

REPORT OF
BOONSLICK HEARTLAND YMCA, INC.
FOR THE YEAR ENDED
DECEMBER 31, 2020

BOONSLICK HEARTLAND YMCA, INC.

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INDEPENDENT AUDITOR'S REPORT

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, 2020, 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.

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, 2020, 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.

April 1, 2021

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, 2020

ASSETS

Current Assets:	
Cash - unrestricted	\$ 88,034
Cash - restricted	186,698
Total Current Assets	<u>274,732</u>
Noncurrent Assets:	
Investments - unrestricted	143,308
Investments - restricted	24,957
Total Investments	<u>168,265</u>
Fixed assets not being depreciated:	
Land	<u>30,000</u>
Fixed assets being depreciated:	
Leasehold improvements	1,150,813
Equipment	673,393
	<u>1,824,206</u>
Less: accumulated depreciation	<u>(927,259)</u>
Total fixed assets being depreciated (net)	<u>896,947</u>
Total Noncurrent Assets	<u>1,095,212</u>
 Total Assets	 <u><u>\$ 1,369,944</u></u>

LIABILITIES

Current Liabilities	
Notes payable	\$ 30,078
Total Current Liabilities	<u>30,078</u>
Long-Term Liabilities	
Note payable (net of current portion)	<u>286,559</u>
Total Long-Term Liabilities	<u>286,559</u>
Total Liabilities	<u>316,637</u>

NET ASSETS

Net Assets:	
Without donor restrictions	<u>1,053,307</u>
Total Net Assets	<u>1,053,307</u>
Total Liabilities and Net Assets	<u><u>\$ 1,369,944</u></u>

BOONSLICK HEARTLAND YMCA, INC.
STATEMENT OF SUPPORT, REVENUE AND EXPENSES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Assets Without Donor Restrictions:

Support and Program Revenue:

Support:

Contributions	\$ 155,435
City of Boonville contract	20,000
PPP loan forgiveness	156,968
United Way and other support	20,987
Total Support	<u>353,390</u>

Program Revenue:

Membership dues	399,613
Programs	684,553
Other	5,486
Total Program Revenue	<u>1,089,652</u>

Total Support and Program Revenue	<u>1,443,042</u>
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Expenses:

Program Services:

Youth sports	77,175
Aquatics	168,910
Other programs	863,485
Total Program Services	<u>1,109,570</u>

Fund-Raising	20,853
Management and general	253,663
Total expenses	<u>1,384,086</u>

Other Changes in Net Assets:

Investment income/(loss)	18,190
Total Other Changes in Net Assets	<u>18,190</u>

Change in Net Assets	77,146
Net assets, beginning of year	976,161
Net assets, end of year	<u>\$ 1,053,307</u>

BOONSLICK HEARTLAND YMCA, INC.
STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services					Management and General	
	Youth Sports	Aquatics	Other Programs	Total Program Services	Fund-Raising		Total
Salaries	\$ 16,615	\$ 51,982	\$ 554,338	\$ 622,935	\$ 13,394	\$ 120,542	\$ 756,871
Payroll taxes and benefits	2,204	3,676	40,107	45,987	3,187	28,687	77,861
Contracted services	4,903	-	14,648	19,551	-	7,422	26,973
Depreciation	14,119	35,297	14,119	63,535	-	7,059	70,594
Insurance	7,801	19,504	3,901	31,206	-	7,801	39,007
Interest	-	-	12,746	12,746	-	-	12,746
Miscellaneous	-	-	22,172	22,172	-	-	22,172
National YMCA support	-	-	-	-	-	13,313	13,313
Professional fees	-	-	-	-	-	9,890	9,890
Program expenses	7,235	175	186,476	193,886	-	-	193,886
Travel and conferences	-	-	148	148	-	6,779	6,927
Repair and maintenance	7,434	18,584	5,575	31,593	-	5,575	37,168
Office expenses	-	-	-	-	2,627	29,731	32,358
Telephone	1,645	1,645	1,645	4,935	1,645	1,645	8,225
Utilities	15,219	38,047	7,610	60,876	-	15,219	76,095
Total Expenses	<u>\$ 77,175</u>	<u>\$ 168,910</u>	<u>\$ 863,485</u>	<u>\$ 1,109,570</u>	<u>\$ 20,853</u>	<u>\$ 253,663</u>	<u>\$ 1,384,086</u>

BOONSLICK HEARTLAND YMCA, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities	
Change in net assets	\$ 77,146
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities -	
Depreciation	70,594
(Gains) losses on investments	<u>(16,448)</u>
Net cash provided by (used in) operating activities	<u>131,292</u>
 Cash Flows from Investing Activities	
Purchase of fixed assets	<u>(203,776)</u>
Net cash provided by (used in) investing activities	<u>(203,776)</u>
 Cash flows from Financing Activities	
Proceeds from the issuance of notes payable	290,788
Principal payments of notes payable	<u>(313,316)</u>
Net cash provided by (used in) financing activities	<u>(22,528)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	(95,012)
 Cash and cash equivalents, beginning of year	<u>369,744</u>
Cash and cash equivalents, end of year	<u><u>\$ 274,732</u></u>
 Supplemental Information:	
Interest Paid	<u><u>\$ 12,746</u></u>

BOONSLICK HEARTLAND YMCA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Contributed Services

During the year ended December 31, 2020, the Organization received donated services from a variety of unpaid volunteers assisting the Organization in its fund-raising and operations. No amounts have been recognized in the accompanying statement of support, revenue, and expenses – modified cash basis since they do not meet the criteria for recognition under SFAS No. 116, “Accounting for Contributions Received and Contributions Made.”

F. Income Taxes

The Organization is exempt from federal and state income tax under Section 501 (c)(3) of the Internal Revenue Code and is currently classified by the Internal Revenue Service as other than a private foundation.

While the Organization is generally exempt from income taxes, it is subject to taxes on unrelated trade or business income and excess lobbying expense. For the year ended December 31, 2020, the Organization did not incur taxes for unrelated trade or business income.

The Organization files a Form 990, *Return of Organization Exempt from Income Tax*, each year-end. The Organization’s tax returns are subject to examination by the Internal Revenue Service. Open tax years subject to examination include 2017-2020. Any interest or penalties incurred related to income tax filings are reported in other management and general expenses in the statement of support, revenue and expenses – modified cash basis.

G. Leasehold Improvements and Equipment

The Organization’s policy is to capitalize all acquisitions of equipment and leasehold improvements in excess of \$2,500 with estimated useful lives extending beyond one year. Acquisitions by purchase are capitalized at cost; acquisitions by donation are capitalized at the approximate fair value at the date of donation. Depreciation and amortization are computed under the straight-line method over estimated useful lives of five to forty years. Depreciation expense for the year ended December 31, 2020 was \$70,594.

BOONSLICK HEARTLAND YMCA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

NOTE 2 - INVESTMENTS

At December 31, 2020, the Organization held the following investments:

	Carrying Amount
Common stocks and mutual funds	\$ 168,085
	<u>\$ 168,085</u>

Investment return during 2020 consisted of the following:

Interest and dividends	\$ 3,389
Net realized gains (losses) on investments reported at fair value	1,240
Net unrealized gains (losses) on investments reported at fair value	13,561
	<u>\$ 18,190</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, 2021. Under the terms of the agreement, the Organization received \$20,000 for these services in 2020.

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 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%. This note was paid in full in 2020.

On July 21, 2020, the Organization entered into a note payable to refinance the note above for the purchase of ECLC. The amount borrowed was \$290,788 at an interest rate of 3.5%. Payments of \$1,686.51 are due monthly until August 21, 2027 and then payments of \$1,686.50 are due monthly until July 21, 2040. In 2020, the Organization made principal payments of \$4,388 and interest payments of \$4,045.

BOONSLICK HEARTLAND YMCA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020, the Organization made principal payments of \$11,118, leaving a balance of \$23,502. Interest of \$1,210 was paid in 2020.

On March 1, 2019, the Organization entered into a line of credit agreement for up to \$30,100. There was a balance of \$6,735 at December 31, 2020. The interest rate is 5%. Interest paid in 2020 was \$396.

The expected future payments for the notes are as follows:

Year Ended December 31,	Interest	Principal	Total
2021	\$ 10,344	\$ 30,078	\$ 40,422
2022	9,663	21,564	31,227
2023	9,097	11,141	20,238
2024	8,701	11,537	20,238
2025	8,291	11,947	20,238
2026-2030	34,769	66,421	101,190
2031-2035	22,087	79,103	101,190
2036-2040	7,044	84,846	91,890
Total	<u>\$ 109,996</u>	<u>\$ 316,637</u>	<u>\$ 426,633</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 2020 were \$27,730.

NOTE 7 - RELATED PARTY TRANSACTIONS

During 2020 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 \$13,313 to the YMCA of the USA for 2020.

BOONSLICK HEARTLAND YMCA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 two bank accounts at two institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Both accounts were fully insured at December 31, 2020.

NOTE 10 - NET ASSETS

The Organization is reporting net assets without donor restriction of \$1,053,307 at December 31, 2020. The Organization has no net assets with donor restriction at December 31, 2020. 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	186,698
	<u>\$ 211,655</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, 2020

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, 2020 and December 31, 2019, 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, 2020

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds	\$ 95,062	\$ -	\$ -	\$ 95,062
Common stocks	73,023	-	-	73,023
Total	<u>\$ 168,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,085</u>
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>

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, 2020, NAP donations of \$387,114 had been received. \$111,000 was received in 2020 and is 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	\$ 274,732
Investments	168,265
	<u>\$ 442,997</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 April 1, 2021, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

AUDIT COMMUNICATIONS LETTER OF

BOONSLICK HEARTLAND YMCA, INC.

DECEMBER 31, 2020

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

We have audited the financial statements of Boonslick Heartland YMCA, Inc. (the "YMCA") for the year ended December 31, 2020 and have issued our report thereon dated April 1, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 3, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the YMCA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of depreciation expense is based on the estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 1, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In planning and performing our audit of the financial statements of the YMCA as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the YMCA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the YMCA's internal control to be a significant deficiency:

Accounting Personnel/Segregation of Duties

The small number of accounting and clerical personnel of the Organization precludes the application of internal accounting control procedures possible in a larger organization.

This information is intended solely for the use of the Board of Directors of the YMCA and is not intended to be, and should not be, used by anyone other than these specified parties.

April 1, 2021

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