

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF  
NORTHERN UTAH  
(dba YMCA of NORTHERN UTAH)**

**FINANCIAL STATEMENTS  
WITH OMB CIRCULAR A-133 AUDIT REPORTS**

Year Ended December 31, 2012  
With Summarized Comparative Information for the  
Year Ended December 31, 2011

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

## Table of Contents

Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-19
Supplementary Information - Office of Management and Budget Circular A-133 Reports and Schedules	20
Schedule of Expenditures of Federal Awards	21-23
Notes to Schedule of Expenditures of Federal Awards	24
Independent Auditors' Report on Internal Control Over Financial Reporting Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government     Auditing Standards</i>	25-26
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133	27-28
Schedule of Findings and Questioned Costs	29-32



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### **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of the Young Men's Christian Association of Northern Utah

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Young Men's Christian Association of Northern Utah (a nonprofit organization) (the "YMCA"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 financial position of the YMCA as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2013, on our consideration of the YMCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the YMCA's internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

We have previously audited the YMCA's 2011 financial statements, and our report dated August 1, 2012, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Mayer Hoffman McCann P.C.  
Salt Lake City, Utah  
September 27, 2013

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 183,933	\$ 375,067
Grants and accounts receivable, less allowance for doubtful accounts (2012, \$8,400; 2011, \$3,527)	497,703	300,691
Contributions receivable, net	61,615	38,821
Prepaid expenses	7,681	3,664
Inventories	1,428	1,973
Investments	12,175	1,744
<b>TOTAL CURRENT ASSETS</b>	<u>764,535</u>	<u>721,960</u>
<b>NON-CURRENT ASSETS</b>		
Cash restricted to investment in property and equipment	412,836	-
Contributions receivable, less current portion	16,250	48,750
Interest in the Community Foundation of Utah	42,970	38,548
Property and equipment, net	1,301,096	1,396,063
Deposits	1,200	1,200
<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,774,352</u>	<u>1,484,561</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,538,887</u>	<u>\$ 2,206,521</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 28,984	\$ 25,807
Accrued expenses	76,247	52,237
Deferred revenue	2,390	6,381
<b>TOTAL CURRENT LIABILITIES</b>	<u>107,621</u>	<u>84,425</u>
DEFERRED RENT	<u>3,300</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>110,921</u>	<u>84,425</u>
<b>NET ASSETS</b>		
Unrestricted - undesignated	1,792,193	1,899,700
Unrestricted - designated	5,000	5,000
Temporarily restricted	597,719	184,342
Permanently restricted	33,054	33,054
<b>TOTAL NET ASSETS</b>	<u>2,427,966</u>	<u>2,122,096</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,538,887</u>	<u>\$ 2,206,521</u>

See Notes to Financial Statements

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2012 with Summarized Comparative Information for 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals 2012</u>	<u>Summarized Comparative Totals 2011</u>
<b>PUBLIC SUPPORT AND REVENUES</b>					
Contributions and grants	\$ 256,204	\$ 539,274	\$ -	\$ 795,478	\$ 454,961
Government contracts and grants	1,344,781	-	-	1,344,781	1,143,442
Program fees	694,037	-	-	694,037	556,233
Special events, net of direct donor benefits (2012, \$27,789; 2011, \$14,511)	68,365	-	-	68,365	82,305
In-kind contributions	976,131	-	-	976,131	1,005,964
Interest and dividend income	33	-	-	33	2,068
Unrealized and realized gain (loss) on investments, net	3,895	-	-	3,895	(1,418)
Change in interest in the Community Foundation of Utah	-	4,422	-	4,422	(70)
Other revenue	978	-	-	978	1,412
Net assets released from restrictions	130,319	(130,319)	-	-	-
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>3,474,743</u>	<u>413,377</u>	<u>-</u>	<u>3,888,120</u>	<u>3,244,897</u>
<b>EXPENSES</b>					
Program services	3,193,808	-	-	3,193,808	2,933,450
Supporting services					
Management and general	230,632	-	-	230,632	194,217
Fundraising	157,810	-	-	157,810	134,306
<b>TOTAL EXPENSES</b>	<u>3,582,250</u>	<u>-</u>	<u>-</u>	<u>3,582,250</u>	<u>3,261,973</u>
<b>CHANGE IN NET ASSETS</b>	(107,507)	413,377	-	305,870	(17,076)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,904,700</u>	<u>184,342</u>	<u>33,054</u>	<u>2,122,096</u>	<u>2,139,172</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,797,193</u>	<u>\$ 597,719</u>	<u>\$ 33,054</u>	<u>\$ 2,427,966</u>	<u>\$ 2,122,096</u>

See Notes to Financial Statements

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2012 with Summarized Comparative Information for 2011

	Total Program Services	Supporting Services		Totals 2012	Summarized Comparative Totals 2011
		Management and General	Fundraising		
Salaries and wages	\$ 1,347,129	\$ 151,795	\$ 120,662	\$ 1,619,586	\$ 1,406,344
Payroll taxes and benefits	208,280	25,501	16,968	250,749	205,797
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>1,555,409</b>	<b>177,296</b>	<b>137,630</b>	<b>1,870,335</b>	<b>1,612,141</b>
Rent	967,276	6,816	3,831	977,923	973,584
Professional fees	49,034	20,990	2,177	72,201	59,596
Food	146,583	1,741	929	149,253	109,460
Depreciation and amortization	114,609	4,476	-	119,085	116,583
Program supplies	58,244	60	14	58,318	49,380
Printing and advertising	33,868	1,506	1,749	37,123	53,931
Transportation	39,386	-	25	39,411	33,233
Office supplies	17,540	1,692	1,454	20,686	18,027
Equestrian program	22,914	-	-	22,914	21,091
Insurance	21,029	763	260	22,052	21,846
Postage	5,934	1,053	205	7,192	11,190
Travel	21,284	1,547	882	23,713	23,514
Admission fees	23,422	-	300	23,722	22,810
Telephone services	10,779	1,863	1,363	14,005	15,281
Utilities	19,510	-	30	19,540	20,371
Seminars and meetings	13,427	155	918	14,500	24,085
Program equipment	13,837	26	-	13,863	20,327
YUSA support	13,342	1,512	868	15,722	8,501
Bank charges	6,879	5,396	1,675	13,950	11,818
Repairs and maintenance	7,959	-	-	7,959	19,319
Bad debt	22,661	-	2,961	25,622	4,789
Licenses and permits	6,295	513	15	6,823	4,898
Awards and recognition	2,240	1,612	421	4,273	3,318
Dues	347	1,615	50	2,012	2,608
Miscellaneous	-	-	53	53	272
<b>TOTAL OTHER EXPENSES</b>	<b>1,638,399</b>	<b>53,336</b>	<b>20,180</b>	<b>1,711,915</b>	<b>1,649,832</b>
<b>TOTAL EXPENSES</b>	<b>\$ 3,193,808</b>	<b>\$ 230,632</b>	<b>\$ 157,810</b>	<b>\$ 3,582,250</b>	<b>\$ 3,261,973</b>

See Notes to Financial Statements

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2012 and 2011

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 305,870	\$ (17,076)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	119,085	116,583
Bad debt	25,622	4,789
Realized and unrealized (gain) loss on investments	(3,895)	1,418
Change in interest in the Community Foundation of Utah	(4,422)	70
Donation of property and equipment	-	(2,500)
Donation of investments	(45,184)	(9,215)
(Increase) decrease in operating assets:		
Grants and accounts receivable, net	(219,181)	66,059
Contributions receivable, net	6,253	(51,142)
Prepaid expenses	(4,017)	1,603
Inventories	545	(1,011)
Increase (decrease) in operating liabilities:		
Accounts payable	3,177	(27,026)
Accrued expenses	24,010	34,084
Deferred revenue	(3,991)	37
Deferred rent	3,300	-
Contributions restricted for long-term purposes:		
Investment in property and equipment	(437,836)	-
Proceeds from sale of donated stock	14,912	9,215
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(215,752)</b>	<b>125,888</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(24,118)	(23,426)
Purchase and redemption of assets restricted for investment in property and equipment	(387,836)	-
Purchase of investments	(33)	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(411,987)</b>	<b>(23,426)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from sale of investments restricted for long-term purposes:		
Investment in property and equipment	23,769	-
Collections of contributions restricted for long-term purposes:		
Investment in property and equipment	412,836	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>436,605</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(191,134)</b>	<b>102,462</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>375,067</b>	<b>272,605</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 183,933</b>	<b>\$ 375,067</b>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
In-kind contributions:		
Property and equipment	\$ -	\$ 2,500
Investments	<b>\$ 45,184</b>	<b>\$ 9,215</b>

See Notes to Financial Statements



# YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

## NOTES TO FINANCIAL STATEMENTS

### ( 1 ) Summary of significant accounting policies

**Nature of operations** – The mission of the Young Men's Christian Association of Northern Utah (the "YMCA") is "to provide our communities with experiences that build strong kids, strong families, and strong communities." It is driven by community need, guided by community volunteers, and open to all. In all programs, the YMCA builds values of caring, honesty, respect and responsibility. The YMCA's vision is to be the leader in understanding and meeting the communities' needs by developing and adapting high quality programs and experiences that provides value to children, adults and families. The YMCA accomplishes its mission and vision through the following programs:

The YMCA's Camp Roger is a non-denominational residential camp for boys and girls ages seven through seventeen located on 40-acres in the Uinta Mountains. The children are taught the values of caring, honesty, respect and responsibility throughout their stay while participating in a variety of camp activities. Camp Roger gives children an opportunity to learn new skills, build confidence and develop independence.

Extended school programs provide enrichment with a safe, supervised and fun place to be after school for children ages five through twelve. The YMCA offers programs at 19 different schools/locations in Salt Lake and Weber Counties. The enrichment programs offer homework help, snacks and structured activities each day. Activities include academics, sports, music, creativity, science, games, arts and crafts, teambuilding and more. Each extended school program helps children gain the skills necessary to become successful teenagers and adults.

The YMCA Community Family Center (the "Center") allows the YMCA, schools and cities to work together to better understand and adapt to the communities' needs. The Center serves all individuals in the community through programs specific for children, teens, adults and families. Participants at the Center are taught the importance of youth development, healthy living and social responsibility. The Center adapts to the needs of the communities on a continual basis to ensure that the communities' needs are being met.

The YMCA believes that no family should be turned away for inability to pay, so scholarships and financial assistance are available in all YMCA programs.

**Basis of presentation** – The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under FASB ASC 958-205, the YMCA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are those whose use by the YMCA can be for any purpose to support the YMCA. Temporarily restricted net assets are those whose use by the YMCA has been limited by donors to a specific time period, purpose, or both. Permanently restricted net assets have been restricted by donors to be maintained by the YMCA in perpetuity.

The YMCA has elected to treat all temporarily restricted contributions in which the restrictions are met in the current year as unrestricted contributions.

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

## NOTES TO FINANCIAL STATEMENTS

### ( 1 ) Summary of significant accounting policies (continued)

**Prior year summarized comparative information** – The financial statements include certain prior year summarized comparative information in total. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Accordingly, such information should be read in conjunction with the YMCA’s financial statements for the year ended December 31, 2011, from which the summarized comparative information was derived.

**Reclassifications** – Certain balances for the year ended December 31, 2011 have been reclassified to make them consistent with the current year presentation. The reclassifications had no effect on the change in net assets for 2011.

**Use of estimates** – The preparation of financial statements in conformity with U.S. 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.

**Cash and cash equivalents** – The YMCA considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes are not considered cash and cash equivalents for the purposes of the statement of cash flows.

**Grants and accounts receivable** – Grants and accounts receivable are recorded at the invoiced amount and do not bear interest. An allowance for doubtful accounts is recorded when the YMCA determines, based on historical experience and collection efforts, that an account is uncollectible. The YMCA reviews its allowance for doubtful accounts periodically. Account balances are charged off after all means of collection have been exhausted and the potential for recovery is considered remote.

**Contributions receivable** – Contributions receivable that are to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, contributions receivable are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the contribution receivable is based upon management’s assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the YMCA’s past collection experience and its policies concerning the enforcement of contributions receivable, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable’s collectability. Amortization of the discount is recorded as temporarily restricted contributions in the statement of activities. The YMCA uses the allowance method to determine uncollectible contributions. The allowance is based on historical experience and management’s analysis of specific balances.

**Inventories** – Inventories are stated at the lower of cost or market, and consist of miscellaneous camp merchandise purchased for resale to camp participants. Cost is determined using the first-in, first-out method. Market is based upon realizable value.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

NOTES TO FINANCIAL STATEMENTS

( 1 ) Summary of significant accounting policies (continued)

**Investments** – Investments are stated at estimated fair value. Realized and unrealized gains and losses, interest, and dividends on investments are recorded as unrestricted unless such amounts are restricted by the donor or by law. Investments received as gifts are recorded at the estimated fair market value at the date of the gift.

**Interest in the Community Foundation of Utah** – Amounts reported as interest in the Community Foundation of Utah (“CFU”) represent the net cumulative transfers by the YMCA to the CFU, as well as earnings thereon. The CFU holds and invests the funds on behalf of the YMCA. The CFU has variance power to modify any restriction or condition on the distribution of funds if, at the sole discretion of the CFU, the specified charitable purpose becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

**Property and equipment** – The YMCA capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are stated at cost less accumulated depreciation and amortization, or if acquired by gift, at estimated fair market value at the date of the gift.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is recognized. Maintenance and repairs which neither materially add to the value of the property and equipment nor appreciably prolong its life are expensed as incurred.

Depreciation of property and equipment and amortization of leasehold improvements are computed using the straight-line method based on the shorter of the estimated useful lives or lease terms of the assets as follows:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings	10 – 40 years
Leasehold improvements	15 – 25 years
Camp equipment	5 – 10 years
Office furniture and equipment	3 – 7 years
Vehicles	5 years
Software	3 years

**Long-lived assets** – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges were recorded during the years ended December 31, 2012 and 2011.

**Public support and revenues** – The YMCA derives its revenues from program fees, government contracts and grants, contributions and grants, and miscellaneous sources. Camping and program revenue is recognized in the period to which the service or activity relates.

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

## NOTES TO FINANCIAL STATEMENTS

### ( 1 ) Summary of significant accounting policies (continued)

The YMCA conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable objective means exists to demonstrate otherwise, the fair market value of meals and entertainment provided at special events is measured at actual cost to the YMCA. The direct costs of the special events, which ultimately benefit the donor rather than the YMCA, are recorded as costs of direct donor benefits.

Grants and other contributions of cash and other assets are reported at fair value at the date the written promise to give is received. Conditional promises to give or indications of intentions to give are not reported until the condition(s) are met. Restricted gifts are recorded as revenue when cash is received or a written promise is given by a donor.

Contributions of donated noncash assets are recorded at their fair market values when received. A substantial number of volunteers have donated significant amounts of time and services to the YMCA's program operations and fund-raising efforts. However, such contributed services do not meet the criteria for recognition of contributed services contained in U.S. GAAP and, accordingly, are not reflected in the accompanying financial statements. Other contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair market values when received.

**Deferred revenue** – Deferred revenue consists of tuition payments and camp user deposits received during the current year for services to be provided by the YMCA in the next year.

**Functional allocation of expenses** – The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area to which they pertain. Indirect costs are charged to programs and supporting services based on estimates made by management taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the YMCA.

**Income taxes** – The YMCA is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The YMCA does not believe it has any material uncertain tax positions. The YMCA's 2009 and future tax returns, though not currently under audit, are subject to examination by both the Internal Revenue Service and applicable state tax commissions.

**Fair value measurements** – FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. 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 unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the YMCA has the ability to access.

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

## NOTES TO FINANCIAL STATEMENTS

### ( 1 ) Summary of significant accounting policies (continued)

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Advertising** – Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2012 and 2011 was \$29,106 and \$42,961, respectively. Advertising expenses are included in printing and advertising on the Statement of Functional Expenses.

**Recently adopted accounting pronouncements** – The following accounting pronouncements were recently adopted by the YMCA.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards*. ASU No. 2011-04 provides a consistent definition of fair value to ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU No. 2011-04 does not extend the use of fair value, but rather provides additional disclosure guidance about the application of fair value in those areas where fair value is already required or permitted, especially for Level 3 fair value measurements. ASU No. 2011-04 is effective for the first reporting period beginning after December 15, 2011. The YMCA adopted ASU No. 2011-04 during 2012. There was no significant impact on the financial statements.

In October 2012, the FASB issued ASU No. 2012-05, *Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale of Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which requires not-for-profit entities to classify cash receipts from the sale of donated financial assets as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. ASU No. 2012-05 is effective for fiscal years beginning after June 15, 2013, with early adoption permitted. The YMCA adopted ASU No. 2012-05 during 2012. There was no significant impact on the financial statements.

**New accounting pronouncements** – The following accounting pronouncements were recently issued by the FASB.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**

**NOTES TO FINANCIAL STATEMENTS**

**( 1 ) Summary of significant accounting policies (continued)**

In April 2013, the FASB issued ASU No. 2013-06, *Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate*, which requires not-for-profit entities to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services unless this amount would significantly overstate or understate the value of the service received, in which case the recipient not-for-profit entity may elect to recognize that service received at either the cost recognized by the affiliate or the fair value of the service. ASU No. 2013-06 is effective for fiscal years beginning after June 15, 2014. A recipient not-for-profit entity may apply the amendments using a modified retrospective approach under which all prior periods presented upon the date of adoption should be adjusted, but no adjustment should be made to the beginning balance of net assets to the earliest period presented. Early adoption is permitted. The adoption of ASU No. 2013-06 is not expected to have a significant impact on the YMCA's financial statements.

**( 2 ) Contributions receivable**

Contributions receivable consisted of the following as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Amounts due in:		
Less than one year	\$ 61,615	\$ 39,345
Between one and five years	16,250	48,750
Total contributions receivable	<u>77,865</u>	<u>88,095</u>
Less allowance for uncollectible pledges	-	(524)
Contributions receivable, net	<u>\$ 77,865</u>	<u>\$ 87,571</u>

**( 3 ) Investments**

Investments, carried at fair value, consisted of common stock of \$12,175 and \$1,744 as of December 31, 2012 and 2011, respectively.

Investment income for the years ended December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 33	\$ 2,068
Net realized gain (loss)	3,046	(53)
Net unrealized gain (loss)	849	(1,365)
Total	<u>\$ 3,928</u>	<u>\$ 650</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

NOTES TO FINANCIAL STATEMENTS

( 3 ) **Investments (continued)**

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that market fluctuations in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

( 4 ) **Property and equipment**

Property and equipment consisted of the following as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Cost		
Buildings	\$ 1,520,652	\$ 1,520,652
Leasehold improvements	292,777	278,457
Camp equipment	205,359	202,939
Office furniture and equipment	75,030	72,391
Vehicles	52,973	52,973
Software	17,764	13,026
Total cost	<u>2,164,555</u>	<u>2,140,438</u>
Less accumulated depreciation and amortization	<u>(863,459)</u>	<u>(744,375)</u>
Property and equipment, net	<u>\$ 1,301,096</u>	<u>\$ 1,396,063</u>

Depreciation and amortization expense was \$119,085 and \$116,583 for the years ended December 31, 2012 and 2011, respectively.

During 2008, the YMCA entered into a collaboration agreement with the Granite School District ("Granite") whereby the YMCA agreed to construct a facility on land owned by Granite for the purposes of providing academic enrichment and other activities. The agreement covers the period from June 2009 through May 2014, and automatically renews in one-year increments at the end of the initial term. Either party may terminate the agreement by giving written notice of such termination 180 days prior to the next annual renewal date. The net book value of the building was \$432,126 as of December 31, 2012 and is being depreciated over the 30 year expected term of the agreement, including expected renewals.

The YMCA entered into a similar collaboration agreement during 2011 whereby the YMCA agreed to construct a facility on land owned by the Ogden City School District. Construction is anticipated to begin in 2014.

( 5 ) **Board designated net assets**

Board designated net assets consisted of board designated endowment funds of \$5,000 as of December 31, 2012 and 2011.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**

**NOTES TO FINANCIAL STATEMENTS**

**( 6 ) Temporarily restricted net assets**

Temporarily restricted net assets consisted of cash, accounts receivable and unappropriated earnings on permanent endowments as of December 31, 2012 and 2011 that are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Capital campaign	\$ 437,836	\$ -
Extended school programs	148,217	162,454
Camp Roger	9,916	12,098
Community Family Center	1,750	9,790
Total temporary restricted net assets	<u>\$ 597,719</u>	<u>\$ 184,342</u>

**( 7 ) Permanently restricted net assets**

Permanently restricted net assets consisted of the Tom E. and Nancy A. Nissalke Camp Fund. The permanently restricted net assets balance was \$33,054 as of December 31, 2012 and 2011.

**( 8 ) Endowment**

The YMCA's endowment includes both donor-restricted endowment and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The YMCA has contracted the CFU to manage the endowment funds. The CFU participates in determining how funds should be invested and the distribution approval process.

**Interpretation of relevant law** - The Board of Directors of the YMCA has interpreted the Uniform Prudent Management of Institutional Funds Act law ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the YMCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:



**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**

**NOTES TO FINANCIAL STATEMENTS**

**( 8 ) Endowment (continued)**

- (1) The duration and preservation of the fund
- (2) The purposes of the YMCA and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the YMCA
- (7) The investment strategy of the YMCA

Endowment net asset composition by type of fund as of December 31, 2012, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 4,914	\$ 33,054	\$ 37,968
Board-designated endowment funds	5,000	-	-	5,000
Total endowment net assets	<u>\$ 5,000</u>	<u>\$ 4,914</u>	<u>\$ 33,054</u>	<u>\$ 42,968</u>

Changes in endowment net assets for the year ended December 31, 2012, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 5,000	\$ 494	\$ 33,054	\$ 38,548
Investment return:				
Investment income	-	913	-	913
Net appreciation (realized and unrealized)	-	3,507	-	3,507
Total investment return	-	4,420	-	4,420
Endowment net assets, end of year	<u>\$ 5,000</u>	<u>\$ 4,914</u>	<u>\$ 33,054</u>	<u>\$ 42,968</u>

**Funds with deficiencies** – It is possible that the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable state law requires the YMCA to retain as a fund of perpetual duration. There were no deficiencies reported as of December 31, 2012 and 2011.

**Return objectives and risk parameters** – The YMCA attempts to maximize long-term gains with an acceptable level of risk and to provide funding for special projects consistent with the

YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

NOTES TO FINANCIAL STATEMENTS

( 8 ) **Endowment (continued)**

mission of the YMCA or to act as an emergency funding source. Endowment assets include those assets of donor-restricted funds that the YMCA must hold in perpetuity or for donor-specified periods. The endowment assets are invested in a manner that is intended to maximize return with reasonable risk.

**Strategies employed for achieving objectives** - To satisfy its long-term rate-of-return objectives, the YMCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

**Spending policy and how the investment objective relates to spending policy** – Distribution of endowment funds are approved by the Board of Directors and the CFU and made when deemed appropriate. Distributions from the endowment account will be made when other funding is not available and in accordance with the endowment purpose. This is consistent with the YMCA's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. There were no amounts appropriated for expenditures during the years ended December 31, 2012 and 2011.

( 9 ) **Operating leases**

YMCA leases office space and equipment under noncancelable operating leases. Future aggregate minimum lease payments under existing noncancelable leases as of December 31, 2012, are as follows:

Years Ending December 31,

2013	\$	32,951
2014		34,309
2015		27,866
2016		12,200
2017		<u>11,000</u>
Total future minimum lease payments	\$	<u>118,326</u>

The YMCA also has agreements with various school districts for free use of facilities and the YMCA records in-kind rent expense equal to the fair market value for use of the facilities. Total rent expense was \$977,923 and \$973,584 for the years ended December 31, 2012 and 2011, respectively.

The YMCA entered into a 20-year special use permit with the USDA Forest Services to use land for Camp Roger in 1999. The permit fees due each year vary and are dependent upon the number of campers that attend Camp Roger each year. The amount paid under this agreement was \$9,604 and \$7,320 for the years ended December 31, 2012 and 2011, respectively.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**

**NOTES TO FINANCIAL STATEMENTS**

**( 10 ) Retirement plan**

The YMCA participates in a defined contribution, individual account and money purchase retirement plan, which is administered by the Young Men's Christian Association Retirement Fund ("YMCA Retirement Fund"), a separate corporation organized under the laws of the state of New York.

The YMCA Retirement Fund is for the benefit of all eligible professional and nonprofessional staff of the YMCA who qualify under the participation requirements. Each participating employee may contribute monthly to the YMCA Retirement Fund. The YMCA is required to contribute monthly to the YMCA Retirement Fund regular payments equal to a percentage of each participating employee's monthly compensation. Currently, the percentage is 12.00%. The YMCA contributed \$53,705 and \$36,873 to the YMCA Retirement Fund on behalf of its employees during the years ended December 31, 2012 and 2011, respectively.

**( 11 ) In-kind donations**

During the years ended December 31, 2012 and 2011, the YMCA received the following non-cash donations of materials, services and free use of facilities that have been reflected in the accompanying financial statements:

	<u>2012</u>	<u>2011</u>
Rent	\$ 948,658	\$ 949,868
Food	11,739	7,636
Supplies and equipment	10,065	6,770
Admission fees	2,930	7,389
Printing and advertising	1,530	16,083
Trainings and travel	894	12,940
Professional fees	280	1,550
Repairs and maintenance	35	3,728
Total non-cash donations	<u>\$ 976,131</u>	<u>\$ 1,005,964</u>

The use of facilities and land has been donated by various school districts in which the YMCA's extended school programs operate. Amounts have been recognized as revenues and expenses in the accompanying financial statements for the fair market value of the donated facilities. The noncash donations were made for the purpose of supporting and running the Camp Roger, extended school programs and the Community Family Center.

**( 12 ) Concentrations**

The YMCA maintains cash and cash equivalents balances in financial institution accounts, which at times may exceed the federally insured limits of \$250,000 set by the Federal Deposit Insurance Corporation. The YMCA has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances.

The YMCA receives significant support from government agencies. These government contracts and grants account for 35% of public support and revenues for each of the years ended December 31, 2012 and 2011.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**

**NOTES TO FINANCIAL STATEMENTS**

**( 12 ) Concentrations (continued)**

Grants and accounts receivable included three significant grants, which represented approximately 48% of the grants and accounts receivable balance as of December 31, 2012. As of December 31, 2011, there were three significant grants which represented approximately 46% of the grants and accounts receivable balance.

**( 13 ) Fair value measurements**

The following tables summarize the YMCA's assets measured at fair value on a recurring basis as of December 31, 2012 and 2011:

	<b>Assets at Fair Value as of December 31, 2012</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common stock	\$ 12,175	\$ -	\$ -	\$ 12,175
Interest in Community Foundation of Utah	-	-	42,970	42,970
<b>Total</b>	<b>\$ 12,175</b>	<b>\$ -</b>	<b>\$ 42,970</b>	<b>\$ 55,145</b>

	<b>Assets at Fair Value as of December 31, 2011</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common stock	\$ 1,744	\$ -	\$ -	\$ 1,744
Interest in Community Foundation of Utah	-	-	38,548	38,548
<b>Total</b>	<b>\$ 1,744</b>	<b>\$ -</b>	<b>\$ 38,548</b>	<b>\$ 40,292</b>

The interest in the CFU is valued at the net asset value ("NAV") as provided by the CFU. The NAV is used as a practical expedient to estimating fair value. The NAV is based on the fair value of the underlying investments. The practical expedient is not used when it is determined to be probable that the CFU will sell the investment for an amount different than the reported NAV.

In accordance with FASB ASC 820, the YMCA is required to disclose the nature and risks of the investments reported at NAV. The following tables summarize the nature and risk of these investments as of December 31, 2012 and 2011.

	<b>December 31, 2012</b>			
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice</b>
Interest in the Community Foundation of Utah	\$ 42,970	\$ -	Annually	None

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**

**NOTES TO FINANCIAL STATEMENTS**

**( 13 ) Fair value measurements (continued)**

	<b>December 31, 2011</b>			
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice</b>
Interest in the Community Foundation of Utah	\$ 38,548	\$ -	Annually	None

The underlying investments of the interest in the CFU include mutual funds that seek long-term capital appreciation. Based on the uncertainty of the future date of redemption as redemptions are allowed on an annual basis, the YMCA has classified the interest in the CFU as a Level 3 financial instrument.

The following table presents information about recurring fair value measurements that use significant unobservable inputs (Level 3 measurements):

	<b>2012</b>	<b>2011</b>
Beginning balance	\$ 38,548	\$ 38,618
Purchases	915	1,283
Unrealized gain (loss)	3,507	(1,353)
Ending balance	<u>\$ 42,970</u>	<u>\$ 38,548</u>

**( 14 ) Related party transactions**

Annual dues are paid to YUSA, which were \$15,722 and \$8,501 for the years ended December 31, 2012 and 2011, respectively.

**( 15 ) Subsequent events**

The YMCA has evaluated subsequent events through September 27, 2013, which is the date these financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**OFFICE OF MANAGEMENT AND BUDGET  
CIRCULAR A-133 REPORTS AND SCHEDULES**

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended December 31, 2012

Federal and State Grantors/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Passed-Through the Utah State Office of Education			
Child and Adult Care Food Program			
Camp Program	10.558		\$ 5,570
After School Snacks Program	10.558		93,405
Total Passed-Through the Utah State Office of Education			<u>98,975</u>
<b>Total U.S. Department of Agriculture</b>			<u><b>98,975</b></u>
<b>U.S. Department of Education</b>			
Passed-Through the Utah State Office of Education			
Twenty-First Century Community Learning Centers			
Ogden School District - V.I.P. (Victory in Participating)	84.287	14763	185,855
Project Excel	84.287	15256	217,609
TEAM	84.287	110047	187,087
Ogden United	84.287	130016	100,684
Mini-Grants	84.287	110107	14,692
Mini-Grants	84.287	120098	2,262
Mini-Grants	84.287	120156	3,000
Total Passed-Through the Utah State Office of Education			<u>711,189</u>
Passed-Through Granite School District			
Twenty-First Century Community Learning Centers			
Redwood Elementary	84.287		21,470
Total Passed-Through Granite School District			<u>21,470</u>
Passed-Through Weber School District			
Twenty-First Century Community Learning Centers			
Washington Terrace Elementary	84.287		43,325
Total Passed-Through Weber School District			<u>43,325</u>
Passed-Through Ogden School District			
Twenty-First Century Community Learning Centers			
Md. Fort SCOPE	84.287		41,747
Total Passed-Through Ogden School District			<u>41,747</u>
Passed-Through Ogden School District			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		16,100
Total Passed-Through Ogden School District			<u>16,100</u>
Passed-Through Ogden School District			
Title I Grants to Local Educational Agencies	84.010		13,168
Total Passed-Through Ogden School District			<u>13,168</u>
<b>Total U.S. Department of Education</b>			<u><b>846,999</b></u>

See Notes to Schedule of Expenditures of Federal Awards

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

Year Ended December 31, 2012

<b>Federal and State Grantors/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Health and Human Services</b>			
Passed-Through the Utah Department of Workforce Services			
Temporary Assistance for Needy Families			
Safe Passages - Md. Fort (11-12)	93.558	102526	32,195
Safe Passages - Mt. Ogden (11-12)	93.558	102522	35,577
Safe Passages - Sand Ridge (11-12)	93.558	102523	32,054
Safe Passages Ill Eisenhower/Eisenhower	93.558	120754	62,815
Total Safe Passage grants			<u>162,641</u>
ASPIRE - TO Smith (11-12)	93.558	130131	19,475
ASPIRE - Redwood (11-12)	93.558	130132	12,524
ASPIRE - Polk (11-12)	93.558	130133	16,387
ASPIRE - Lincoln (11-12)	93.558	130134	24,101
ASPIRE - Fremont (11-12)	93.558	130135	13,959
ASPIRE - Foxhills (11-12)	93.558	130136	11,481
Total ASPIRE grants			<u>97,927</u>
Total Temporary Assistance for Needy Families Grants			<u>260,568</u>
Child Care and Development Block Grants			
Youth Connections - Fremont (11-12)	93.575	112527	13,536
Youth Connections - Lincoln (11-12)	93.575	112528	16,082
Youth Connections - T.O. Smith (11-12)	93.575	112526	15,187
Youth Connections - West Ogden (11-12)	93.575	112529	15,956
Total Child Care and Development Block Grants			<u>60,761</u>
Total Passed-Through the Utah Department of Workforce Services			<u>321,329</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>321,329</u></b>
<b>U.S. Department of Housing and Urban Development</b>			
Passed-Through Salt Lake City Corporation			
Community Development Block Grants (2011-2012)	14.218		1,969
Community Development Block Grants (2012-2013)	14.218		6,440
Total Passed-Through Salt Lake City Corporation			<u>8,409</u>
Passed-Through Salt Lake County			
Social Services Block Grants	93.667		17,376
Total Passed-Through Salt Lake County			<u>17,376</u>
Passed-Through Taylorsville			
Community Development Block Grants (2012-2013)	14.218		4,988
Community Development Block Grants (2012-2013)	14.218		14,000
Total Passed-Through Taylorsville			<u>18,988</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>44,773</u></b>

See Notes to Schedule of Expenditures of Federal Awards



**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

Year Ended December 31, 2012

<b>Federal and State Grantors/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Center for Disease Control</b>			
Passed-Through the YMCA USA			
CDC - Investigations, Technical Assistance	93.283		<u>5,765</u>
Total Passed-Through the YMCA USA			<u>5,765</u>
<b>Total U.S. Center for Disease Control</b>			<u><b>5,765</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 1,317,841</b></u>

See Notes to Schedule of Expenditures of Federal Awards

## YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**( 1 ) Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Young Men's Christian Association of Northern Utah (the "YMCA") under programs of the federal government for the year ended December 31, 2012. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the YMCA, it is not intended to and does not present the financial position, changes in net assets or cash flows of the YMCA.

**( 2 ) Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.



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### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of the Young Men's Christian Association of Northern Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Young Men's Christian Association of Northern Utah (a nonprofit organization) (the "YMCA"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2013.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the YMCA's internal control over financial reporting ("internal control") to determine the 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 YMCA's internal control. Accordingly, we do not express an opinion on the effectiveness of the YMCA's internal control.

*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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. See Finding 2012-01.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the YMCA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **YMCA's Response to Findings**

The YMCA's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. YMCA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the YMCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the YMCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mayer Hoffman McCann P.C.  
Salt Lake City, Utah  
September 27, 2013



## **Mayer Hoffman McCann P.C.**

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### **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of the Young Men's Christian Association of Northern Utah

#### **Report on Compliance for Each Major Federal Program**

We have audited the Young Men's Christian Association of Northern Utah's (the "YMCA") compliance with the types of compliance requirements described in the *Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the YMCA's major federal programs for the year ended December 31, 2012. The YMCA's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the YMCA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the YMCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the YMCA's compliance.

#### **Opinion on Each Major Federal Program**

In our opinion, the YMCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

## Report on Internal Control Over Compliance

Management of the YMCA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the YMCA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the YMCA's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mayer Hoffman McCann P.C.*

Mayer Hoffman McCann P.C.  
Salt Lake City, Utah  
September 27, 2013

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.287	Twenty-First Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year Ended December 31, 2012

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Finding/Program	Findings/Noncompliance
<b>Finding 2012-01</b>	<p><b>Finding Description:</b> Year-end closing process</p> <p><b>Reporting Requirement:</b> Significant Deficiency</p> <p><b>Criteria:</b> The YMCA should record journal entries throughout the year to appropriately account for transactions in its general ledger. The YMCA should also record accruals to accurately reflect the financial position and changes in net assets as of the end of the year. Account balances in the general ledger should be reviewed and reconciled regularly and evidence of this review should be retained by the YMCA.</p> <p><b>Condition and Context:</b> There were various general ledger accounts that were either not reconciled by management or that had not been reconciled correctly as part of the year-end closing process. Various general ledger accounts were identified during the external audit process that required adjusting journal entries including miscellaneous income, accrued vacation, temporarily restricted net assets, bad debt expense, and program fees.</p> <p><b>Cause:</b> General ledger account balances were not reconciled to supporting documentation or reconciliations of account balances and a timely review of general ledger activity did not occur.</p> <p><b>Effect:</b> By not reconciling and reviewing all general ledger accounts in a timely manner during the year-end closing process, the YMCA could materially misstate its financial position or changes in net assets.</p> <p><b>Recommendation:</b> We recommend that all accounts be reconciled in a timely manner as part of the year-end closing process. Account balances should also be reviewed by an appropriate member of management and evidence of this review should be retained by the YMCA.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions:</b> We concur with this recommendation. The YMCA will implement a formal closing process on a quarterly basis. The closing process will include compiling information such as beginning and ending trial balances, journal entries, reconciled general ledger accounts, and comparing quarterly results to budget and to prior year results. This information will be reviewed by the accounting department head and either the CEO or a member of the finance committee of the board of directors.</p>



**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year Ended December 31, 2012

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
<b>N/A</b>	<b>No federal award findings and questioned costs noted</b>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN UTAH**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year Ended December 31, 2012

**SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

**Financial Statement Findings:**

**Finding 2011-01**

**Finding description:** In-kind Facilities Use

**Reporting requirement:** Significant Deficiency

**Condition:** The amount of in-kind contributions and expenses for donated use of facilities did not agree to the spreadsheet used to track in-kind facilities use. Also, the spreadsheet needed to be modified to reflect the underlying agreements with donors for free use of facilities.

**Corrective action:** The YMCA implemented processes to review the data in the in-kind facilities use spreadsheet on a semi-annual basis. This data is used to record the monthly journal entries in the accounting system. The YMCA also implemented a reconciliation process to ensure total amounts of in-kind facilities use are accurate.

**Status of finding:** Current year testing revealed that the proposed corrective action was successful.