

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of financial position	3-4
Consolidated statements of activities	5-6
Consolidated statements of functional expenses	7-8
Consolidated statements of cash flows	9
Notes to consolidated financial statements	10-23
SUPPLEMENTARY INFORMATION	
Consolidating statement of financial position	24-25
Consolidating statement of activities	26
Consolidating statement of functional expenses	27
UNIFORM GUIDANCE AUDIT REQUIREMENTS	
Schedule of expenditures of federal awards	28
Notes to the schedule of expenditures of federal awards	29
REPORTS ON COMPLIANCE AND INTERNAL CONTROL	
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 <i>Government Auditing Standards</i>	30-31
Independent auditors' report on compliance for each major program and on internal control over compliance required by the Uniform Guidance	32-33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	34-35
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	36



Independent Auditors' Report

To the Board of Directors
The Young Women's Christian Association of
Canton, Ohio and Subsidiary
Canton, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Young Women's Christian Association of Canton, Ohio (a nonprofit organization) and Subsidiary (an Ohio limited liability company), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Young Women's Christian Association of Canton, Ohio and Subsidiary as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 24 through 27 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 March 22, 2019, on our consideration of The Young Women's Christian Association of Canton, Ohio and Subsidiary's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of The Young Women's Christian Association of Canton, Ohio and Subsidiary's 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 Young Women's Christian Association of Canton, Ohio and Subsidiary's internal control over financial reporting and compliance.



Canton, Ohio
March 22, 2019

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 440,186	\$ 124,111
Investments	1,684,042	1,839,959
Accounts receivable - trade	233,099	330,635
Contributions receivable	95,217	-
Note receivable - Investor Member	181,572	181,572
Prepaid and other assets	<u>53,398</u>	<u>58,179</u>
Total current assets	2,687,514	2,534,456
BENEFICIAL INTEREST IN ASSETS HELD BY STARK COMMUNITY FOUNDATION	1,262,153	1,442,305
BENEFICIAL INTEREST IN FUNDS HELD IN TRUST	805,517	1,044,534
INVESTMENTS - ENDOWMENT	142,035	149,988
PROPERTY AND EQUIPMENT		
Land and land improvements	883,787	904,562
Building	5,707,955	5,707,955
Building - Gateway	2,704,735	2,704,735
Building - Gateway II	5,224,010	5,183,997
Building - family shelter	1,396,806	1,387,654
Building - New Beginnings Housing	681,083	681,083
Furniture and fixtures	<u>857,986</u>	<u>860,508</u>
	17,456,362	17,430,494
Less accumulated depreciation	<u>8,405,562</u>	<u>7,886,329</u>
	9,050,800	9,544,165
OTHER ASSETS		
Cash - restricted	261,980	272,267
Contributions receivable	137,569	-
Note receivable - Investor Member	<u>181,572</u>	<u>363,145</u>
	581,121	635,412
TOTAL ASSETS	<u>\$ 14,529,140</u>	<u>\$ 15,350,860</u>

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

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

<u>LIABILITIES AND NET ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Current portion of note payable	\$ 174,436	\$ 170,973
Accounts payable - trade	151,759	139,262
Accrued salaries and related payroll taxes	42,075	35,653
Accrued interest	5,055	7,508
Refundable deposits	7,861	6,991
Total current liabilities	<u>381,186</u>	<u>360,387</u>
LONG-TERM LIABILITIES		
Note payable, net of current portion	<u>177,969</u>	<u>352,405</u>
Total long-term liabilities	<u>177,969</u>	<u>352,405</u>
TOTAL LIABILITIES	559,155	712,792
NET ASSETS		
Without donor restrictions:		
Undesignated	10,122,805	10,414,560
Board-designated endowment	<u>1,282,325</u>	<u>1,463,606</u>
Total without donor restrictions	<u>11,405,130</u>	<u>11,878,166</u>
With donor restrictions	1,256,559	1,230,883
Members' equity:		
Limited Member - Non-controlling interest	<u>1,308,296</u>	<u>1,529,019</u>
Total members' equity	<u>1,308,296</u>	<u>1,529,019</u>
TOTAL NET ASSETS AND MEMBERS' EQUITY	<u>13,969,985</u>	<u>14,638,068</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,529,140</u>	<u>\$ 15,350,860</u>

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

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended December 31, 2018 and 2017

	Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
United Way of Greater Stark County	\$ 432,427	\$ -	\$ 432,427
Special fundraising events	30,699	-	30,699
Contributions	85,178	2,173	87,351
In-kind contributions	150,748	-	150,748
Federal grants	2,727,377	-	2,727,377
Foundation grants	21,745	246,292	268,037
State and local grants	241,785	65,004	306,789
Net assets released from restrictions	261,716	(261,716)	-
Total support	<u>3,951,675</u>	<u>51,753</u>	<u>4,003,428</u>
Program service fees	60,032	-	60,032
Subsidized program fees	168,930	-	168,930
Investment return, net	(233,571)	(26,077)	(259,648)
(Loss) on disposal of property and equipment	(1,751)	-	(1,751)
Rentals	430,517	-	430,517
Miscellaneous	2,320	-	2,320
Total revenue	<u>426,477</u>	<u>(26,077)</u>	<u>400,400</u>
TOTAL SUPPORT AND REVENUE	<u>4,378,152</u>	<u>25,676</u>	<u>4,403,828</u>
EXPENSES			
Program services:			
Community services	596,200	-	596,200
Children services	441,390	-	441,390
EHS program	2,285,071	-	2,285,071
New Beginnings Housing	239,036	-	239,036
Gateway Estates	247,018	-	247,018
Gateway House II	462,677	-	462,677
Shelter services	462,668	-	462,668
Total program services	<u>4,734,060</u>	<u>-</u>	<u>4,734,060</u>
Support services:			
Management and general	313,085	-	313,085
Fundraising	24,766	-	24,766
Total support services	<u>337,851</u>	<u>-</u>	<u>337,851</u>
TOTAL EXPENSES	<u>5,071,911</u>	<u>-</u>	<u>5,071,911</u>
CHANGE IN NET ASSETS	(693,759)	25,676	(668,083)
NET ASSETS AND MEMBERS' EQUITY - BEGINNING	13,407,185	1,230,883	14,638,068
NET ASSETS AND MEMBERS' EQUITY - ENDING	<u>\$ 12,713,426</u>	<u>\$ 1,256,559</u>	<u>\$ 13,969,985</u>

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

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended December 31, 2018 and 2017

	Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
United Way of Greater Stark County	\$ 428,513	\$ -	\$ 428,513
Special fundraising events	31,681	-	31,681
Contributions	68,390	9,634	78,024
In-kind contributions	149,399	-	149,399
Federal grants	2,983,175	-	2,983,175
Foundation grants	129,774	35,600	165,374
State and local grants	196,820	9,768	206,588
Net assets released from restrictions	269,609	(269,609)	-
Total support	4,257,361	(214,607)	4,042,754
Program service fees	66,604	-	66,604
Subsidized program fees	282,496	-	282,496
Investment return, net	433,354	21,016	454,370
(Loss) on disposal of property and equipment	(1,000)	-	(1,000)
Rentals	425,716	-	425,716
Miscellaneous	2,243	-	2,243
Total revenue	1,209,413	21,016	1,230,429
TOTAL SUPPORT AND REVENUE	5,466,774	(193,591)	5,273,183
EXPENSES			
Program services:			
Community services	615,779	-	615,779
Children services	501,230	-	501,230
EHS program	2,365,088	-	2,365,088
New Beginnings Housing	264,446	-	264,446
Gateway Estates	252,553	-	252,553
Gateway House II	464,836	-	464,836
Shelter services	485,568	-	485,568
Total program services	4,949,500	-	4,949,500
Support services:			
Management and general	327,913	-	327,913
Fundraising	31,569	-	31,569
Total support services	359,482	-	359,482
TOTAL EXPENSES	5,308,982	-	5,308,982
CHANGE IN NET ASSETS	157,792	(193,591)	(35,799)
TRANSFERS AND CAPITAL	1,000	-	1,000
NET ASSETS AND MEMBERS' EQUITY - BEGINNING, AS PREVIOUSLY REPORTED	13,248,393	222,169	13,470,562
PRIOR PERIOD ADJUSTMENT	-	1,202,305	1,202,305
NET ASSETS AND MEMBERS' EQUITY - BEGINNING, AS RESTATED	13,248,393	1,424,474	14,672,867
NET ASSETS AND MEMBERS' EQUITY - ENDING	\$ 13,407,185	\$ 1,230,883	\$ 14,638,068

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

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2018 and 2017

Year Ended December 31, 2018

	Program Services							Support Services			
	Community Services	Children Services	EHS Program	New Beginnings Housing	Gateway Estates	Gateway House II	Shelter Services	Total Program Services	Management and General	Fund Raising	Total
Salaries	\$ 158,404	\$ 244,429	\$ 665,263	\$ 80,313	\$ 31,778	\$ 47,696	\$ 164,978	\$ 1,392,861	\$ 177,819	\$ 10,863	\$ 1,581,543
Employee benefits	13,744	30,619	60,387	8,540	6,354	8,126	16,875	144,645	20,369	262	165,276
Payroll taxes	13,554	18,645	58,876	6,967	2,634	3,861	14,252	118,789	15,458	971	135,218
TOTAL PAYROLL AND RELATED BENEFITS	185,702	293,693	784,526	95,820	40,766	59,683	196,105	1,656,295	213,646	12,096	1,882,037
Bank charges and interest	-	-	-	-	-	-	-	-	8,245	118	8,363
Bad debt	-	-	-	-	5,331	2,021	-	7,352	-	-	7,352
Conferences and meetings	1,204	791	9,192	682	401	110	1,717	14,097	769	-	14,866
Dues and subscriptions	36	468	2,306	221	228	239	254	3,752	1,117	-	4,869
EHS childcare providers	-	-	1,029,620	-	-	-	-	1,029,620	-	-	1,029,620
Equipment maintenance and rental	167	236	5,847	2,595	54	2,293	2,076	13,268	4,702	-	17,970
In-kind program expense	40,000	-	94,817	-	-	-	-	134,817	-	-	134,817
Local transportation and travel	3,132	4,090	19,988	30	520	619	1,524	29,903	2,380	-	32,283
Miscellaneous	31	31	81	531	70	115	33	892	2,081	-	2,973
Occupancy	17,922	35,333	51,714	95,448	97,725	113,625	83,064	494,831	12,667	-	507,498
Outside maintenance and security	3,770	9,636	13,849	471	6,513	8,637	86,434	129,310	2,662	-	131,972
Postage	668	67	238	115	108	41	177	1,414	1,319	46	2,779
Printing and publications	11	493	1,753	79	8	10	90	2,444	2,474	4,384	9,302
Professional fees/contract services	27,412	3,434	139,510	1,954	11,486	983	4,676	189,455	35,425	-	224,880
National YWCA dues	1,387	2,277	7,686	945	311	440	1,885	14,931	1,457	-	16,388
Specific assistance to individuals	297,175	-	-	-	-	4,469	9,339	310,983	-	-	310,983
Supplies	3,300	55,875	61,682	560	392	709	14,546	137,064	8,999	8,122	154,185
Telephone and internet	647	1,341	2,959	3,227	3,979	6,605	3,168	21,926	2,720	-	24,646
TOTAL EXPENSES BEFORE DEPRECIATION	582,564	407,765	2,225,768	202,678	167,892	200,599	405,088	4,192,354	300,663	24,766	4,517,783
Depreciation	13,636	33,625	59,303	36,358	79,126	262,078	57,580	541,706	12,422	-	554,128
TOTAL EXPENSES	\$ 596,200	\$ 441,390	\$ 2,285,071	\$ 239,036	\$ 247,018	\$ 462,677	\$ 462,668	\$ 4,734,060	\$ 313,085	\$ 24,766	\$ 5,071,911

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

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2018 and 2017

Year Ended December 31, 2017

	Program Services							Support Services			
	Community Services	Children Services	EHS Program	New Beginnings Housing	Gateway Estates	Gateway House II	Shelter Services	Total Program Services	Management and General	Fund Raising	Total
Salaries	\$ 146,459	\$ 274,332	\$ 582,147	\$ 88,835	\$ 33,500	\$ 54,030	\$ 171,580	\$ 1,350,883	\$ 192,809	\$ 10,646	\$ 1,554,338
Employee benefits	11,014	27,629	55,687	8,565	5,909	8,250	16,538	133,592	18,667	257	152,516
Payroll taxes	13,838	23,127	57,008	7,787	2,648	4,271	16,145	124,824	8,701	952	134,477
TOTAL PAYROLL AND RELATED BENEFITS	171,311	325,088	694,842	105,187	42,057	66,551	204,263	1,609,299	220,177	11,855	1,841,331
Bank charges and interest	-	-	-	-	58	-	18	76	19,337	191	19,604
Bad debt	-	-	-	1,727	3,469	1,073	-	6,269	-	-	6,269
Conferences and meetings	5,302	442	77,716	31	333	98	708	84,630	1,994	-	86,624
Dues and subscriptions	-	171	1,635	75	338	-	75	2,294	418	-	2,712
EHS childcare providers	-	-	1,023,424	-	-	-	-	1,023,424	-	-	1,023,424
Equipment maintenance and rental	519	3,902	7,925	5,037	8,912	3,194	12,827	42,316	4,149	-	46,465
In-kind program expense	52,109	-	83,812	-	-	-	-	135,921	-	-	135,921
Local transportation and travel	3,292	3,102	36,023	244	763	1,178	1,454	46,056	1,315	-	47,371
Miscellaneous	-	-	-	923	534	418	-	1,875	1,468	-	3,343
Occupancy	17,978	38,669	53,187	88,310	89,521	121,812	77,586	487,063	14,690	-	501,753
Outside maintenance and security	3,579	9,104	14,598	400	4,728	13,896	87,349	133,654	3,252	-	136,906
Postage	780	79	233	108	97	123	130	1,550	1,553	454	3,557
Printing and publications	-	177	5,632	-	-	-	13	5,822	2,333	5,589	13,744
Professional fees/contract services	25,582	6,244	153,491	3,585	10,841	462	6,796	207,001	28,310	-	235,311
National YWCA dues	1,836	3,479	6,044	1,519	391	587	2,964	16,820	2,498	-	19,318
Specific assistance to individuals	314,762	-	-	-	-	8,269	13,083	336,114	-	-	336,114
Supplies	3,069	63,375	149,487	927	487	717	14,306	232,368	6,140	13,480	251,988
Telephone and internet	578	1,305	2,698	3,159	3,055	5,482	3,109	19,386	3,657	-	23,043
TOTAL EXPENSES BEFORE DEPRECIATION	600,697	455,137	2,310,747	211,232	165,584	223,860	424,681	4,391,938	311,291	31,569	4,734,798
Depreciation	15,082	46,093	54,341	53,214	86,969	240,976	60,887	557,562	16,622	-	574,184
TOTAL EXPENSES	\$ 615,779	\$ 501,230	\$ 2,365,088	\$ 264,446	\$ 252,553	\$ 464,836	\$ 485,568	\$ 4,949,500	\$ 327,913	\$ 31,569	\$ 5,308,982

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

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (668,083)	\$ (35,799)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	554,128	574,184
Loss on disposal of property and equipment	1,751	1,000
Unrealized loss (gain) on investments and beneficial interest	343,953	(383,223)
Decrease (increase) in:		
Accounts receivable - trade	97,536	(36,403)
Contributions receivable	(232,786)	-
Prepaid and other assets	4,781	5,759
Increase (decrease) in:		
Accounts payable - trade	12,497	(50,917)
Accrued salaries and related payroll taxes	6,422	(1,261)
Accrued interest	(2,453)	(2,405)
Refundable deposits	870	1,130
Net cash provided by operating activities	<u>118,616</u>	<u>72,065</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments and beneficial interest	(83,268)	(531,225)
Sale of investments and beneficial interest	322,354	157,771
Proceeds from the sale of property and equipment	3,900	-
Purchase of property and equipment	(66,414)	(291,048)
Net cash provided (used) by investing activities	<u>176,572</u>	<u>(664,502)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on note receivable - Investor Member	181,573	181,572
Principal reduction of note payable	(170,973)	(167,577)
Net cash provided by financing activities	<u>10,600</u>	<u>13,995</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	305,788	(578,442)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING	<u>396,378</u>	<u>974,820</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - ENDING	<u>\$ 702,166</u>	<u>\$ 396,378</u>
Cash paid for interest	\$ 10,600	\$ 13,995

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

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

- A. Organization – The Young Women's Christian Association of Canton, Ohio (the Association) is a charitable, nonprofit organization, which serves the greater Canton, Ohio area, and is chartered by the Young Women's Christian Association of the United States of America.

Purpose – The Young Women's Christian Association of Canton, Ohio is dedicated to eliminating racism, empowering women, and promoting peace, justice, freedom, and dignity for all.

The Association owned a 100% controlling interest in Gateway Estates, LLC (the Company), an Ohio limited liability company. The Company was formed to acquire, own, and operate a forty-unit affordable housing project located in Canton, Ohio. The Company began leasing housing units in December 2001. Lease terms are typically one year. Effective November 30, 2017, Gateway Estates, LLC was dissolved, and the Association acquired the assets of the Company.

The Association owned a 100% controlling interest in Gateway Housing Partners Inc. (the Corporation). The Corporation was established to be the managing member of Gateway Estates, LLC. Gateway Housing Partners Inc. was dissolved effective November 30, 2017.

The Association was awarded tax credits in 2008 for the construction of 40 units of low-income housing for the homeless. The project is called Gateway House II. The Association owns 79% of Gateway House II Manager, Inc. (the Managing Member) and an unrelated organization owns 21%. Gateway House II Manager, Inc. was established to be the managing member of Gateway House II, LLC. All of Gateway House II Manager, Inc.'s activity is included in these consolidated financial statements.

Gateway House II, LLC (the Subsidiary), an Ohio limited liability company, was established to be the ownership entity for the project. Gateway House II Manager, Inc. owns 0.1% of Gateway House II, LLC. Huntington ARRA Ohio Fund, LLC (the Investor Member) was admitted pursuant to the Amended and Restated Operating Agreement Declaration dated May 28, 2010. On March 29, 2013, a technical termination occurred, and the name of the Investment Member changed to Ohio ARRA Fund, LLC. The Subsidiary began leasing housing units on September 29, 2011. Lease terms are typically one year.

- B. Basis of Consolidation – The accompanying consolidated financial statements include the accounts of the Association and the Subsidiary (collectively the YWCA). All significant intercompany account balances and transactions have been eliminated in the accompanying consolidated financial statements.
- C. Basis of Presentation – Net assets and support and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor-imposed stipulations.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time. Also included in this category are net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on the related investments for general operating purposes.

D. Contributions – Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. 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, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. For the years ended December 31, 2018 and 2017, the Association released \$261,716 and \$269,609, respectively, in net assets with donor restrictions for the operations and general purposes of the Association.

E. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

F. Cash, Cash Equivalents and Restricted Cash – Cash, cash equivalents and restricted cash consists of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 440,186	\$ 124,111
Cash - restricted	<u>261,980</u>	<u>272,267</u>
Cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 702,166</u>	<u>\$ 396,378</u>

Cash and cash equivalents consist of accounts with daily liquidity such as checking, savings and money market accounts. Cash, cash equivalents and restricted cash accounts are maintained at financial institutions and may at times exceed federally-insured amounts. Cash equivalents held in the investment funds are included in investments on the statements of financial position.

Cash - restricted is made up of three separate bank accounts. The first account consists of the cash flow deficit reserve. The cash flow deficit reserve is used to permit the Subsidiary to meet all reasonable operating and fixed costs related to owning and operating the Subsidiary and the project property as agreed upon in the Operating Agreement. The balance in this bank account was \$27,171 and \$27,083 at December 31, 2018 and 2017, respectively.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

F. Cash, Cash Equivalents and Restricted Cash (Continued)

The second account consists of a replacement reserve. The replacement reserve is utilized to make capital improvements to the project as agreed upon in the Operating Agreement. The balance in this bank account was \$61,509 and \$72,445 at December 31, 2018 and 2017, respectively.

The third account consists of the operating reserve. The operating reserve is used to fund operating expenses and debt service payments and is to be maintained for not less than fifteen years from the date the certificate of occupancy was issued for the project as agreed upon in the Operating Agreement. The balance in this bank account was \$173,300 and \$172,739 at December 31, 2018 and 2017, respectively.

G. Investments – As required by GAAP, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Investment return includes interest, dividends, realized and unrealized gains and losses net of investment fees. Investment returns with donor-imposed restrictions are reported without donor restrictions if the restriction expires in the reporting period in which the investment return is recognized.

H. Accounts Receivable - Trade – Accounts receivable primarily consists of receivables from reimbursement-basis government grants and tenant rents. Interest is not charged on accounts receivable. Credit is granted to tenants on an unsecured basis. Bad debt expense is recognized when tenant receivables are considered uncollectible. Based upon a review of outstanding balances and historical collections, management determined that no allowance for doubtful accounts was needed at December 31, 2018 and 2017.

I. Beneficial Interest – The Association carries a beneficial interest in assets held by the Stark Community Foundation and a beneficial interest in funds held in trust at fair market value. Unrealized gains and losses are included in the change in net assets. The beneficial interest in funds held in trust represent the present value of the estimated income the Association will receive in the future from two perpetual trusts and one trust that is in the process of terminating. Key Bank serves as the trustee of all three trusts.

J. Property and Equipment – Property and equipment are stated at cost if purchased or fair value at the contribution date if donated. Depreciation is computed for financial statement purposes principally on the straight-line method over the estimated useful lives of the related assets. Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

The YWCA reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2018 or 2017.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

- K. Members' Equity – Profit and loss of the Subsidiary is allocated between the Investor Member and the Managing Member, 99.9% and 0.1%, respectively, other than special allocations (as defined by the Operating Agreement) and certain other items that are specifically allocated to the Members in accordance with the Operating Agreement.
- L. Federal Income Taxes – The Association is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and none of its present or anticipated future activities are subject to taxation as unrelated business income; therefore, no provision for income taxes has been made in the accompanying consolidated financial statements.

No provision has been made in the financial statements for the Subsidiary, since such taxes are the responsibility of the Members.

- M. Uncertain Tax Positions – The preparation of financial statements in conformity with GAAP requires the YWCA to report information regarding its exposure to various tax positions taken by the YWCA. The Association determines whether any tax positions meet the recognition threshold and measures the YWCA's exposure to those tax positions. Management believes that the YWCA has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.
- N. Donated Services, Materials and Facilities – A substantial number of volunteers have donated significant amounts of their time to the Association's program services. No amounts have been recognized in the accompanying consolidated statements of activities because the criteria for recognition of such volunteer effort, as required by GAAP, has not been satisfied, but is estimated as follows:

	<u>2018</u>	<u>2017</u>
Number of volunteers	299	353
Volunteer hours	1,632	1,660
Estimated value of hours	\$ 16,050	\$ 16,798

In addition to the above, a substantial number of the donors have contributed food, clothing and equipment. For the years ended December 31, 2018 and 2017, the donated food, clothing and equipment reflected in the consolidated statements of activities totaled \$150,748 and \$149,399, respectively.

- O. Concentration of Credit Risk – Financial instruments which potentially subject the YWCA to concentrations of credit risk consist primarily of accounts and notes receivable. Concentration of credit risk with respect to receivables is limited due to the large number of individuals, corporations and government agencies comprising the Association's receivable base. Generally, the YWCA does not require collateral or other security to support receivables.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

- P. Rent Revenue – Rental income is recognized primarily on a month-to-month basis over the term of the lease.
- Q. Functional Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include maintenance, occupancy, telephone and internet, which are allocated on a square footage basis, as well as salaries, employee benefits and payroll taxes, which are allocated on the basis of estimates of time and effort.
- R. New Accounting Principle – During the year ended December 31, 2018, the Association adopted Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and related to functional allocation of expenses. The accompanying information from the 2017 financial statements has been restated to conform to the 2018 presentation and disclosure requirements of ASU 2016-14. The ASU has been applied retrospectively to all periods presented which decreased net assets without donor restrictions by \$33,493 and increased net assets with donor restrictions by \$33,493 as of December 31, 2016 due to the reclassifications of restricted property and equipment and endowment net assets.
- S. Reclassification – Certain information previously presented has been reclassified to conform to the current presentation.
- T. Subsequent Events – Subsequent events have been evaluated through March 22, 2019, which is the date the consolidated financial statements were available to be issued.

Note 2. Contributions Receivable

The Association has received unconditional contributions on which management has determined no allowance for uncollectible promises is necessary. The amounts are as follows at December 31, 2018:

Expected to be collected in:	
Less than one year	\$ 95,217
One to five years	148,183
More than five years	-
	<u>243,400</u>
Discounting for time value (5.35%)	<u>(10,614)</u>
	<u>\$ 232,786</u>

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Beneficial Interest in Assets Held by Stark Community Foundation

The Association transferred the Margaret Morgan Endowment Fund to Stark Community Foundation (SCF) in April 1989. The Association specified that the Foundation is to distribute the income from this fund, after payment of expenses, to the Association to fund general operations. The principal is also allowed to be invaded in accordance with the provisions of the fund agreement. SCF has limited variance power in certain circumstances as specified in the Resolution and Declaration of Trust Creating Stark Community Foundation. At December 31, 2018 and 2017, the Association recognized \$1,262,153 and \$1,442,305, respectively, as a beneficial interest in assets held by Stark Community Foundation in the accompanying consolidated statements of financial position.

Note 4. Note Payable

The Subsidiary has a note payable to Ohio Housing Finance Agency (OHFA), bearing interest at 2% per annum, payable in annual installments of \$181,572 beginning on April 15, 2012, and continuing through 2020. The aggregate maturities for the two years ending December 31, are as follows:

2019	\$ 174,436
2020	<u>177,969</u>
	<u>\$ 352,405</u>

Interest expense for the years ended December 31, 2018 and 2017 was \$8,146 and \$11,590, respectively.

Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Childcare activities	\$ 2,425	\$ 2,425
Dollars and sense program	7,699	7,699
Project homeless connect	2,173	2,983
Rapid re-housing	1,977	1,977
Shelter - breakfast with Santa	1,332	1,332
Shelter program - children	2,277	3,540
Sisters of Charity Foundation - housing officer	13,506	21,497
Sisters of Charity Foundation - shelter	-	8,027
Thrive Program - Canton City Health Dept.	65,004	3,356
Hoover Price - server/camera	-	1,693
Access control/intercom/lawn mower/ geothermal	-	<u>3,133</u>
	<u>96,393</u>	<u>57,662</u>
Subject to passage of time:		
Contributions receivable	<u>232,786</u>	<u>-</u>

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Net Assets with Donor Restrictions (Continued)

	<u>2018</u>	<u>2017</u>
Not subject to appropriation:		
Perpetual trusts held by others	\$ <u>805,517</u>	\$ <u>1,044,534</u>
Subject to appropriation:		
Accumulated earnings	96,863	103,687
Endowment funds restricted in perpetuity	<u>25,000</u>	<u>25,000</u>
	<u>121,863</u>	<u>128,687</u>
Total net assets with donor restrictions	\$ <u>1,256,559</u>	\$ <u>1,230,883</u>

Note 6. Endowment Composition

The Association's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The State of Ohio has passed a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors of the Association has interpreted 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 Association classifies as net assets with perpetual restrictions (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 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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Association and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Endowment Composition (Continued)

Endowment net asset composition by type of fund as of December 31:

	2018			
	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift	Accumulated Gains	
Donor-restricted funds	\$ -	\$ 25,000	\$ 96,863	\$ 121,863
Board-designated funds	<u>1,282,325</u>	-	-	<u>1,282,325</u>
	<u>\$ 1,282,325</u>	<u>\$ 25,000</u>	<u>\$ 96,863</u>	<u>\$ 1,404,188</u>
	2017			
	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift	Accumulated Gains	
Donor-restricted funds	\$ -	\$ 25,000	\$ 103,687	\$ 128,687
Board-designated funds	<u>1,463,606</u>	-	-	<u>1,463,606</u>
	<u>\$ 1,463,606</u>	<u>\$ 25,000</u>	<u>\$ 103,687</u>	<u>\$ 1,592,293</u>

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift	Accumulated Gains	
Endowment assets as of January 1, 2017	\$ 1,329,199	\$ 25,000	\$ 82,671	\$ 1,436,870
Investment return, net	197,751	-	21,016	218,767
Appropriations	<u>(63,344)</u>	-	-	<u>(63,344)</u>
Endowment assets as of December 31, 2017	1,463,606	25,000	103,687	1,592,293
Investment return, net	(116,733)	-	(6,824)	(123,557)
Appropriations	<u>(64,548)</u>	-	-	<u>(64,548)</u>
Endowment assets as of December 31, 2018	<u>\$ 1,282,325</u>	<u>\$ 25,000</u>	<u>\$ 96,864</u>	<u>\$ 1,404,188</u>

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Endowment Composition (Continued)

Return Objectives and Risk Parameters – The Association has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable, stable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include board-designated funds. As authorized by board-approved policies, these assets are invested to maximize long-term returns, while simultaneously mitigating risk through maintaining a diversified portfolio. The assets are invested in a manner that is intended to produce results that meet or exceed the composite return and are within the risk parameters of an appropriate benchmark. The long-term objective is to attain, within acceptable risk parameters, an average annual total return that exceeds the sum of the Association's approved payout rate plus inflation, plus investment management and related fees plus the endowment growth rate. The objective is expected to be obtained over time but not in each and every reporting period.

Note 7. Fair Value Measurement

The Association uses various inputs in determining the fair value of its investments and measures these assets on a recurring basis. Financial assets recorded at fair value in the statements of financial position are categorized by the level of objectivity associated with the inputs used to measure their fair value. The inputs used to measure fair value are classified into three levels:

- Level 1 - quoted prices in active markets for identical investments
- Level 2 - other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)
- Level 3 - significant unobservable inputs (including the Association's own assumptions in determining the fair value of investments)

The asset's fair value measurement level is based on the lowest level of any input that is significant to the fair value measurement.

The valuation methods used for financial instruments may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. There have been no changes in the methodologies used from 2017 to 2018. Furthermore, while the Association believes the 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 Association invests in cash equivalents, mutual funds, equities and preferreds with quoted prices in active markets that are considered to be Level 1 assets. The Association invests in a beneficial interest in assets held by SCF which is valued by SCF based on the underlying publicly-traded assets. The beneficial interest in assets held by SCF is considered to be a Level 2 asset. The fair value of the beneficial interest in funds held in trust is based on quoted prices of the underlying assets that are held by the trustee. Due to restrictions on these assets that do not allow the Association redemption rights, fair value is deemed based on Level 3 inputs.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Fair Value Measurement (Continued)

The inputs of methodology used for valuing securities are not necessarily an indication of the credit risk associated with investing in those securities. The following table provides the fair value measurements of applicable Association financial assets that are measured at fair value on a recurring basis as of December 31:

	2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash equivalents	\$ 115,626	\$ -	\$ -	\$ 115,626
Mutual funds	814,139	-	-	814,139
Equities	579,348	-	-	579,348
Preferreds	75,690	-	-	75,690
Fixed income - other	241,274	-	-	241,274
Beneficial interest in assets held by Stark Community Foundation	-	1,262,153	-	1,262,153
Beneficial interest in funds held in trust	-	-	805,517	805,517
	<u>\$ 1,826,077</u>	<u>\$ 1,262,153</u>	<u>\$ 805,517</u>	<u>\$ 3,893,747</u>
	2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash equivalents	\$ 297,787	\$ -	\$ -	\$ 297,787
Mutual funds	1,055,053	-	-	1,055,053
Equities	553,557	-	-	553,557
Preferreds	83,550	-	-	83,550
Beneficial interest in assets held by Stark Community Foundation	-	1,442,305	-	1,442,305
Beneficial interest in funds held in trust	-	-	1,044,534	1,044,534
	<u>\$ 1,989,947</u>	<u>\$ 1,442,305</u>	<u>\$ 1,044,534</u>	<u>\$ 4,476,786</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

	<u>Funds held in trust</u>
Balance at December 31, 2016	\$ 1,202,306
Sales	(157,772)
Balance at December 31, 2017	1,044,534
Investment return	(19,253)
Sales	(219,764)
Balance at December 31, 2018	<u>\$ 805,517</u>

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Related Party Transactions

The note receivable from the Investor Member in the amount of \$363,144 and \$544,717 at December 31, 2018 and 2017, respectively, is for its subscribed capital contribution. The note is secured solely by the Investor Member's interest in the Subsidiary. The balance is due in non-interest bearing annual payments of \$181,572 through April 15, 2020. The payments are payable upon the satisfaction of certain conditions by the Managing Member as specified in the Operating Agreement.

The Operating Agreement provides that an annual asset management fee be paid to Ohio Capital Corporation for Housing (OCCH), an affiliate of the Investor Member. Asset management fees of \$5,333 and \$5,334 were incurred for the years ended December 31, 2018 and 2017, respectively, and are included in professional fees in the accompanying consolidated statements of functional expenses. The Operating Agreement provides that a disposition fee of 3% of any amounts payable to the Subsidiary upon the sale of rental property or any portion thereof shall be paid to OCCH.

Note 9. Commitments and Contingent Liabilities

The Association receives a substantial amount of its support from the United Way and federal, state and local governments. A significant reduction in the level of support, if this were to occur, could have a dramatic effect on the Association's programs and activities.

Grant Matching Program – During 2017, the Association received federal grant funds for an Early Head Start program. For the grant period beginning in September 2018 and ending in August 2019, the Association is required to provide an 8.58% non-federal share for the Early Head Start program. If the Association does not meet the non-federal share requirement by the end of the grant period, the Association must either return a portion of the grant funds or obtain a waiver.

Claims and Lawsuits – The YWCA is periodically subject to claims and lawsuits that arise in the ordinary day-to-day operations of the YWCA. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the YWCA.

Credit Reduction Payment - Gateway House II, LLC – The Subsidiary is allocated federal low-income housing tax credits under the program described by Internal Revenue Code Section 42. These tax credits are not reflected in the accompanying financial statements of the Subsidiary. However, the Operating Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Investor Member shall reduce its required capital contribution by the amount of the shortfall (as defined in the Operating Agreement). Further, if the full amount of the annual tax credits is not obtained, the Managing Member is obligated to pay the Investor Member the amount of the shortfall (as defined in the Operating Agreement). No credit reduction payments were made during 2018 and 2017. The Association does not receive a fee under this provision.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Commitments and Contingent Liabilities (Continued)

Commitments - Gateway House II, LLC – Because the project qualifies for low-income housing tax credits, as permitted by the Internal Revenue Code, the project must have a minimum of 40% of its units occupied by low-income households with income under 60% of the area median income. The project must continue to maintain this low-income status for a period of thirty years, commencing on December 31, 2011. The project has entered into a restrictive covenant with the Ohio Housing Finance Agency that requires that they maintain this low-income status for a period of thirty years.

Note 10. Operating Leases

The Association is leasing equipment under non-cancelable operating leases expiring at various dates through August 2023. There are various options to renew the leases for additional years at predetermined rates. The following is a schedule of future minimum rental payments required under the above operating leases as of December 31:

2019	\$ 6,250
2020	6,250
2021	6,250
2022	3,389
2023	352

Note 11. Retirement Plan

The Association provides retirement benefits for eligible employees as a participating employer-sponsor of the YWCA Retirement Fund, Inc., a multiple employer cash balance defined benefit plan. Contributions to the Fund amounted to \$48,629 and \$43,285 for the years ended December 31, 2018 and 2017, respectively.

The actuarial present value of the benefit obligation and fair value of plan assets are not available separately for each employer that participates in the Plan.

Note 12. Designated Fund

The Association is an income beneficiary of a designated fund, held by Stark Community Foundation, known as The Joshua Thomas White Memorial Fund. The fund is held in a component fund managed by SCF and is not included in the consolidated statements of financial position. The Association may request a principal withdrawal to satisfy an extraordinary need. Principal withdrawals require approval of a three-fourths majority of the Association's directors and a two-thirds majority of SCF's directors. Distributions of income relating to the assets in the fund are made at the discretion of the Distribution Committee of SCF and are to be used primarily for capital needs and program costs. Amounts distributed to the Association are recorded as contributions in the consolidated statements of activities. At December 31, 2018 and 2017, the market value of the assets in this fund totaled \$997,023 and \$1,116,225, respectively.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Schedule of Federal and State Grants

The following grants were expended in the years ended December 31:

State of Ohio:

Ohio Department of Development Emergency Shelter Grant/SHH Program:

	<u>2018</u>	<u>2017</u>
S-Y-17-7FQ-1	\$ 153,000	\$ 153,000
Stark County through ODSA	<u>52,218</u>	<u>33,002</u>
	<u>\$ 205,218</u>	<u>\$ 186,002</u>

Federal Grants:

CFDA: 14.267		
Continuum of Care Homeless Program	\$ 460,861	\$ 483,562
CFDA: 14.218		
Community Development Block Grant	-	150,000
CFDA: 14.231		
ESG Grant Women's Shelter	176,300	176,300
CFDA: 10.558		
Child & Adult Food Program	66,255	73,414
CFDA: 93.600		
Early Head Start	<u>2,023,963</u>	<u>2,099,899</u>
	<u>\$ 2,727,379</u>	<u>\$ 2,983,175</u>

The Association also received federal and state funds through the Stark County Department of Human Services for the subsidized child care program. Amounts received for the years ended December 31, 2018 and 2017 were \$168,930 and \$282,496, respectively.

Note 14. Noncontrolling Interest

The following is a reconciliation of members' equity of the Subsidiary:

	<u>Gateway House II Manager, Inc.</u>	<u>Noncontrolling Interest</u>	<u>Total</u>
Members' equity at December 31, 2016	\$ 2,001,743	\$ 1,758,189	\$ 3,759,932
Net (loss)	<u>(229)</u>	<u>(229,170)</u>	<u>(229,399)</u>
Members' equity at December 31, 2017	2,001,514	1,529,019	3,530,533
Net (loss)	<u>(221)</u>	<u>(220,723)</u>	<u>(220,944)</u>
Members' equity at December 31, 2018	<u>\$ 2,001,293</u>	<u>\$ 1,308,296</u>	<u>\$ 3,309,589</u>

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Financial Assets and Liquidity

The YWCA strives to maintain liquid financial assets to cover 90 days of general expenditures, which are on average approximately \$1,113,000. Financial assets in excess of daily cash requirements are invested in short-term investments.

The YWCA's financial assets due within one year of the statement of financial position date available for general expenditures are as follows at December 31, 2018:

Cash and cash equivalents	\$ 440,186
Investments	1,684,042
Accounts receivable	233,099
Contributions receivable	<u>95,217</u>
	\$ <u>2,452,544</u>

The Association has a beneficial interest in assets held by Stark Community Foundation, valued at \$1,262,152 as of December 31, 2018. Although withdrawals are not anticipated at this time, these funds would be available if needed. In addition, endowment fund investments valued at \$117,035 could also be used with Board approval. The Subsidiary has restricted cash totaling \$261,980 that would be available as specified in the Operating Agreement.

Note 16. Prior Year Adjustment

The 2017 beginning net assets with donor restrictions were increased by \$1,202,305 for the Association's beneficial interest in funds held in trust. The restatement also reduced support for the year ended December 31, 2017 by \$157,771 for the activity on the beneficial interest.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2018

<u>ASSETS</u>	<u>YWCA of Canton</u>	<u>Gateway House II, LLC</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 427,112	\$ 13,074	\$ -	\$ 440,186
Investments	1,684,042	-	-	1,684,042
Accounts receivable - trade	230,460	2,639	-	233,099
Contributions receivable	95,217	-	-	95,217
Note receivable - Investor Member	-	181,572	-	181,572
Prepaid and other assets	10,231	43,167	-	53,398
Total current assets	<u>2,447,062</u>	<u>240,452</u>	<u>-</u>	<u>2,687,514</u>
BENEFICIAL INTEREST IN ASSETS HELD BY STARK COMMUNITY FOUNDATION	1,262,153	-	-	1,262,153
BENEFICIAL INTEREST IN FUNDS HELD IN TRUST	805,517	-	-	805,517
INVESTMENTS - ENDOWMENT	142,035	-	-	142,035
PROPERTY AND EQUIPMENT				
Land and land improvements	606,834	276,953	-	883,787
Building	5,707,955	-	-	5,707,955
Building - Gateway	2,704,735	-	-	2,704,735
Building - Gateway II	-	5,224,010	-	5,224,010
Building - family shelter	1,396,806	-	-	1,396,806
Building - New Beginnings Housing	681,083	-	-	681,083
Furniture and fixtures	801,145	56,841	-	857,986
	<u>11,898,558</u>	<u>5,557,804</u>	<u>-</u>	<u>17,456,362</u>
Less accumulated depreciation	6,913,275	1,492,287	-	8,405,562
	<u>4,985,283</u>	<u>4,065,517</u>	<u>-</u>	<u>9,050,800</u>
OTHER ASSETS				
Cash - restricted	-	261,980	-	261,980
Accounts receivable - Gateway House II, LLC	266,923	-	(266,923)	-
Contributions receivable	137,569	-	-	137,569
Note receivable - Investor Member	-	181,572	-	181,572
Note receivable - Gateway House II, LLC	625,000	-	(625,000)	-
Investment - Gateway House II Manager, Inc.	2,001,293	-	(2,001,293)	-
Interest receivable - Gateway House II, LLC	180,663	-	(180,663)	-
	<u>3,211,448</u>	<u>443,552</u>	<u>(3,073,879)</u>	<u>581,121</u>
TOTAL ASSETS	<u>\$ 12,853,498</u>	<u>\$ 4,749,521</u>	<u>\$ (3,073,879)</u>	<u>\$ 14,529,140</u>

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2018

<u>LIABILITIES AND NET ASSETS</u>	<u>YWCA of Canton</u>	<u>Gateway House II, LLC</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Current portion of note payable	\$ -	\$ 174,436	\$ -	\$ 174,436
Accounts payable - trade	144,037	7,722	-	151,759
Accounts payable - intercompany	-	266,923	(266,923)	-
Accrued salaries and related payroll taxes	42,075	-	-	42,075
Accrued interest	-	5,055	-	5,055
Refundable deposits	5,697	2,164	-	7,861
Total current liabilities	<u>191,809</u>	<u>456,300</u>	<u>(266,923)</u>	<u>381,186</u>
LONG-TERM LIABILITIES				
Accrued interest	-	180,663	(180,663)	-
Note payable, net of current portion	-	802,969	(625,000)	177,969
Total long-term liabilities	<u>-</u>	<u>983,632</u>	<u>(805,663)</u>	<u>177,969</u>
TOTAL LIABILITIES	191,809	1,439,932	(1,072,586)	559,155
NET ASSETS				
Without donor restrictions	11,405,130	-	-	11,405,130
With donor restrictions	1,256,559	-	-	1,256,559
Members' equity:				
General Member - Controlling interest	-	2,001,293	(2,001,293)	-
Limited Member - Non-controlling interest	-	1,308,296	-	1,308,296
Total members' equity	<u>-</u>	<u>3,309,589</u>	<u>(2,001,293)</u>	<u>1,308,296</u>
TOTAL NET ASSETS AND MEMBERS' EQUITY	<u>12,661,689</u>	<u>3,309,589</u>	<u>(2,001,293)</u>	<u>13,969,985</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 12,853,498</u>	 <u>\$ 4,749,521</u>	 <u>\$ (3,073,879)</u>	 <u>\$ 14,529,140</u>

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

SUPPORT AND REVENUE	Without Donor Restrictions				With Donor Restrictions	Total
	YWCA of Canton	Gateway House II	Eliminations	Total		
Support:						
United Way of Greater Stark County	\$ 432,427	\$ -	\$ -	\$ 432,427	\$ -	\$ 432,427
Special fundraising events	30,699	-	-	30,699	-	30,699
Contributions	85,178	-	-	85,178	2,173	87,351
In-kind contributions	150,748	-	-	150,748	-	150,748
Federal grants	2,727,377	-	-	2,727,377	-	2,727,377
Foundation grants	21,745	-	-	21,745	246,292	268,037
State and local grants	241,785	-	-	241,785	65,004	306,789
Net assets released from restrictions	261,716	-	-	261,716	(261,716)	-
Total support	3,951,675	-	-	3,951,675	51,753	4,003,428
Program service fees	60,032	-	-	60,032	-	60,032
Subsidized program fees	168,930	-	-	168,930	-	168,930
Investment return, net	(210,508)	719	(23,782)	(233,571)	(26,077)	(259,648)
(Loss) on disposal of property and equipment	(1,751)	-	-	(1,751)	-	(1,751)
Rentals	208,246	222,271	-	430,517	-	430,517
Miscellaneous	62,292	235	(60,207)	2,320	-	2,320
Total revenue	287,241	223,225	(83,989)	426,477	(26,077)	400,400
TOTAL SUPPORT AND REVENUE	4,238,916	223,225	(83,989)	4,378,152	25,676	4,403,828
EXPENSES						
Program services:						
Community services	596,200	-	-	596,200	-	596,200
Children services	441,390	-	-	441,390	-	441,390
EHS program	2,285,071	-	-	2,285,071	-	2,285,071
New Beginnings Housing	239,036	-	-	239,036	-	239,036
Gateway Estates	247,018	-	-	247,018	-	247,018
Gateway House II	126,270	383,278	(46,871)	462,677	-	462,677
Shelter services	462,668	-	-	462,668	-	462,668
Total program services	4,397,653	383,278	(46,871)	4,734,060	-	4,734,060
Support services:						
Management and general	289,533	60,891	(37,339)	313,085	-	313,085
Fundraising	24,766	-	-	24,766	-	24,766
Total support services	314,299	60,891	(37,339)	337,851	-	337,851
TOTAL EXPENSES	4,711,952	444,169	(84,210)	5,071,911	-	5,071,911
CHANGE IN NET ASSETS	(473,036)	(220,944)	221	(693,759)	25,676	(668,083)
NET ASSETS AND MEMBERS' EQUITY - BEGINNING	11,878,166	3,530,533	(2,001,514)	13,407,185	1,230,883	14,638,068
NET ASSETS AND MEMBERS' EQUITY - ENDING	\$ 11,405,130	\$ 3,309,589	\$ (2,001,293)	\$ 12,713,426	\$ 1,256,559	\$ 13,969,985

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018

	YWCA of Canton								Gateway House II, LLC						
	Program Services				Support Services				Management and General	Fund Raising	Total YWCA of Canton	Program Service	Management and General	Eliminations	Total
	Community Services	Children Services	EHS Program	New Beginnings Housing	Gateway Estates	Gateway House II	Shelter Services	Total Program Services							
Salaries	\$ 158,404	\$ 244,429	\$ 665,263	\$ 80,313	\$ 31,778	\$ 47,696	\$ 164,978	\$ 1,392,861	177,819	\$ 10,863	\$ 1,581,543	\$ -	\$ -	\$ -	\$ 1,581,543
Employee benefits	13,744	30,619	60,387	8,540	6,354	8,126	16,875	144,645	20,369	262	165,276	-	-	-	165,276
Payroll taxes	13,554	18,645	58,876	6,967	2,634	3,861	14,252	118,789	15,458	971	135,218	-	-	-	135,218
TOTAL PAYROLL AND RELATED BENEFITS	185,702	293,693	784,526	95,820	40,766	59,683	196,105	1,656,295	213,646	12,096	1,882,037	-	-	-	1,882,037
Bank charges and interest	-	-	-	-	-	-	-	-	86	118	204	-	31,941	(23,782)	8,363
Bad debt	-	-	-	-	5,331	-	-	5,331	-	-	5,331	2,021	-	-	7,352
Conferences and meetings	1,204	791	9,192	682	401	110	1,717	14,097	769	-	14,866	-	-	-	14,866
Dues and subscriptions	36	468	2,306	221	228	239	254	3,752	1,117	-	4,869	-	-	-	4,869
EHS childcare providers	-	-	1,029,620	-	-	-	-	1,029,620	-	-	1,029,620	-	-	-	1,029,620
Equipment maintenance and rental	167	236	5,847	2,595	54	52	2,076	11,027	4,702	-	15,729	2,241	-	-	17,970
In-kind program expense	40,000	-	94,817	-	-	-	-	134,817	-	-	134,817	-	-	-	134,817
Local transportation and travel	3,132	4,090	19,988	30	520	93	1,524	29,377	2,380	-	31,757	526	-	-	32,283
Miscellaneous	31	31	81	531	70	30	33	807	2,081	-	2,888	85	-	-	2,973
Occupancy	17,922	35,333	51,714	95,448	97,725	432	83,064	381,638	12,667	-	394,305	138,429	-	(25,236)	507,498
Outside maintenance and security	3,770	9,636	13,849	471	6,513	59	86,434	120,732	2,662	-	123,394	30,213	-	(21,635)	131,972
Postage	668	67	238	115	108	34	177	1,407	1,319	46	2,772	7	-	-	2,779
Printing and publications	11	493	1,753	79	8	10	90	2,444	2,474	4,384	9,302	-	-	-	9,302
Professional fees/contract services	27,412	3,434	139,510	1,954	11,486	983	4,676	189,455	20,032	-	209,487	-	28,950	(13,557)	224,880
National YWCA dues	1,387	2,277	7,686	945	311	440	1,885	14,931	1,457	-	16,388	-	-	-	16,388
Specific assistance to individuals	297,175	-	-	-	-	4,469	9,339	310,983	-	-	310,983	-	-	-	310,983
Supplies	3,300	55,875	61,682	560	392	52	14,546	136,407	8,999	8,122	153,528	657	-	-	154,185
Telephone and internet	647	1,341	2,959	3,227	3,979	3	3,168	15,324	2,720	-	18,044	6,602	-	-	24,646
TOTAL EXPENSES BEFORE DEPRECIATION	582,564	407,765	2,225,768	202,678	167,892	66,689	405,088	4,058,444	277,111	24,766	4,360,321	180,781	60,891	(84,210)	4,517,783
Depreciation	13,636	33,625	59,303	36,358	79,126	59,581	57,580	339,209	12,422	-	351,631	202,497	-	-	554,128
TOTAL EXPENSES	\$ 596,200	\$ 441,390	\$ 2,285,071	\$ 239,036	\$ 247,018	\$ 126,270	\$ 462,668	\$ 4,397,653	289,533	\$ 24,766	\$ 4,711,952	\$ 383,278	\$ 60,891	\$ (84,210)	\$ 5,071,911

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

UNIFORM GUIDANCE AUDIT REQUIREMENTS

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-through Entity Number	CFDA#	Federal Expenditures
Department of Health and Human Services			
Early Head Start		93.600	\$ <u>2,023,963</u>
Total Department of Health and Human Services			2,023,963
Department of Housing and Urban Development			
Continuum of Care Program			
Continuum of Care Program - Starr II		14.267	242,833
Continuum of Care Program - STARR		14.267	183,469
Continuum of Care Program - NBH		14.267	<u>34,559</u>
Total Continuum of Care Program			460,861
Passed through State of Ohio			
Emergency Solutions Grant Program	N-L-17-7FQ-1	14.231	<u>176,300</u>
Total Emergency Solutions Grant Program			176,300
Total Department of Housing and Urban Development			637,161
U.S. Department of Agriculture			
Passed through Ohio Department of Education			
Food Program		10.558	<u>66,255</u>
Total U.S. Department of Agriculture			<u>66,255</u>
Total Expenditures of Federal Awards			\$ <u><u>2,727,379</u></u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF CANTON, OHIO AND SUBSIDIARY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes federal grant activity of The Young Women's Christian Association of Canton, Ohio and Subsidiary under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Association.

Note 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 principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited in reimbursement.

Note 3. Indirect Cost Centers

The Young Women's Christian Association of Canton, Ohio and Subsidiary has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Subrecipients

The Young Women's Christian Association of Canton, Ohio and Subsidiary did not make any grants of federal awards to subrecipients for the year ended December 31, 2018.

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
The Young Women's Christian Association of Canton, Ohio and Subsidiary
Canton, Ohio

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 Women's Christian Association of Canton, Ohio and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Young Women's Christian Association of Canton, Ohio and Subsidiary'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Young Women's Christian Association of Canton, Ohio and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of The Young Women's Christian Association of Canton, Ohio and Subsidiary'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 consolidated 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. 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.

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* (Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Young Women's Christian Association of Canton, Ohio and Subsidiary's consolidated financial statements are free from material misstatement, we performed tests of their 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*.

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 Young Women's Christian Association of Canton, Ohio and Subsidiary'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 Young Women's Christian Association of Canton, Ohio and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Meloney + Novotny LLC

Canton, Ohio
March 22, 2019



Independent Auditors' Report on Compliance
for Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance

To the Board of Directors
The Young Women's Christian Association of Canton, Ohio and Subsidiary
Canton, Ohio

Report on Compliance for Major Federal Program

We have audited The Young Women's Christian Association of Canton, Ohio and Subsidiary's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on The Young Women's Christian Association of Canton, Ohio and Subsidiary's major federal program for the year ended December 31, 2018. The Young Women's Christian Association of Canton, Ohio and Subsidiary'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for The Young Women's Christian Association of Canton, Ohio and Subsidiary's major federal program 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 Young Women's Christian Association of Canton, Ohio and Subsidiary'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 the major federal program. However, our audit does not provide a legal determination of The Young Women's Christian Association of Canton, Ohio and Subsidiary's compliance.

Independent Auditors' Report on Compliance
for Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance (Continued)

Opinion on Each Major Federal Program

In our opinion, The Young Women's Christian Association of Canton, Ohio and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on their major federal program for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of The Young Women's Christian Association of Canton, Ohio and Subsidiary 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 Young Women's Christian Association of Canton, Ohio and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that were appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Young Women's Christian Association of Canton, Ohio and Subsidiary'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Canton, Ohio
March 22, 2019

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major program:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Type of auditors' report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes X No

Identification of major program:

CFDA Number(s)
93.600

Name of Federal Program or Cluster
Early Head Start Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CANTON, OHIO
AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended December 31, 2018

Section II - Financial Statement Findings

There were no findings for the year ended December 31, 2018.

Section III - Federal Award Findings and Questioned Costs

There were no findings for the year ended December 31, 2018.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2018

Prior Year Findings:

Financial Statement Finding

Identifying Number: 2017-001

Condition: This finding was a material weakness related to the restatement of beginning balances to properly reflect the consolidated entity.

Recommendation: The auditor recommended that procedures be implemented to review applicable accounting guidance for consolidation to ensure reporting is in accordance with GAAP.

Current Status: The recommendation was adopted during 2018. No similar findings were noted in the 2018 audit.