-	2,250	23,287	-	25,537
Payments to affiliates	13,542	15,360	28,902	6,880	-	35,782
Depreciation	73,118	146,236	219,354	24,372	-	243,726
Insurance	-	-	-	28,956	-	28,956
Bad debts (recoveries)	26	522	548	(1,899)	-	(1,351)
Repairs and maintenance	1,873	21,755	23,628	126,362	-	149,990
Training	1,977	4,095	6,072	578	-	6,650
Supplies	135,951	35,316	171,267	16,426	-	187,693
Miscellaneous	3,841	1,341	5,182	3,958	-	9,140
Cost of direct benefit to donors	-	-	-	-	5,947	5,947
<b>TOTAL NON-PERSONNEL COSTS</b>	<u>311,346</u>	<u>365,748</u>	<u>677,094</u>	<u>292,984</u>	<u>5,947</u>	<u>976,025</u>
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>829,003</b>	<b>793,957</b>	<b>1,622,960</b>	<b>402,262</b>	<b>26,066</b>	<b>2,051,288</b>
Less expenses net against revenue:						
Cost of direct benefit to donors	-	-	-	-	5,947	5,947
<b>TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES</b>	<u>\$ 829,003</u>	<u>\$ 793,957</u>	<u>\$ 1,622,960</u>	<u>\$ 402,262</u>	<u>\$ 20,119</u>	<u>\$ 2,045,341</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, 2020 and 2019

	Year Ended December 31, 2019					
	Program Services			Support Services		
	Youth Development	Healthy Living	Total Program	Management & General	Fundraising	Total
<b>PERSONNEL COSTS</b>						
Salaries and wages	\$ 529,387	\$ 529,942	\$ 1,059,329	\$ 174,895	\$ 14,789	\$ 1,249,013
Employee benefits	42,471	42,515	84,986	14,031	1,186	100,203
Payroll taxes	35,357	35,394	70,751	11,681	988	83,420
<b>TOTAL PERSONNEL COSTS</b>	<b>607,215</b>	<b>607,851</b>	<b>1,215,066</b>	<b>200,607</b>	<b>16,963</b>	<b>1,432,636</b>
<b>NON-PERSONNEL COSTS</b>						
Professional fees	26,267	8,287	34,554	27,266	-	61,820
Advertising	139	8,016	8,155	925	-	9,080
Information technology	1,275	2,535	3,810	17,766	-	21,576
Office expense	4,072	40,497	44,569	13,457	-	58,026
Occupancy	56,675	113,802	170,477	18,892	-	189,369
Travel	13,140	3,369	16,509	3,452	-	19,961
Conferences, conventions, and meetings	561	328	889	991	-	1,880
Interest	3,300	-	3,300	21,492	-	24,792
Payments to affiliates	14,244	19,724	33,968	6,586	-	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	2,470	25,248	27,718	75,750	-	103,468
Training	9,496	13,939	23,435	162	-	23,597
Supplies	107,532	72,248	179,780	24,503	-	204,283
Miscellaneous	12,129	1,974	14,103	5,240	-	19,343
Cost of direct benefit to donors	-	-	-	-	17,203	17,203
<b>TOTAL NON-PERSONNEL COSTS</b>	<b>354,400</b>	<b>413,355</b>	<b>767,755</b>	<b>267,282</b>	<b>17,203</b>	<b>1,052,240</b>
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>961,615</b>	<b>1,021,206</b>	<b>1,982,821</b>	<b>467,889</b>	<b>34,166</b>	<b>2,484,876</b>
Less expenses net against revenue:						
Cost of direct benefit to donors	-	-	-	-	17,203	17,203
<b>TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES</b>	<b>\$ 961,615</b>	<b>\$ 1,021,206</b>	<b>\$ 1,982,821</b>	<b>\$ 467,889</b>	<b>\$ 16,963</b>	<b>\$ 2,467,673</b>

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



YMCA OF WESTERN STARK COUNTY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 202,695	\$ (22,701)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	243,726	229,012
Decrease (increase) in:		
Accounts receivable	(23,678)	(515)
Increase (decrease) in:		
Accounts payable	26,262	(24,240)
Accrued expenses	(39,149)	10,599
Deferred membership dues	<u>(8,213)</u>	<u>(259)</u>
Net cash provided by operating activities	401,643	191,896
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(107,096)</u>	<u>(140,967)</u>
Net cash (used) by investing activities	(107,096)	(140,967)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<u>(10,264)</u>	<u>(21,087)</u>
Net cash (used) by financing activities	<u>(10,264)</u>	<u>(21,087)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	284,283	29,842
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>265,624</u>	<u>235,782</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u><u>\$ 549,907</u></u>	<u><u>\$ 265,624</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 25,537	\$ 24,792

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. The original name of the organization was The Young Men's Christian Association of Massillon.

#### 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.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 2. Summary of Significant Accounting Policies (Continued)**

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

*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, and capital projects. These contributions can be from individuals, foundations, corporations, governments 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 dues 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. Tax years after 2017 are still open to audit for both federal and state purposes.
- L. Cash and Cash Equivalents – Cash and cash equivalents include all liquid 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.

The carrying value of the YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful depreciable life may need to be changed. The YMCA considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value.

- 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.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 2. Summary of Significant Accounting Policies (Continued)**

- P. Reclassification – Certain information previously presented has been reclassified to conform to the current presentation.
- Q. Subsequent Events – Management has performed an analysis of the activities and transactions subsequent to December 31, 2020, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2020. Management has performed their analysis through June 14, 2021, 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 12.

**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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 549,907	\$ 265,624
Accounts receivable	<u>40,245</u>	<u>16,567</u>
	<u>\$ 590,152</u>	<u>\$ 282,191</u>

**Note 4. Line of Credit**

As of December 31, 2020, 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 0.5% (4.25% at December 31, 2020).

**Note 5. Long-Term Debt**

Long-term debt as of December 31 consists of the following:

	<u>2020</u>	<u>2019</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	\$ 564,762	\$ 575,026
Less current portion	<u>22,754</u>	<u>21,592</u>
	<u>\$ 542,008</u>	<u>\$ 553,434</u>

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 5. Long-Term Debt (Continued)**

Future annual maturities of the note are as follows:

2021	\$ 22,754
2022	23,716
2023	24,719
2024	25,765
2025	26,855
Thereafter	<u>440,953</u>
	\$ <u>564,762</u>

**Note 6. Net Assets with Donor Restrictions**

Net assets with donor restrictions as of December 31, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Net assets with donor restrictions:		
Restricted for		
Programs		
Youth Development	\$ 5,474	\$ 16,667
Healthy Living	<u>12,382</u>	<u>-</u>
Total net assets with donor restrictions	\$ <u>17,856</u>	\$ <u>16,667</u>

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, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Programs		
Youth Development	\$ 250,641	\$ 68,203
Healthy Living	<u>227,201</u>	<u>162,619</u>
Total donor restricted net assets released from restrictions	\$ <u>477,842</u>	\$ <u>230,822</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>2020</u>	<u>2019</u>
Special event revenue	\$ 14,590	\$ 39,513
Special event direct expenses	<u>5,947</u>	<u>17,203</u>
Special event revenue, net	\$ <u>8,643</u>	\$ <u>22,310</u>

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 8. Financial Assistance Provided**

The YMCA provides financial assistance, through contributions and other fundraising, to help defray the costs of membership and program and other fees for individuals with need. Membership dues and program fees are recorded net of such assistance in the accompanying statements of activities. Such amounts were as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Membership dues	\$ 673,310	\$ 944,425
Less financial assistance provided	<u>81,621</u>	<u>122,411</u>
Membership dues, net	\$ <u>591,689</u>	\$ <u>822,014</u>
Program fees	\$ 123,965	\$ 233,145
Less financial assistance provided	<u>28,758</u>	<u>47,004</u>
Program fees, net	\$ <u>95,207</u>	\$ <u>186,141</u>

**Note 9. Defined Contribution Plans**

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 \$49,064 and \$58,907 for the years ended December 31, 2020 and 2019, respectively.

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 10. Related Parties**

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2020 and 2019 were \$32,021 and \$35,422, respectively.



YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 11. 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 12. COVID-19 Pandemic**

The COVID-19 pandemic, whose effects first became known in January 2020, has adversely affected domestic and global economic activity and the full impact continues to evolve as of the date of this report. Accordingly, the pandemic is expected to affect the financial position, activities and cash flows of the YMCA during 2021, but the extent is unknown at this time.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security ("CARES") Act. The CARES Act, among other things, created the Paycheck Protection Program ("PPP") to be administered by the U.S. Small Business Administration (SBA). In April 2020, the YMCA received a \$276,500 unsecured loan under the PPP. Provisions of the PPP allow for partial or full forgiveness of the loan provided the proceeds are used for covered expenditures and certain other requirements are satisfied. During November 2020, the YMCA received full forgiveness of the PPP loan and the income has been recorded in government grants in the accompanying statement of activities.

During February 2021, the YMCA received a second PPP loan for \$216,253. Provisions of the PPP allow for partial or full forgiveness of the loan provided the proceeds are used for covered expenditures and certain other requirements are satisfied. The unforgiven portion of the loan, if any, is payable in eighteen monthly installments (plus interest at a rate of 1% per annum) commencing seven months from the loan disbursement date.