

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

FINANCIAL REPORT

DECEMBER 31, 2024 and 2023



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, 2024 and 2023, 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, 2024 and 2023, 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

Cleveland, Ohio
May 30, 2025

YMCA OF WESTERN STARK COUNTY
STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 145,016	\$ 395,635
Accounts receivable - net of allowance for credit losses of \$4,000 in 2024 and 2023	30,690	51,964
Total current assets	<u>175,706</u>	<u>447,599</u>
INVESTMENTS, AT FAIR VALUE	480,655	456,258
PROPERTY AND EQUIPMENT		
Land	94,675	94,675
Building and building improvements	8,117,741	8,143,010
Furniture and fixtures	571,595	560,892
Fitness equipment	339,463	335,719
	<u>9,123,474</u>	<u>9,134,296</u>
Less accumulated depreciation	5,070,264	4,826,395
	<u>4,053,210</u>	<u>4,307,901</u>
OTHER ASSETS		
Right-of-use assets - operating	31,102	41,548
TOTAL ASSETS	<u>\$ 4,740,673</u>	<u>\$ 5,253,306</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 17,980	\$ 17,251
Accounts payable	53,549	86,236
Accrued expenses	76,750	72,195
Deferred revenue	25,284	186,765
Current portion of operating lease liabilities	11,088	10,638
Total current liabilities	<u>184,651</u>	<u>373,085</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	272,077	289,786
Operating lease liabilities, net of current portion	19,533	30,621
Total other liabilities	<u>291,610</u>	<u>320,407</u>
Total liabilities	476,261	693,492
NET ASSETS		
Without donor restrictions	4,254,054	4,549,639
With donor restrictions	10,358	10,175
Total net assets	<u>4,264,412</u>	<u>4,559,814</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,740,673</u>	<u>\$ 5,253,306</u>

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2024 and 2023

	Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Public support			
Contributions	\$ 38,246	\$ -	\$ 38,246
United Way contributions	4,049	-	4,049
Foundation grants	-	101,081	101,081
Government grants	-	132,976	132,976
Special events - net	25,327	-	25,327
Net assets released from restrictions	233,874	(233,874)	-
Total public support	301,496	183	301,679
Revenues			
Child care revenue, net	935,942	-	935,942
Program fees, net	204,848	-	204,848
Membership dues, net	902,343	-	902,343
Rental income	68,268	-	68,268
Miscellaneous income	8,869	-	8,869
Interest and dividends, net	15,438	-	15,438
Realized and unrealized gains on investments	8,407	-	8,407
Loss on disposal of property and equipment	(18,559)	-	(18,559)
Total revenues	2,125,556	-	2,125,556
Total public support and revenues	2,427,052	183	2,427,235
EXPENSES			
Program services			
Youth development	995,801	-	995,801
Healthy living	1,171,035	-	1,171,035
Total program services	2,166,836	-	2,166,836
Support services			
Management and general	532,168	-	532,168
Fundraising	23,633	-	23,633
TOTAL EXPENSES	2,722,637	-	2,722,637
CHANGE IN NET ASSETS	(295,585)	183	(295,402)
NET ASSETS - BEGINNING OF YEAR	4,549,639	10,175	4,559,814
NET ASSETS - END OF YEAR	<u>\$ 4,254,054</u>	<u>\$ 10,358</u>	<u>\$ 4,264,412</u>

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

YMCA OF WESTERN STARK COUNTY

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2024 and 2023

	Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
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	876,116	(876,116)	-
Total public support	948,678	(28,053)	920,625
Revenues			
Child care revenue, net	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 gains on investments	6,217	-	6,217
Loss on disposal of property and equipment	(2,798)	-	(2,798)
Total revenues	2,090,841	-	2,090,841
Total public support and revenues	3,039,519	(28,053)	3,011,466
EXPENSES			
Program services			
Youth development	1,652,806	-	1,652,806
Healthy living	1,094,403	-	1,094,403
Total program services	2,747,209	-	2,747,209
Support services			
Management and general	507,445	-	507,445
Fundraising	24,363	-	24,363
TOTAL EXPENSES	3,279,017	-	3,279,017
CHANGE IN NET ASSETS	(239,498)	(28,053)	(267,551)
NET ASSETS - BEGINNING OF YEAR	4,789,137	38,228	4,827,365
NET ASSETS - END OF YEAR	<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 FUNCTIONAL EXPENSES

Years Ended December 31, 2024 and 2023

	Year Ended December 31, 2024					
	Program Services			Support Services		
	Youth Development	Healthy Living	Total Program	Management & General	Fundraising	Total
PERSONNEL COSTS						
Salaries and wages	\$ 595,828	\$ 509,306	\$ 1,105,134	\$ 215,867	\$ 18,798	\$ 1,339,799
Employee benefits	51,527	44,044	95,571	18,668	3,361	117,600
Payroll taxes	46,727	39,942	86,669	16,929	1,474	105,072
TOTAL PERSONNEL COSTS	<u>694,082</u>	<u>593,292</u>	<u>1,287,374</u>	<u>251,464</u>	<u>23,633</u>	<u>1,562,471</u>
NON-PERSONNEL COSTS						
Professional fees	8,104	27,370	35,474	138	-	35,612
Advertising	1,349	8,425	9,774	461	-	10,235
Information technology	368	1,242	1,610	18,995	-	20,605
Office expense	13,820	31,411	45,231	32,501	-	77,732
Occupancy	55,884	112,019	167,903	18,978	-	186,881
Travel	9,872	2,677	12,549	293	-	12,842
Conferences, conventions, and meetings	621	1,004	1,625	322	-	1,947
Interest	2,700	-	2,700	9,929	-	12,629
Payments to affiliates	23,728	31,814	55,542	6,223	-	61,765
Depreciation	80,452	160,905	241,357	26,817	-	268,174
Insurance	-	-	-	45,021	-	45,021
Credit losses	301	16	317	44	-	361
Repairs and maintenance	3,818	48,833	52,651	69,076	-	121,727
Training	5,157	11,154	16,311	5,693	-	22,004
Supplies	86,835	140,419	227,254	44,959	-	272,213
Miscellaneous	8,710	454	9,164	1,254	-	10,418
Cost of direct benefit to donors	-	-	-	-	5,588	5,588
TOTAL NON-PERSONNEL COSTS	<u>301,719</u>	<u>577,743</u>	<u>879,462</u>	<u>280,704</u>	<u>5,588</u>	<u>1,165,754</u>
TOTAL EXPENSES BY FUNCTION	<u>995,801</u>	<u>1,171,035</u>	<u>2,166,836</u>	<u>532,168</u>	<u>29,221</u>	<u>2,728,225</u>
Less expenses net against revenue:						
Cost of direct benefit to donors	-	-	-	-	5,588	5,588
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	<u><u>\$ 995,801</u></u>	<u><u>\$ 1,171,035</u></u>	<u><u>\$ 2,166,836</u></u>	<u><u>\$ 532,168</u></u>	<u><u>\$ 23,633</u></u>	<u><u>\$ 2,722,637</u></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, 2024 and 2023

	Year Ended December 31, 2023					
	Program Services			Support Services		
	Youth Development	Healthy Living	Total Program	Management & General	Fundraising	Total
PERSONNEL COSTS						
Salaries and wages	\$ 747,176	\$ 485,906	\$ 1,233,082	\$ 188,934	\$ 19,471	\$ 1,441,487
Employee benefits	42,618	36,250	78,868	25,767	3,399	108,034
Payroll taxes	57,299	37,263	94,562	14,489	1,493	110,544
TOTAL PERSONNEL COSTS	<u>847,093</u>	<u>559,419</u>	<u>1,406,512</u>	<u>229,190</u>	<u>24,363</u>	<u>1,660,065</u>
NON-PERSONNEL COSTS						
Professional fees	38,283	12,408	50,691	18,954	-	69,645
Advertising	191	7,016	7,207	427	-	7,634
Information technology	1,842	2,894	4,736	19,838	-	24,574
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	-	5,031
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
Credit losses	-	119	119	537	-	656
Repairs and maintenance	4,317	50,822	55,139	94,295	-	149,434
Training	70,355	5,693	76,048	954	-	77,002
Supplies	159,644	108,925	268,569	30,930	-	299,499
Miscellaneous	16,874	2,058	18,932	3,075	-	22,007
Community outreach	325,000	-	325,000	-	-	325,000
Cost of direct benefit to donors	-	-	-	-	4,179	4,179
TOTAL NON-PERSONNEL COSTS	<u>805,713</u>	<u>534,984</u>	<u>1,340,697</u>	<u>278,255</u>	<u>4,179</u>	<u>1,623,131</u>
TOTAL EXPENSES BY FUNCTION	<u>1,652,806</u>	<u>1,094,403</u>	<u>2,747,209</u>	<u>507,445</u>	<u>28,542</u>	<u>3,283,196</u>
Less expenses net against revenue:						
Cost of direct benefit to donors	-	-	-	-	4,179	4,179
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	<u>\$ 1,652,806</u>	<u>\$ 1,094,403</u>	<u>\$ 2,747,209</u>	<u>\$ 507,445</u>	<u>\$ 24,363</u>	<u>\$ 3,279,017</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (295,402)	\$ (267,551)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	268,174	265,734
Amortization of right-of-use asset	10,446	10,015
Realized and unrealized gains on investments	(8,407)	(6,217)
Loss on disposal of assets	18,559	2,798
Decrease (increase) in:		
Accounts receivable	21,274	(36,427)
Increase (decrease) in:		
Accounts payable	(32,687)	43,149
Accrued expenses	4,555	33,700
Operating lease liabilities	(10,638)	(10,209)
Deferred revenue	(161,481)	(384,977)
Net cash used by operating activities	<u>(185,607)</u>	<u>(349,985)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(32,042)	(124,466)
Purchase of investments	(95,055)	(281,175)
Proceeds from sale of investments	<u>79,065</u>	<u>337,820</u>
Net cash used by investing activities	<u>(48,032)</u>	<u>(67,821)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(16,980)</u>	<u>(16,311)</u>
Net cash used by financing activities	<u>(16,980)</u>	<u>(16,311)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(250,619)	(434,117)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>395,635</u>	<u>829,752</u>
CASH AND CASH EQUIVALENTS - ENDING	\$ <u>145,016</u>	\$ <u>395,635</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 12,629	\$ 13,298

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 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 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. The governing board has designated, from net assets without donor restrictions, net assets for general expenditures and board designated endowment.

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:

- *Cash and equivalents*: Cash and equivalents consist of investments in money market funds, short-term investments and other securities with quoted prices in active markets, and are, therefore, classified as Level 1.
- *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.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

C. Fair Value Measurements (Continued)

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 2023 to 2024. 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.

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, 2024			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$115,412	\$ -	\$ -	\$115,412
Mutual funds	347,150	-	-	347,150
Funds held in investment pool at Stark Community Foundation	-	18,093	-	18,093
	<u>\$462,562</u>	<u>\$ 18,093</u>	<u>\$ -</u>	<u>\$480,655</u>
	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>

- 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.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

- 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 and amounted \$-0- and \$150,000 as of December 31, 2024 and 2023, respectively.
- F. 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.

The YMCA offers a variety of programs including exercise classes, swimming lessons, personal training, youth sports, child care, 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 child care, 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 child care revenue, program fees, and membership dues.

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.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

F. Revenue Recognition (Continued)

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, 2023 were \$15,537.

- 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.

- 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.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

- 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.
- N. Cash and Cash Equivalents – Cash and cash equivalents include all liquid instruments with original maturities of three months or less.
- 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. The YMCA has elected not to recognize leases with durations of twelve months or less as ROU assets and operating lease liabilities.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

- S. Reclassifications – Certain prior year amounts have been reclassified to conform to current year presentation.
- T. Subsequent Events – Management has performed an analysis of the activities and transactions subsequent to December 31, 2024, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2024. Management has performed their analysis through May 30, 2025, 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>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$145,016	\$395,635
Accounts receivable	<u>30,690</u>	<u>51,964</u>
	<u>\$175,706</u>	<u>\$447,599</u>

The YMCA has board-designated endowment funds and investments of \$18,093 and \$196,192, 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, 2024, 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% (9.27% and 8% at December 31, 2024, respectively).

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5. Long-Term Debt

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

	<u>2024</u>	<u>2023</u>
Note payable to a bank, due in monthly installments of \$2,467, including interest at 4.15% as of December 31, 2024 and 2023 secured by the assets of the YMCA, due November 2037.	\$290,057	\$307,037
Less current portion	<u>17,980</u>	<u>17,251</u>
	<u>\$272,077</u>	<u>\$289,786</u>

Future annual maturities of the note are as follows:

2025	\$ 17,980
2026	18,741
2027	19,533
2028	20,360
2029	21,221
Thereafter	<u>192,222</u>
	<u>\$290,057</u>

Note 6. Net Assets with Donor Restrictions

Net assets without donor restrictions as of December 31, 2024 and 2023 comprise the following:

	<u>2024</u>	<u>2023</u>
Undesignated	\$4,039,769	\$4,348,641
Board designated investments	196,192	189,158
Funds functioning as endowment	<u>18,093</u>	<u>11,840</u>
Total net assets without donor restrictions	<u>\$4,254,054</u>	<u>\$4,549,639</u>

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

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 6. Net Assets with Donor Restrictions (Continued)

Net assets with donor restrictions as of December 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Youth Development	\$ 5,000	\$ 2,959
Healthy Living	-	6,398
Facility	<u>5,358</u>	<u>818</u>
Total net assets with donor restrictions	<u>\$ 10,358</u>	<u>\$ 10,175</u>

Note 7. Endowment Fund

At December 31, endowment net assets are as follows:

	<u>2024</u> Without Donor Restrictions	<u>2023</u> Without Donor Restrictions
Endowment assets, January 1	\$ 11,840	\$ 9,238
Investment return, net	1,153	1,102
Contributions	<u>5,100</u>	<u>1,500</u>
Endowment assets, December 31	<u>\$ 18,093</u>	<u>\$ 11,840</u>

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.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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>2024</u>	<u>2023</u>
Special events revenue	\$ 30,915	\$ 26,157
Special events direct expenses	<u>(5,588)</u>	<u>(4,179)</u>
	<u>\$ 25,327</u>	<u>\$ 21,978</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>2024</u>	<u>2023</u>
Program fees	\$ 210,362	\$173,187
Less financial assistance provided	<u>(5,514)</u>	<u>(4,159)</u>
Program fees, net	<u>\$ 204,848</u>	<u>\$169,028</u>
Membership dues	\$1,008,182	\$959,210
Less financial assistance provided	<u>(105,839)</u>	<u>(109,042)</u>
Membership dues, net	<u>\$ 902,343</u>	<u>\$850,168</u>
Child care revenue	\$ 940,270	\$963,976
Less financial assistance provided	<u>(4,328)</u>	<u>(11,406)</u>
Child care revenue, net	<u>\$ 935,942</u>	<u>\$952,570</u>

Note 10. Operating Lease

The YMCA is obligated under an operating lease for office equipment, expiring in 2027. Lease expense amounted to \$11,916 for the years ended December 31, 2024 and 2023. Cash paid against the lease liability under these arrangements was \$12,108 in 2024 and 2023.

YMCA OF WESTERN STARK COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 10. Operating Lease (Continued)

The following table displays the undiscounted cash flows related to operating leases as of December 31, 2024, 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:

2025	\$ 12,108
2026	12,108
2027	<u>8,072</u>
Total undiscounted cash flows	32,288
Impact of present value discount	<u>(1,667)</u>
Total operating lease liabilities	<u>\$ 30,621</u>

As of December 31, 2024 and 2023, the weighted-average remaining lease term for the operating lease was 2.60 and 3.61 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, 2024 and 2023 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 \$47,816 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:

2025	\$ 47,916
2026	47,916
2027	47,916
2028	8,086
2029	100
Thereafter	<u>2,600</u>
	<u>\$154,534</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 \$68,545 and \$66,301 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023 were \$53,287 and \$42,168, 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.