

REPORT OF
BOONSLICK HEARTLAND YMCA, INC.
FOR THE YEAR ENDED
DECEMBER 31, 2019

BOONSLICK HEARTLAND YMCA, INC.

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GERDING, KORTE & CHITWOOD CPAS

Professional Corporation

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Boonslick Heartland YMCA, Inc.
Boonville, Missouri

We have audited the accompanying financial statements of the Boonslick Heartland YMCA, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2019, and the related statement of support, revenue, and expenses - modified cash basis, statement of functional expenses – modified cash basis and statement of cash flows - modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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.

PARTNERS

Fred W. Korte, Jr.
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Heidi N. Ross

PARTNER EMERITUS

Robert A. Gerding

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Boonslick Heartland YMCA, Inc. as of December 31, 2019, and its support, revenue, and expenses and cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Gerding, Korte & Chitwood, P.C.

March 13, 2020

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

BOONSLICK HEARTLAND YMCA, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
DECEMBER 31, 2019

ASSETS

Current Assets:	
Cash - restricted	\$ 369,744
Total Current Assets	<u>369,744</u>
Noncurrent Assets:	
Investments - unrestricted	126,860
Investments - restricted	24,957
Total Investments	<u>151,817</u>
Fixed assets not being depreciated:	
Land	<u>30,000</u>
Fixed assets being depreciated:	
Leasehold improvements	950,214
Equipment	670,217
	<u>1,620,431</u>
Less: accumulated depreciation	(856,666)
Total fixed assets being depreciated (net)	<u>763,765</u>
Total Noncurrent Assets	<u>945,582</u>
 Total Assets	 <u><u>\$ 1,315,326</u></u>

LIABILITIES

Current Liabilities	
Note payable	\$ 316,684
Total Current Liabilities	<u>316,684</u>
Long-Term Liabilities	
Note payable (net of current portion)	<u>22,481</u>
Total Long-Term Liabilities	<u>22,481</u>
Total Liabilities	<u>339,165</u>

NET ASSETS

Net Assets:	
Without donor restrictions	<u>976,161</u>
Total Net Assets	<u>976,161</u>
Total Liabilities and Net Assets	<u><u>\$ 1,315,326</u></u>

BOONSLICK HEARTLAND YMCA, INC.
STATEMENT OF SUPPORT, REVENUE AND EXPENSES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Net Assets Without Donor Restrictions:

Support and Program Revenue:

Support:

Contributions	\$ 329,807
City of Boonville contract	20,000
United Way and other support	59,467
Total Support	<u>409,274</u>

Program Revenue:

Membership dues	455,478
Programs	712,866
Other	26,369
Total Program Revenue	<u>1,194,713</u>
Total Support and Program Revenue	<u>1,603,987</u>

Expenses:

Program Services:

Youth sports	77,054
Aquatics	197,624
Other programs	768,534
Total Program Services	<u>1,043,212</u>

Fund-Raising	17,751
Management and general	245,690
Total expenses	<u>1,306,653</u>

Other Changes in Net Assets:

Investment income/(loss)	20,505
Total Other Changes in Net Assets	<u>20,505</u>

Change in Net Assets	317,839
Net assets, beginning of year	658,322
Net assets, end of year	<u>\$ 976,161</u>

BOONSLICK HEARTLAND YMCA, INC.
STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services					Management and General	
	Youth Sports	Aquatics	Other Programs	Total Program Services	Fund-Raising		Total
Salaries	\$ 5,814	\$ 59,054	\$ 549,933	\$ 614,801	\$ 10,561	\$ 95,053	\$ 720,415
Payroll taxes and benefits	420	7,430	37,132	44,982	2,248	20,230	67,460
Contracted services	8,294	123	12,452	20,869	-	10,888	31,757
Depreciation	13,636	34,089	13,636	61,361	-	6,817	68,178
Insurance	7,080	17,701	3,540	28,321	-	7,081	35,402
Interest	-	-	14,947	14,947	-	-	14,947
Miscellaneous	-	-	18,824	18,824	-	-	18,824
National YMCA support	-	-	-	-	-	34,536	34,536
Professional fees	-	-	1,900	1,900	-	9,020	10,920
Program expenses	9,485	1,128	87,946	98,559	-	-	98,559
Travel and conferences	-	-	8,448	8,448	-	12,104	20,552
Repair and maintenance	10,835	27,088	8,127	46,050	-	8,125	54,175
Office expenses	-	-	-	-	3,133	20,344	23,477
Telephone	1,809	1,809	1,809	5,427	1,809	1,811	9,047
Utilities	19,681	49,202	9,840	78,723	-	19,681	98,404
Total Expenses	\$ 77,054	\$ 197,624	\$ 768,534	\$ 1,043,212	\$ 17,751	\$ 245,690	\$ 1,306,653

BOONSLICK HEARTLAND YMCA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of Organization

The Boonslick Heartland YMCA, Inc. (the "Organization") establishes, develops and administers a "YMCA" to help persons develop Christian personalities and to aid in building a Christian society through the improvement of physical, mental, social, moral and educational conditions of persons who participate in Organization programs and the community served by this organization.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the modified cash basis of accounting, under which revenues are recorded when received and expenses are recorded when paid. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. If the Organization utilized the basis of accounting recognized as generally accepted, the financial statements would be presented on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," and Accounting Standards Update (ASU) No. 2016-14, Not-For-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities*.

D. Donor Restricted Contributions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

BOONSLICK HEARTLAND YMCA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Functional Allocation of Expenses

The Organization allocates functional expenses among program and supporting services. Expenses identified with a specific program or support service are allocated directly. Other expenses that are common to multiple functions are allocated between the functions based on time and effort. The following expenses pertain only to program services: interest, miscellaneous, and program expenses. National YMCA support and office expenses are allocated only to management, general, and fundraising. The remaining expenses are allocated between program services, fundraising, management and general based on time and effort.

I. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Compensated Absences

The Organization allows employees to accumulate paid time off up to a maximum amount based on years of service. Employees are allowed to cash out 50% of earned paid time off, if at least four weeks notice is given.

K. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

L. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

M. Restricted Assets

Restricted assets include cash and investments of the Organization that are restricted as to their use. The restricted assets are related to the endowment fund, equipment and maintenance.

BOONSLICK HEARTLAND YMCA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 - INVESTMENTS

At December 31, 2019, the Organization held the following investments:

	Carrying Amount
Common stocks and mutual funds	\$ 151,817
	<u>\$ 151,817</u>

Investment return during 2019 consisted of the following:

Interest and dividends	\$ 3,176
Net realized gains (losses) on investments reported at fair value	(155)
Net unrealized gains (losses) on investments reported at fair value	17,484
	<u>\$ 20,505</u>

NOTE 3 - AGREEMENT WITH CITY

The Organization has entered into an agreement with the City of Boonville, Missouri to provide for the continuation of various recreational programs for the benefit of the citizens of Boonville, Missouri from July 10, 2017 to January 31, 2020. Under the terms of the agreement, the Organization received \$20,000 for these services in 2019.

NOTE 4 - FACILITY LEASE

The Organization entered into a lease agreement dated February 5, 2019, with the City of Boonville to lease Johnston Field House for 3 years ending February 5, 2022 at the rate of \$2.00 per year. The Organization also provides certain benefits for city employees.

NOTE 5 - NOTES PAYABLE

On November 11, 2015, the Organization entered into a note payable to finance the purchase of fitness equipment. The amount borrowed was \$64,100 at an interest rate of 3.25%. Payments of \$1,427.48 were due monthly until November 15, 2019. In 2019, the Organization made principal payments of \$15,367. This lease was paid in full in 2019. Interest expense of \$254 was paid in 2019.

On July 14, 2017, the Organization entered into a note payable to finance the purchase of the Early Childhood Learning Center. The amount borrowed was \$320,000 at an interest rate of 4.19%. Payments of \$1,984.39 are due monthly until July 25, 2020 when the remaining principal is due. In 2019, the Organization made principal payments of \$11,043, leaving a balance of \$294,534. Interest of \$12,770 was paid in 2019.

BOONSLICK HEARTLAND YMCA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5 - NOTES PAYABLE (Continued)

On September 26, 2017, the Organization entered into a note payable to finance the purchase of fitness equipment. The amount borrowed was \$60,010 at an interest rate of 4.5%. Payments of \$1,120.70 are due monthly until October 6, 2022. In 2019, the Organization made principal payments of \$12,646, leaving a balance of \$34,620. Interest of \$1,923 was paid in 2019.

On March 1, 2019, the Organization entered into a line of credit agreement for up to \$30,100. The proceeds in 2019 were \$17,131 and amount repaid was \$7,119, leaving a balance of \$10,012 at December 31, 2019. The interest rate is 5%. Interest paid in 2019 was \$505.

The expected future payments for the notes are as follows:

Year Ended December 31,	Interest	Principal	Total
2020	\$ 8,542	\$ 316,684	\$ 325,226
2021	752	12,696	13,448
2022	183	9,785	9,968
Total	<u>\$ 9,477</u>	<u>\$ 339,165</u>	<u>\$ 348,642</u>

NOTE 6 - EMPLOYEE PENSION PLAN

The Organization participates in the YMCA Retirement Plan. The retirement plan is a tax-exempt, defined contribution, individual account, money purchase church pension plan that serves only YMCA's. The fund generally meets the qualification requirements of Section 401(a) of the Internal Revenue Code, and Tax-deferred Accounts generally meet the requirements of section 403(b) of the Code. The YMCA Retirement Plan is governed by the Constitution and the Bylaws of the Fund, and terms and conditions of the Plan, which are set in legal documents that are the final word on all aspects of the Plan's features and provisions. The Fund's Board of Trustees is independent and does not include any member of Fund management. Under the plan, the Organization elected to contribute seven percent of each eligible employee's salary. Retirement Plan expenses incurred by the Organization during 2019 were \$13,819.

NOTE 7 - RELATED PARTY TRANSACTIONS

During 2019 the Boonslick Heartland YMCA, Inc. had the following transactions with related parties:

The Organization has met all of the qualifications for membership in the National Council of YMCA's. The Organization paid \$34,536 to the YMCA of the USA for 2019.

BOONSLICK HEARTLAND YMCA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 8 - RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the YMCA carries commercial insurance.

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Organization maintains one bank account at two institutions. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. One account was fully insured at December 31, 2019 and one account was not fully insured at December 31, 2019.

NOTE 10 - NET ASSETS

The Organization is reporting net assets without donor restriction of \$976,161 at December 31, 2019. The Organization has no net assets with donor restriction at December 31, 2019. Net assets without donor restrictions are restricted by actions of the Board of Directors for the following purposes:

Investments for capital or operating expenses	\$ 24,957
Facility maintenance and improvements	299,807
Program expenses	69,937
	<u>\$ 394,701</u>

These restrictions are also accounted for as restricted assets on the Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis.

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization has adopted Accounting Standards Codification 820-10, *Fair Value Measurements and Disclosures* (ASC 820-10, formerly SFAS No. 157, *Fair Value Measurements*). ASC 820-10 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances.

That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to the unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

Level 1: Valuation is based upon unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

BOONSLICK HEARTLAND YMCA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Observable inputs may include interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3: Valuation is based on methodologies that are unobservable and significant to the fair value measure. These may be generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of valuation methodologies used for assets recorded at fair value:

Cash equivalents: Valued at cost, which approximates fair value.

Registered investment companies (mutual funds): Valued at quoted market process available on an active market which is based on the underlying net asset value (NAV) of shares held by the Organization at year-end.

Common Stocks: Valued at quoted market process available on an active market which is based on the underlying net asset value (NAV) of shares held by the Organization at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization 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 table below presents the Organization's assets measured at fair value on a recurring basis as of December 31, 2019 and December 31, 2018, aggregated by the level in the fair value hierarchy within which those measurements fall:

BOONSLICK HEARTLAND YMCA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds	\$ 82,745	\$ -	\$ -	\$ 82,745
Common stocks	69,072	-	-	69,072
Total	<u>\$ 151,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,817</u>
December 31, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds	\$ 66,889	\$ -	\$ -	\$ 66,889
Common stocks	64,614	-	-	64,614
Total	<u>\$ 131,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,503</u>

NOTE 12 – NEIGHBORHOOD ASSISTANCE PROGRAM

On December 28, 2018, the Organization received a copy of a fiscal year 2019 Neighborhood Assistance Program (NAP) Agreement from the Missouri Department of Economic Development. The NAP credit period is from January 1, 2019 to December 31, 2020 and is for \$500,000 of donations at a 70% NAP credit rate (\$350,000 in potential NAP credits to donors). The NAP funds will be used to renovate a 19,890 square foot facility in Glasgow, Missouri. As of December 31, 2019, NAP donations of \$276,114 had been received and are recognized as contributions on the Statement of Support, Revenue and Expenses – Modified Cash Basis.

NOTE 13 – LIQUIDITY AND AVAILABILITY

Financial assets available for expenditures within one year of the financial report date comprise the following:

Cash	\$ 369,744
Investments	126,860
	<u>\$ 496,604</u>

As part of the Organization's liquidity management plan, the Organization's cash is held in checking accounts at local financial institutions. The Organization also invests in mutual funds and equity securities.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 13, 2020, which is the date the financial statements are available to be issued. On August 24, 2018, the Organization entered into a real estate contract agreement to purchase property for \$160,000. The purchase is expected to be finalized in 2020. No other events requiring disclosure were identified as a result of this review.