

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

**FINANCIAL REPORT**

**DECEMBER 31, 2023 and 2022**



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

### **Opinion**

We have audited the financial statements of the YMCA of Western Stark County (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the YMCA of Western Stark County as of December 31, 2023 and 2022, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of YMCA of Western Stark County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about YMCA of Western Stark County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 YMCA of Western Stark County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about YMCA of Western Stark County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

*Meloney + Novotny LLC*

Canton, Ohio  
June 12, 2024

YMCA OF WESTERN STARK COUNTY  
STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

<b><u>ASSETS</u></b>	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 395,635	\$ 829,752
Accounts receivable - net of allowance for credit losses of \$4,000 in 2023 and 2022	51,964	15,537
Total current assets	<u>447,599</u>	<u>845,289</u>
<b>INVESTMENTS, AT FAIR VALUE</b>	456,258	506,686
<b>PROPERTY AND EQUIPMENT</b>		
Land	94,675	94,675
Building and building improvements	8,143,010	8,068,315
Furniture and fixtures	560,892	560,892
Fitness equipment	291,298	291,298
	<u>9,089,875</u>	<u>9,015,180</u>
Less accumulated depreciation	4,826,395	4,563,213
	<u>4,263,480</u>	<u>4,451,967</u>
<b>OTHER ASSETS</b>		
Deposits	44,421	-
Right-of-use assets - operating	41,548	51,562
	<u>85,969</u>	<u>51,562</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,253,306</u></b>	<b><u>\$ 5,855,504</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 17,251	\$ 16,551
Accounts payable	86,236	43,087
Accrued expenses	72,195	38,495
Deferred revenue	186,765	571,742
Current portion of operating lease liabilities	10,638	10,207
Total current liabilities	<u>373,085</u>	<u>680,082</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current portion	289,786	306,797
Operating lease liabilities, net of current portion	30,621	41,260
Total other liabilities	<u>320,407</u>	<u>348,057</u>
Total liabilities	693,492	1,028,139
<b>NET ASSETS</b>		
Without donor restrictions	4,549,639	4,789,137
With donor restrictions	10,175	38,228
Total net assets	<u>4,559,814</u>	<u>4,827,365</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 5,253,306</u></b>	<b><u>\$ 5,855,504</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, 2023 and 2022

	Year Ended December 31, 2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>			
Public support			
Contributions	\$ 14,820	\$ -	\$ 14,820
United Way contributions	16,848	-	16,848
Foundation grants	18,916	161,675	180,591
Government grants	-	686,388	686,388
Special events - net	21,978	-	21,978
Net assets released from restrictions	<u>876,116</u>	<u>(876,116)</u>	<u>-</u>
Total public support	948,678	(28,053)	920,625
Revenues			
Child care revenue	952,570	-	952,570
Program fees, net	169,028	-	169,028
Membership dues, net	850,168	-	850,168
Rental income	92,734	-	92,734
Miscellaneous income	15,336	-	15,336
Interest and dividends, net	7,586	-	7,586
Realized and unrealized losses on investments	6,217	-	6,217
Loss on disposal of property and equipment	<u>(2,798)</u>	<u>-</u>	<u>(2,798)</u>
Total revenues	<u>2,090,841</u>	<u>-</u>	<u>2,090,841</u>
Total public support and revenues	3,039,519	(28,053)	3,011,466
<b>EXPENSES</b>			
Program services			
Youth development	1,652,806	-	1,652,806
Healthy living	<u>1,094,403</u>	<u>-</u>	<u>1,094,403</u>
Total program services	2,747,209	-	2,747,209
Support services			
Management and general	507,445	-	507,445
Fundraising	<u>24,363</u>	<u>-</u>	<u>24,363</u>
<b>TOTAL EXPENSES</b>	<u>3,279,017</u>	<u>-</u>	<u>3,279,017</u>
<b>CHANGE IN NET ASSETS</b>	(239,498)	(28,053)	(267,551)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>4,789,137</u>	<u>38,228</u>	<u>4,827,365</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,549,639</u>	<u>\$ 10,175</u>	<u>\$ 4,559,814</u>

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2023 and 2022

	Year Ended December 31, 2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>			
Public support			
Contributions	\$ 14,911	\$ -	\$ 14,911
United Way contributions	8,750	-	8,750
Foundation grants	-	213,675	213,675
Government grants	-	747,919	747,919
Special events - net	14,614	-	14,614
Net assets released from restrictions	941,124	(941,124)	-
Total public support	<u>979,399</u>	<u>20,470</u>	<u>999,869</u>
Revenues			
Child care revenue	962,706	-	962,706
Program fees, net	166,237	-	166,237
Membership dues, net	773,576	-	773,576
Rental income	66,301	-	66,301
Miscellaneous income	43,849	-	43,849
Interest and dividends, net	(261)	-	(261)
Realized and unrealized losses on investments	(1,898)	-	(1,898)
Loss on disposal of property and equipment	(4,074)	-	(4,074)
Total revenues	<u>2,006,436</u>	<u>-</u>	<u>2,006,436</u>
Total public support and revenues	<u>2,985,835</u>	<u>20,470</u>	<u>3,006,305</u>
<b>EXPENSES</b>			
Program services			
Youth development	1,242,815	-	1,242,815
Healthy living	981,951	-	981,951
Total program services	<u>2,224,766</u>	<u>-</u>	<u>2,224,766</u>
Support services			
Management and general	454,627	-	454,627
Fundraising	20,575	-	20,575
<b>TOTAL EXPENSES</b>	<u>2,699,968</u>	<u>-</u>	<u>2,699,968</u>
<b>CHANGE IN NET ASSETS</b>	285,867	20,470	306,337
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>4,503,270</u>	<u>17,758</u>	<u>4,521,028</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,789,137</u>	<u>\$ 38,228</u>	<u>\$ 4,827,365</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, 2023 and 2022

	Year Ended December 31, 2023					
	Program Services			Support Services		
	Youth Development	Healthy Living	Total Program	Management & General	Fundraising	Total
<b>PERSONNEL COSTS</b>						
Salaries and wages	\$ 747,176	\$ 485,906	\$ 1,233,082	\$ 188,934	\$ 19,471	\$ 1,441,487
Employee benefits	42,617	36,250	78,867	25,767	3,399	108,034
Payroll taxes	57,299	37,263	94,562	14,489	1,493	110,544
<b>TOTAL PERSONNEL COSTS</b>	<b>847,092</b>	<b>559,419</b>	<b>1,406,511</b>	<b>229,190</b>	<b>24,363</b>	<b>1,660,065</b>
<b>NON-PERSONNEL COSTS</b>						
Professional fees	38,284	12,408	50,692	18,954	-	75,120
Advertising	191	7,016	7,207	427	-	7,634
Information technology	1,842	2,894	4,736	19,838	-	19,101
Office expense	8,421	49,432	57,853	18,124	-	75,977
Occupancy	54,044	109,253	163,297	18,015	-	181,312
Travel	18,416	3,132	21,548	1,838	-	23,386
Conferences, conventions, and meetings	3,305	688	3,993	1,038	-	5,032
Interest	2,700	-	2,700	10,598	-	13,298
Payments to affiliates	22,601	23,103	45,704	1,477	-	47,181
Depreciation	79,720	159,441	239,161	26,573	-	265,734
Insurance	-	-	-	31,582	-	31,582
Bad debts	-	119	119	537	-	656
Repairs and maintenance	4,317	50,822	55,139	94,295	-	149,435
Training	70,355	5,693	76,048	954	-	77,001
Supplies	159,644	108,925	268,569	30,930	-	299,499
Miscellaneous	16,874	2,058	18,932	3,075	-	22,004
Community outreach	325,000	-	325,000	-	-	325,000
Cost of direct benefit to donors	-	-	-	-	4,179	4,179
<b>TOTAL NON-PERSONNEL COSTS</b>	<b>805,714</b>	<b>534,984</b>	<b>1,340,698</b>	<b>278,255</b>	<b>4,179</b>	<b>1,623,131</b>
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>1,652,806</b>	<b>1,094,403</b>	<b>2,747,209</b>	<b>507,445</b>	<b>28,542</b>	<b>3,283,196</b>
Less expenses net against revenue:						
Cost of direct benefit to donors	-	-	-	-	4,179	4,179
<b>TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES</b>	<b>\$ 1,652,806</b>	<b>\$ 1,094,403</b>	<b>\$ 2,747,209</b>	<b>\$ 507,445</b>	<b>\$ 24,363</b>	<b>\$ 3,279,017</b>

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



YMCA OF WESTERN STARK COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2023 and 2022

	Year Ended December 31, 2022					
	Program Services			Support Services		
	Youth Development	Healthy Living	Total Program	Management & General	Fundraising	Total
<b>PERSONNEL COSTS</b>						
Salaries and wages	\$ 697,747	\$ 458,681	\$ 1,156,428	\$ 150,267	\$ 16,304	\$ 1,322,999
Employee benefits	38,812	32,402	71,214	21,128	3,013	95,355
Payroll taxes	53,942	35,460	89,402	11,620	1,258	102,280
<b>TOTAL PERSONNEL COSTS</b>	<u>790,501</u>	<u>526,543</u>	<u>1,317,044</u>	<u>183,015</u>	<u>20,575</u>	<u>1,520,634</u>
<b>NON-PERSONNEL COSTS</b>						
Professional fees	37,115	12,754	49,869	15,906	-	65,775
Advertising	933	6,767	7,700	460	-	8,160
Information technology	1,223	3,344	4,567	17,331	-	21,898
Office expense	13,367	45,018	58,385	19,349	-	77,734
Occupancy	51,609	103,965	155,574	17,203	-	172,777
Travel	13,392	392	13,784	1,147	-	14,931
Conferences, conventions, and meetings	1,263	403	1,666	1,186	-	2,852
Interest	3,000	-	3,000	11,653	-	14,653
Payments to affiliates	16,270	15,313	31,583	1,496	-	33,079
Depreciation	77,418	154,835	232,253	25,806	-	258,059
Insurance	-	-	-	38,790	-	38,790
Bad debts	8	-	8	-	-	8
Repairs and maintenance	9,150	31,678	40,828	86,219	-	127,047
Training	19,452	7,156	26,608	-	-	26,608
Supplies	201,773	73,195	274,968	24,306	-	299,274
Miscellaneous	6,341	588	6,929	10,760	-	17,689
Cost of direct benefit to donors	-	-	-	-	7,769	7,769
<b>TOTAL NON-PERSONNEL COSTS</b>	<u>452,314</u>	<u>455,408</u>	<u>907,722</u>	<u>271,612</u>	<u>7,769</u>	<u>1,187,103</u>
<b>TOTAL EXPENSES BY FUNCTION</b>	<u>1,242,815</u>	<u>981,951</u>	<u>2,224,766</u>	<u>454,627</u>	<u>28,344</u>	<u>2,707,737</u>
Less expenses net against revenue:						
Cost of direct benefit to donors	-	-	-	-	7,769	7,769
<b>TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES</b>	<u>\$ 1,242,815</u>	<u>\$ 981,951</u>	<u>\$ 2,224,766</u>	<u>\$ 454,627</u>	<u>\$ 20,575</u>	<u>\$ 2,699,968</u>

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (267,551)	\$ 306,337
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	265,734	258,059
Amortization of right-of-use asset	10,015	8,826
Realized and unrealized losses on investments	(6,217)	1,898
Loss on disposal of assets	2,798	4,074
Decrease (increase) in:		
Accounts receivable	(36,427)	(10,621)
Deposits	(44,421)	-
Increase (decrease) in:		
Accounts payable	43,149	13,114
Accrued expenses	33,700	1,730
Operating lease liabilities	(10,209)	(8,921)
Deferred revenue	(384,977)	529,693
Net cash (used) provided by operating activities	<u>(394,406)</u>	<u>1,104,189</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(80,045)	(312,463)
Purchase of investments	(281,175)	(508,584)
Proceeds from sale of investments	337,820	-
Net cash used by investing activities	<u>(23,400)</u>	<u>(821,047)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(16,311)	(218,995)
Net cash used by financing activities	<u>(16,311)</u>	<u>(218,995)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(434,117)	64,147
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>829,752</u>	<u>765,605</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u><u>\$ 395,635</u></u>	<u><u>\$ 829,752</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 13,298	\$ 14,653
Non-cash transaction:		
Right-of-use assets obtained in exchange for lease liabilities	\$ -	\$ 56,413

In 2022, the YMCA implemented ASU No. 2016-02. As a result, a right-of-use asset and liability in the amount of \$3,975 were recorded on the balance sheet to reflect the YMCA's lease arrangement.

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)**

B. Basis of Presentation (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. Fair Value Measurements – Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the YMCA uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 – Use -quoted market prices in active markets for identical assets and liabilities

Level 2 – Uses observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3 – Uses unobservable inputs in which little or no market data exists.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

- *Mutual funds:* Mutual funds consist of funds that invest in fixed income securities which are valued using quoted prices in active markets, and are, therefore, classified as Level 1.
- *Investments held at Stark Community Foundation:* The fair value of the YMCA's investments in pooled funds of the Stark Community Foundation is reported by management based on information provided by Stark Community Foundation, based upon the YMCA's share of the pooled investments. Values are derived from quoted market prices for these similar investments and are generally considered to be Level 2 valuations.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. There have been no changes in the methodologies used from 2022 to 2023. Furthermore, while the YMCA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

C. Fair Value Measurements (Continued)

The following tables set forth by level within the fair value hierarchy the YMCA's financial assets that were accounted for at a fair value on a recurring basis:

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 29,636	\$ -	\$ -	\$ 29,636
Mutual funds	414,782	-	-	414,782
Funds held in investment pool at Stark Community Foundation	-	11,840	-	11,840
	<u>\$444,418</u>	<u>\$ 11,840</u>	<u>\$ -</u>	<u>\$456,258</u>

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$213,391	\$ -	\$ -	\$213,391
Mutual funds	284,057	-	-	284,057
Funds held in investment pool at Stark Community Foundation	-	9,238	-	9,238
	<u>\$497,448</u>	<u>\$ 9,238</u>	<u>\$ -</u>	<u>\$506,686</u>

- D. 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.
- E. 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. Conditional contributions for which cash is received in advance are accounted for as a liability within deferred revenue of \$150,000 and \$534,797 as of December 31, 2023 and 2022, respectively.
- F. Revenue Recognition – The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership dues and program fees.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

F. Revenue Recognition (Continued)

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.

The YMCA offers a variety of programs including exercise classes, swimming lessons, personal training, youth sports, childcare, gymnastics, home school gym and swim, and more. 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 revenue. Amounts billed but unpaid are contract assets and recorded as accounts receivable. Accounts receivables as of January 1, 2022 were \$4,916.

- G. 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.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

- H. 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 credit losses. The allowance for credit losses is based on management's estimate of lifetime credit losses that are expected to be incurred as of the date that a receivable is originated. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted.
- I. Investments – Investments are measured at fair value in the statement of financial position. Realized and unrealized gains and losses are reported in the statement of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting periods in which they occur. Investment income and gains and losses, net of investments expenses, are reported as increases or decreases in net assets without donor restrictions unless a donor or law restricts their use.
- J. 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.
- K. 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.
- L. 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.
- M. 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 2020 are still open to audit for both federal and state purposes.
- N. Cash and Cash Equivalents – Cash and cash equivalents include all liquid instruments with original maturities of three months or less.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

- O. 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.
- P. Property and Equipment – Investment in property and equipment is stated at cost less accumulated depreciation or at fair value if donated. Building and building improvements are depreciated using the straight-line method over 10 to 35 years based upon useful lives. Furniture and fixtures and fitness equipment are depreciated using the straight-line method over 3 to 10 years. Only major replacements and improvements with a cost in excess of \$5,000 are capitalized and included in property and equipment.

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.

- Q. Deferred Revenue – Membership dues, program fees, and refundable advances that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which they apply.
- R. Right-of-Use Asset and Operating Lease Liability – Operating lease right-of-use ("ROU") assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As the YMCA's leases generally do not include an implicit rate, the YMCA used the rate that would be used if using a lender to purchase the asset over the time frame of the lease to determine the present value of future payments. The operating lease ROU asset also includes any payments made and excludes lease incentives and any initial direct costs incurred. The YMCA's operating lease ROU assets and operating lease liabilities are calculated including options to extend the lease when it is reasonably certain that the YMCA will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.



YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

- S. Adoption of New Accounting Standards – In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, and has subsequently issued supplemental and clarifying ASUs (collectively "ASC 842"). The amendments in ASC 842 changed the existing accounting standards for lease accounting, including requiring lessees to recognize most operating leases on their balance sheets. ASC 842 requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. Upon its adoption of ASC 842 on January 1, 2022, the YMCA adopted the package of practical expedients for all leases that commenced before the effective date of January 1, 2022. Accordingly, the YMCA 1) did not reassess whether any expired or existing contracts are or contain leases, 2) did not reassess the lease classification for any expired or existing lease and 3) did not reassess initial direct costs for any existing leases.

As of January 1, 2023, YMCA adopted Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)* ("ASC 326"). ASC 326 replaced the incurred loss model for measuring the allowance for credit losses with a new model that reflects current expected credit losses ("CECL") that are expected to occur over the lifetime of the underlying accounts and notes receivable. The CECL methodology is applicable to financial assets that are measured at amortized cost, including trade accounts receivable and contract assets. YMCA adopted ASC 326 using a modified retrospective approach, which did not have a material impact to the financial statements.

- T. Subsequent Events – Management has performed an analysis of the activities and transactions subsequent to December 31, 2023, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2023. Management has performed their analysis through June 12, 2024, the date the financial statements were available to be issued.

**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>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$395,635	\$829,752
Accounts receivable	<u>51,964</u>	<u>15,537</u>
	<u>\$447,599</u>	<u>\$845,289</u>

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 3. Liquidity and Availability (Continued)**

The YMCA has board-designated endowment funds and investments of \$11,840 and \$189,158, respectively. Although the YMCA does not intend to spend from its board-designated endowment or investments other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment and investments could be available if necessary.

**Note 4. Line of Credit**

As of December 31, 2023, the YMCA had two \$100,000 lines of credit with banks, both with \$-0-outstanding. All borrowings are secured by the YMCA's property. The PNC line of credit bears interest at the prime rate plus 1.77%, and the Farmers National Bank line of credit bears interest at the prime rate plus 0.5% (10.27% and 9% at December 31, 2023, respectively).

**Note 5. Long-Term Debt**

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

	<u>2023</u>	<u>2022</u>
Note payable to a bank, due in monthly installments of \$2,467, including interest at 4.15% as of December 31, 2023 and 2022 secured by the assets of the YMCA, due November 2037.	\$307,037	\$323,348
Less current portion	<u>17,251</u>	<u>16,551</u>
	<u>\$289,786</u>	<u>\$306,797</u>

Future annual maturities of the note are as follows:

2024	\$ 17,251
2025	17,980
2026	18,741
2027	19,533
2028	20,360
Thereafter	<u>213,172</u>
	<u>\$307,037</u>

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Net assets without donor restrictions as of December 31, 2023 and 2022 comprise the following:

	<u>2023</u>	<u>2022</u>
Undesignated	\$4,348,641	\$4,531,423
Board designated investments	189,158	248,476
Funds functioning as endowment	<u>11,840</u>	<u>9,238</u>
Total net assets without donor restrictions	<u>\$4,549,639</u>	<u>\$4,789,137</u>

Board designated investments include assets set aside by the Board of Directors for future operating needs.

Net assets with donor restrictions as of December 31, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Youth Development	\$ 2,959	\$ 24,113
Healthy Living	6,398	13,103
Facility	<u>818</u>	<u>1,012</u>
Total net assets with donor restrictions	<u>\$ 10,175</u>	<u>\$ 38,228</u>

**Note 7. Endowment Fund**

At December 31, endowment net assets are as follows:

	<u>2023</u> Without Donor Restrictions	<u>2022</u> Without Donor Restrictions
Endowment assets, January 1	\$ 9,238	\$ -
Investment return, net	1,102	(762)
Contributions	<u>1,500</u>	<u>10,000</u>
Endowment assets, December 31	<u>\$ 11,840</u>	<u>\$ 9,238</u>

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 7. Endowment Fund (Continued)**

The YMCA's endowment consists of funds functioning as endowment. Income from funds functioning as endowment is to be used for general operations and is recorded as net assets without donor restrictions.

Income from funds functioning as endowment is appropriated based on an approval process through the Board of Directors. Specific committees recommend amounts to be disbursed from the accumulated earnings of the endowment funds, which are then approved for appropriation by the Board of Directors.

**Note 8. 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>2023</u>	<u>2022</u>
Special events revenue	\$ 26,157	\$ 22,383
Special events direct expenses	<u>(4,179)</u>	<u>(7,769)</u>
Total net assets without donor restrictions	<u>\$ 21,978</u>	<u>\$ 14,614</u>

**Note 9. 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>2023</u>	<u>2022</u>
Membership dues	\$992,210	\$888,041
Less financial assistance provided	<u>(142,042)</u>	<u>(114,465)</u>
Membership dues, net	<u>\$850,168</u>	<u>\$773,576</u>
Program fees	\$184,593	\$174,494
Less financial assistance provided	<u>(15,565)</u>	<u>(8,257)</u>
Program fees, net	<u>\$169,028</u>	<u>\$166,237</u>

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 10. Operating Lease**

The YMCA is obligated under an operating lease for office equipment, expiring in 2027. Lease expenses from all arrangements was \$11,916 and \$9,967 for the years ended December 31, 2023 and 2022. Cash paid against the lease liability under these arrangements was \$12,108 and \$10,063 in 2023 and 2022.

The following table displays the undiscounted cash flows related to operating leases as of December 31, 2023, along with a reconciliation to the discounted amount recorded in the statement of financial position. Minimum lease payments under non-cancellable leases due within the years ended December 31 were as follows:

2024	\$ 12,108
2025	12,108
2026	12,108
2027	<u>8,072</u>
Total undiscounted cash flows	44,396
Impact of present value discount	<u>(3,137)</u>
Total operating lease liabilities	<u>\$ 41,259</u>

As of December 31, 2023 and 2022, the weighted-average remaining lease term for the operating lease was 3.61 and 4.67 years, respectively. Because the YMCA generally does not have access to the rate implicit in the lease, the YMCA utilizes its incremental borrowing rate as the discount rate. The weighted-average discount rate associated with the operating lease as of December 31, 2023 and 2022 was 4.15%.

**Note 11. Rental Income**

The YMCA leases certain space to two tenants with leases expiring in 2028 and 2055, with annual rental payments of \$47,916 and \$100, respectively. Tenants are responsible for their share of utilities and certain other common area maintenance. Future minimum annual rental payments expected are as follows:

2024	\$ 47,916
2025	47,916
2026	47,916
2027	47,916
2028	8,086
Thereafter	<u>2,700</u>
	<u>\$202,450</u>

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 12. 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 \$66,301 and \$56,856 for the years ended December 31, 2023 and 2022, 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 13. Related Parties**

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2023 and 2022 were \$42,168 and \$29,237, respectively.

**Note 14. 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.