

YMCA OF WESTERN STARK COUNTY

MASSILLON, OHIO

AUDITED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT

December 31, 2015 and 2014

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, 2015 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, 2015, 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 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 21, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Certified Public Accountants

April 29, 2016

Canton, Ohio

YMCA OF WESTERN STARK COUNTY  
STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

<u>ASSETS</u>	2015	2014
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 199,472	\$ 234,757
Accounts receivable - membership (net of allowance for doubtful accounts of \$3,000 for both 2015 and 2014)	12,902	19,704
Pledges receivable	-	80
Prepays and deposits	-	1,000
TOTAL CURRENT ASSETS	212,374	255,541
<u>PROPERTY AND EQUIPMENT</u>		
Land	94,675	94,675
Building and building improvements	7,556,662	7,530,063
Furniture and fixtures	512,960	478,851
Fitness equipment	264,910	250,055
	8,429,207	8,353,644
Less accumulated depreciation	3,215,586	2,993,269
	5,213,621	5,360,375
TOTAL ASSETS	\$ 5,425,995	\$ 5,615,916
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Line-of-credit - NOTE C	\$ 104,560	\$ 211,095
Current portion of long-term debt - NOTE D	20,019	18,995
Accounts payable	57,925	23,907
Accrued expenses	36,078	44,329
Deferred membership dues	28,482	23,458
TOTAL CURRENT LIABILITIES	247,064	321,784
<u>LONG-TERM DEBT - NOTE D</u>	540,876	560,215
<u>NET ASSETS</u>		
Unrestricted		
Undesignated	4,622,277	4,719,944
Board designated - NOTE F	6,839	6,758
Total unrestricted	4,629,116	4,726,702
Temporarily restricted - NOTE E	8,939	7,215
TOTAL NET ASSETS	4,638,055	4,733,917
TOTAL LIABILITIES AND NET ASSETS	\$ 5,425,995	\$ 5,615,916

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2015 with Comparative Totals for 2014

	<u>UNRESTRICTED</u>	<u>BOARD DESIGNATED</u>
<u>REVENUES, GAINS, AND OTHER SUPPORT</u>		
Program service revenue	\$ 894,663	\$ -
Capital campaign	-	-
Membership dues	841,595	-
Contributions	48,816	-
United Way contributions	-	-
Fundraising (net of direct expenses of \$8,545 and \$8,912 in 2015 and 2014, respectively)	19,842	-
Rental income	42,346	-
Interest income	465	81
Net assets released from restrictions	138,646	-
	<hr/>	<hr/>
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	1,986,373	81
<u>EXPENSES</u>		
Program services		
Youth development	957,960	-
Healthy living	787,441	-
Total program services	<hr/> 1,745,401	<hr/> -
Support services		
Management and general	<hr/> 338,639	<hr/> -
	<hr/>	<hr/>
TOTAL EXPENSES	2,084,040	-
	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	(97,667)	81
NET ASSETS AT BEGINNING OF YEAR	<hr/> 4,719,944	<hr/> 6,758
NET ASSETS AT END OF YEAR	<hr/> <u>\$ 4,622,277</u>	<hr/> <u>\$ 6,839</u>

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

TEMPORARILY RESTRICTED	TOTAL	
	2015	2014
\$ -	\$ 894,663	\$ 801,918
-	-	10,150
-	841,595	702,735
78,100	126,916	77,510
62,270	62,270	62,920
-	19,842	9,179
-	42,346	42,346
-	546	1,146
(138,646)	-	-
1,724	1,988,178	1,707,904
-	957,960	806,961
-	787,441	677,396
-	1,745,401	1,484,357
-	338,639	334,963
-	2,084,040	1,819,320
1,724	(95,862)	(111,416)
7,215	4,733,917	4,845,333
<u>\$ 8,939</u>	<u>\$ 4,638,055</u>	<u>\$ 4,733,917</u>

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015 with Comparative Totals for 2014

	<u>PROGRAM SERVICES</u>		
	<u>YOUTH DEVELOPMENT</u>	<u>HEALTHY LIVING</u>	<u>TOTAL PROGRAM</u>
<u>PERSONNEL COSTS</u>			
Salaries and wages	\$ 556,199	\$ 279,213	\$ 835,412
Employee benefits	15,074	8,328	23,402
Payroll taxes	42,812	21,680	64,492
TOTAL PERSONNEL COSTS	614,085	309,221	923,306
<u>NON-PERSONNEL COSTS</u>			
Advertising	956	4,858	5,814
Automobile expense	1,653	402	2,055
Bad debts expense (recovery)	34	39	73
Depreciation	100,042	100,042	200,084
Dues and subscriptions	896	1,345	2,241
Equipment lease	512	9,815	10,327
Fair Share - national dues	13,811	16,802	30,613
Fees	3	17,105	17,108
Insurance	-	20,470	20,470
Interest	5,086	-	5,086
Licenses and permits	1,101	700	1,801
Meetings expense	290	240	530
Miscellaneous	-	36	36
Office expense	454	4,006	4,460
Payroll service	820	435	1,255
Postage and delivery	415	715	1,130
Printing and reproduction	-	5,236	5,236
Professional fees	14,893	5,495	20,388
Program expense	25,046	4,540	29,586
Repairs and maintenance	643	111,013	111,656
Staff expense	13,817	1,364	15,181
Supplies	77,042	33,926	110,968
Telephone	612	4,319	4,931
Training	2,792	794	3,586
Travel and entertainment	6,356	254	6,610
Utilities	76,601	134,269	210,870
TOTAL NON-PERSONNEL COSTS	343,875	478,220	822,095
TOTAL EXPENSES	\$ 957,960	\$ 787,441	\$ 1,745,401

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

SUPPORT SERVICES		TOTAL	
MANAGEMENT & GENERAL	2015	2014	
\$ 161,896	\$ 997,308	\$ 856,800	
22,670	46,072	45,043	
18,372	82,864	71,521	
202,938	1,126,244	973,364	
-	5,814	6,744	
1,784	3,839	3,614	
(2,586)	(2,513)	(3,429)	
22,232	222,316	213,027	
912	3,153	2,451	
-	10,327	9,407	
-	30,613	26,520	
1,130	18,238	14,665	
5,502	25,972	25,220	
30,694	35,780	27,192	
-	1,801	2,023	
161	691	243	
8,992	9,028	19,311	
2,107	6,567	6,160	
13,271	14,526	8,976	
2,456	3,586	3,607	
176	5,412	2,130	
22,395	42,783	59,561	
80	29,666	36,068	
2,158	113,814	89,788	
168	15,349	16,721	
16,346	127,314	72,274	
1,645	6,576	6,980	
-	3,586	5,446	
5,456	12,066	9,214	
622	211,492	182,043	
135,701	957,796	845,956	
\$ 338,639	\$ 2,084,040	\$ 1,819,320	



YMCA OF WESTERN STARK COUNTY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Decrease in net assets	\$ (95,862)	\$ (111,416)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	222,316	213,027
(Increase) decrease in accounts receivable	6,802	(1,675)
Decrease in pledges receivable	80	5,906
Decrease in prepaids and deposits	1,000	-
Increase (decrease) in accounts payable	34,018	(2,550)
Increase (decrease) in accrued expenses	(8,251)	14,177
Increase (decrease) in deferred membership dues	5,024	(10,739)
NET CASH PROVIDED BY OPERATING ACTIVITIES	165,127	106,730
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(75,562)	(624,496)
NET CASH USED BY INVESTING ACTIVITIES	(75,562)	(624,496)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in line-of-credit	(106,535)	211,095
Proceeds from long-term debt	-	126,174
Repayment of long-term debt	(18,315)	(8,790)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(124,850)	328,479
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,285)	(189,287)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	234,757	424,044
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 199,472</u>	<u>\$ 234,757</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the years for:		
Interest	\$ 35,780	\$ 27,192

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

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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, 2014, from which the summarized information was derived.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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, 2015 or 2014.

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.

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>2015</u>	<u>2014</u>
Number of volunteers	91	78

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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 \$5,814 and \$6,744 in 2015 and 2014, 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 2011 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, 2015 and 2014

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

MEMBERSHIP DUES

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.

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 April 29, 2016, which is the date the financial statements were available to be issued.

NOTE C - LINE-OF-CREDIT

As of December 31, 2015, the YMCA had a line-of-credit with a bank, with no outstanding balance 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 (3.5% at December 31, 2015).

As of December 31, 2014, the YMCA had a line-of-credit with a bank, with \$104,560 outstanding under the available line-of-credit of \$212,000. All borrowings are secured by the YMCA's property and bear interest at 3.50%.

NOTE D - LONG-TERM DEBT

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

	<u>2015</u>	<u>2014</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	\$ 560,895	\$ 579,210
Less current portion	20,019	18,995
	<u>\$ 540,876</u>	<u>\$ 560,215</u>

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

2016	\$ 20,019
2017	21,098
2018	22,235
2019	23,433
2020	24,695
Thereafter	449,415
	<u>\$ 560,895</u>

The YMCA's debt agreement contains covenants regarding 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, 2015, the YMCA was in compliance with these covenants.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE E - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes:

	2015	2014
Capital expenditures	\$ -	\$ 2,850
Youth development	3,002	414
Healthy living	5,937	3,951
	<u>\$ 8,939</u>	<u>\$ 7,215</u>

NOTE F - ENDOWMENT COMPOSITION

The YMCA's endowment consists 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, including 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 aim of the YMCA.

At December 31, 2015 and 2014, the balance of the endowment funds was \$6,839 and \$6,758, 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 2015 and 2014 were \$32,100 and \$28,227, respectively. Participating employees may elect to contribute additional amounts (either tax-deferred or after-tax) up to certain limits as described in the Plan.

NOTE H - RELATED PARTIES

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the year ended December 31, 2015 and 2014, were \$30,613 and \$26,520, respectively.