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DIVISION OF FINANCE & MANAGEMENT

March 20, 2019

Roger Gallimore, Director Young Men's Christian Association (YMCA) of Rapid City, Inc. 815 Kansas City St Rapid City SD 57701

RE: Management Decision on Single Audit Report for the Years ended December 31, 2017 and 2016

Dear Mr. Gallimore:

The Department of Education (DOE) has reviewed the Organization's single audit report for the fiscal years ended December 31, 2017 and 2016. This letter provides the DOE's management decision on the audit finding and the Organization's proposed corrective action plan that relates to the Federal award administered by the DOE.

Finding Number 2017-002: Payroll Testing (Summarized below)

Federal Program Affected: 21st Century Community Learning Centers (CFDA #84.287)

Condition and Cause: During testing it was noted that one employee did not have an updated wage agreement related to a new position she was transferred to.

Criteria and Effect: Uniform Guidance requires expenditures to follow the allowable costs as outlined in the grant agreements and requires adequate documentation, including support for all payments made. Lack of adequate documentation could result in questioned costs.

Auditor's Recommendation: New wage agreements should be completed for all personnel who change positions within the Organization to ensure employees are being paid the approved rate.

Organization's Corrective Action Plan to Finding 2017-002 included in Management Response.

Management Response Corrective Action Plan: The Organization agrees with the above finding. The Payroll Specialist will review all payroll to ensure that all employees have an up-to-date completed wage agreement. This will be subsequently reviewed by the Controller to ensure compliance.

Management Decision: The DOE sustains the independent auditor's finding. The DOE accepts the corrective action plan included in the organization's management response to the audit report. It is expected that the Organization will follow the auditor's recommendation and implement its plan to ensure that all employees are being paid the approved rate based on up-to-date wage agreements.

If you have any questions or concerns, please feel free to contact Tacy Kennison at (605)-773-3171.

Sincerely,

Rob Huffman, Administrator Office of Grants Management

cc: Sandra Scott, Business Official Martin Guindon, Auditor General



MARTIN L. GUINDON, CPA AUDITOR GENERAL

Date: September 24, 2018

To: SD Department of Education

State Board of Internal Control

Re: Audit Report on - Young Men's Christianson Association of Rapid City, Inc.

As of and for the year ended December 31, 2017

By: Ketel Thorstenson, LLP, CPAs

We have accepted the final report on the audit of the above-named entity conducted under the requirements of OMB Uniform Guidance.

OMB Uniform Guidance requires the State of South Dakota, as a direct recipient of federal assistance who provides federal awards to a subrecipient, to:

- 1. Ensure that subrecipients expending \$750,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Uniform Guidance for that fiscal year.
- Ensure that the subrecipient takes timely and appropriate corrective action when the audit report discloses instances of noncompliance with federal laws and regulations.
- Consider whether this subrecipient audit necessitates adjustment of your program records.

The accompanying audit report is submitted to you to help fulfill these requirements.

The report does identify an audit finding pertaining to federal award programs administered by your department that is required to be reported in accordance with OMB Uniform Guidance, §200.516(a). See page 44. Accordingly, you are required to issue a management decision on the audit finding within six months after receipt of this audit report (OMB Uniform Guidance §200.331(d)(3)).

Please contact us if you have any questions.

Sincerely,

Martin L. Guindon, CPA

Auditor General

MLG:sld

Enclosure

YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT DECEMBER 31, 2017 AND 2016



YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Young Men's Christian Association of Rapid City, Inc. Rapid City, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC. (the Organization) which comprise the statement of financial position as of December 31, 2017, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors Young Men's Christian Association of Rapid City, Inc.

Other Matter - Prior Period Financial Statements

The financial statements of Young Men's Christian Association of Rapid City, Inc. as of December 31, 2016, were audited by other auditors whose report dated April 18, 2017, expressed an unmodified opinion on those statements. The financial statements present, for informational purposes, the prior year balance as only a memorandum. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining fund financial statements on pages 29-34, the South Dakota Afterschool Network Statement of Financial Position on page 35, and the South Dakota Afterschool Network Schedule of Changes in Unearned Revenue on page 36, are presented for purposes of additional analysis and are not a required part of the financial statements. In addition, the 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 on page 37 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 audit 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 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 August 16, 2018 on our consideration of the Organization'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 Organization's internal control over financial reporting and compliance.

KETEL THORSTENSON, LLP Certified Public Accountants

Katel Thorstoners LLP

August 16, 2018



Young Men's Christian Association of Rapid City, Inc. Statement of Financial Position December 31, 2017

With Memorandum Totals for December 31, 2016

ASSETS		nrestricted et Assets	F	emporarily Restricted let Assets
Cash and Cash Equivalents Accounts Receivable, Net Other Receivables Prepaid Expenses Promises to Give, Net Property and Equipment, Net Escrow Deposit Amounts Held for Others Investments	\$	435,137 158,799 1,757 60,973 1,485 9,997,927 100,000 141,890	\$	2,891,234 - - 1,047,315 - - - 960,278
TOTAL ASSETS	<u>\$_1</u>	10,897,968	\$	4,898,827
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable Accrued Personnel Costs Other Liabilities Unearned Fees and Dues Amounts Held for Others Capital Lease Liability	\$	62,897 371,644 2,907 243,387 141,890 9,715	\$	614 - 263 - - -
Total Liabilities		832,440		877
NET ASSETS Unrestricted Net Assets: Undesignated Board-designated		9,741,797 323,731		- -
Total Unrestricted Net Assets	1	0,065,528		
Temporarily Restricted Net Assets Permanently Restricted Net Assets		<u>-</u>		4,897,950 <u>-</u>
Total Net Assets	1	0,065,528		4,897,950
TOTAL LIABILITIES AND NET ASSETS	\$ 1	0,897,968	\$	4,898,827

Perm	anently				2016
	tricted			M	emorandum
Net .	<u>Assets</u>		Totals		Total
\$	-	\$	3,326,371	\$	2,310,082
	-		158,799		203,348
	-		1,757		1,517
	-		60,973		59,598
	-		1,048,800		1,795,658
	-		9,997,927		10,626,784
	-		100,000		-
	-		141,890		165,726
	290,687		1,250,965		1,145,418
\$	290,687	<u>\$</u>	16,087,482	<u>\$</u>	16,308,131
\$	_	\$	63,511	\$	75,373
	-	·	371,644	•	366,810
	_		3,170		3,746
	_		243,387		287,283
	_		141,890		165,726
		_	9,715		25,016
	_		833,317		923,954
	-		9,741,797		10,213,769
	_		323,731		281,465
		_	10,065,528		10,495,234
	_		4,897,950		4,598,256
	290,687		290,687		290,687
	290,687	_	15,254,165		15,384,177
\$ 2	290,687	<u>\$</u>	16,087,482	\$	16,308,131

Young Men's Christian Association of Rapid City, Inc. Statement of Activities For the Year Ended December 31, 2017 With Memorandum Totals for the Year Ended December 31, 2016

			Temporarily
	l	Inrestricted	Restricted
	_1	Vet Assets	Net Assets
SUPPORT, REVENUES, AND LOSSES			
Child Care	\$	2,163,691	\$ -
Membership Dues	,	1,980,561	· -
Donations - Special Purposes		-	1,545,484
Grants		1,794,820	-
Sponsorship Donations		306,152	_
Program Services		277,141	_
Food Service		123,801	-
United Way		99,677	-
Vending Sales		36,726	-
Department Fundraisers		31,906	-
Use of Facilities		12,751	-
Interest Income		538	6,598
Bequests, Memorials, and Other		1,779	, -
Miscellaneous Income		14,358	-
Loss on Clarification of Pledge Intention		_	(1,000,000)
Loss on Disposal of Property and Equipment		(311,544)	-
Net Assets Released from Restrictions		401,118	(401,118)
Total Support, Revenues, and Losses		6,933,475	150,964
EXPENSES			
Program Services		6,595,675	
Management and General		547,508	-
Fundraising		219,998	<u>-</u>
		210,000	
Total Expenses		7,363,181	
OTHER REVENUE (EXPENSES)			
Realized/Unrealized Gain (Loss) on Investments		· _	105,919
Interest and Dividend Income, Endowment		_	42,811
The state of the s			72,011
Total Other Revenue (Expense)			148,730
CHANGE IN NET ASSETS		(429,706)	299,694
NET ASSETS - BEGINNING OF YEAR		10,495,234	4,598,256
NET ASSETS - END OF YEAR	\$	10,065,528	\$ 4,897,950
		-,,	7 1,007,000

The accompanying notes are an integral part of this statement.

Permanently Restricted		2016 Memorandum
Net Assets	Totals	Total
\$ -	\$ 2,163,691	\$ 2,326,463
-	1,980,561	1,992,398
-	1,545,484	272,450
-	1,794,820	1,846,897
-	306,152	225,825
-	277,141	282,723
-	123,801	115,989
-	99,677	99,942
-	36,726	37,986
-	31,906	34,828
-	12,751	13,577
-	7,136	6,339
-	1,779	2,015
-	14,358	898
-	(1,000,000)	-
-	(311,544)	(17,504)
	7,084,439	7,240,826
-	6,595,675	6,955,579
-	547,508	441,209
	219,998	216,331
	7,363,181	7,613,119
_	105,919	(16,798)
-	42,811	46,509
-	148,730	29,711
-	(130,012)	(342,582)
290,687	15,384,177	15,726,759
\$ 290,687	<u>\$ 15,254,165</u>	\$ 15,384,177

Young Men's Christian Association of Rapid City, Inc. Statement of Cash Flows For the Year Ended December 31, 2017 With Memorandum Totals for the Year Ended December 31, 2016

		nrestricted let Assets	F	emporarily Restricted let Assets
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$	(429,706)	\$	299,694
Adjustments to Reconcile Change in Net Assets	Ψ	(429,700)	φ	299,094
to Net Cash Provided (Used) by Operating Activities:				
Depreciation		458,368		_
Loss on Disposal of Property and Equipment		311,544		-
Net (Gain) Loss on Investments		511,5 44 -		(105,919)
Loss on Clarification of Pledge Intention		_		1,000,000
Donations for the Purchase of Capital Assets		_		(1,545,484)
(Increase) Decrease in:		_		(1,545,464)
Promises to Give		1,893		(255,035)
Accounts Receivable		44,549		(200,000)
Other Receivables		(240)		_
Prepaid Expenses		(1,375)		_
Increase (Decrease) in:		(1,070)		_
Accounts Payable		(3,479)		(8,383)
Accrued Personnel Costs		4,834		(0,000)
Other Liabilities		(510)		(66)
Deferred Fees and Dues		(43,896)		
Net Cash Flows Provided (Used) by Operating Activities		341,982		(615,193)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property and Equipment		(141,055)		
Escrow Deposit on Purchase of Building		(100,000)		-
Purchases of Investments		(100,000)		(06.446)
Sales of Investments		-		(96,416)
Cales of investments				96,788
Net Cash Provided (Used) by Investing Activities		(241,055)		372
CASH FLOWS FROM FINANCING ACTIVITIES				
Donations for the Purchase of Capital Assets		_		1,545,484
Payments on Capital Leases		(15,301)		-
·				
Net Cash Provided (Used) by Financing Activities		(15,301)		1,545,484
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		85,626		930,663
CASH AND EQUIVALENTS BEGINNING OF YEAR		349,511		1,960,571
CASH AND EQUIVALENTS END OF YEAR	\$	435,137	\$	2,891,234

The accompanying notes are an integral part of this statement.

Permanen	•				2016
Restricte					lemorandum
Net Asset	ts_		Totals	_	Total
\$	-	\$	(130,012)	\$	(342,582)
	_		458,368		484,232
	_		311,544		17,504
	_		(105,919)		16,798
	_		1,000,000		-
	-		(1,545,484)		(270,450)
					, ,
	-		(253,142)		366,636
	-		44,549		(29,777)
	-		(240)		(392)
	-		(1,375)		(3,792)
	_		(11,862)		9,864
	_		4,834		37,571
	_		(576)		295
			(43,896)		(14,681)
	_		(273,211)		271,226
			(270,211)		271,220
			(4.44.055)		(400 400)
	-		(141,055)		(136,439)
	-		(100,000)		(400,000)
	-		(96,416)		(408,239)
	-	_	96,788	_	405,575
			(240,683)		(139,103)
	_		1,545,484		270,450
			(15,301)	_	(14,802)
			1,530,183		255,648
	-		1,016,289		387,771
	_		2,310,082		1,922,311
¢		- -		Φ	
\$	_	\$	3,326,371	\$	2,310,082

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc. Statement of Functional Expenses For the Year Ended December 31, 2017 With Memorandum Totals for the Year Ended December 31, 2016

	Program Services	Management and General		
Salaries	\$ 3,534,759	\$ 256,704		
Employee Benefits	638,611	46,378		
Payroll Taxes	256,839	18,652		
Total Payroll and Related Expenses	4,430,209	321,734		
Supplies	702,175	_		
Depreciation	449,201	9,167		
Occupancy	487,646	9,952		
Repairs and Maintenance	207,524	4,235		
Y-USA Fair Share Support	44,509	35,607		
Travel	65,566	4,762		
Technology	110,948	8,057		
Office Expenses	88,279	115,962		
Professional Fees	<u>-</u>	37,333		
Conferences and Training	9,618	699		
Total Expenses	\$ 6,595,675	\$ 547,508		

					2016
				Me	emorandum
Fu	ndraising		Total		Only
\$	114,090	\$	3,905,553	\$	3,988,808
	20,612		705,601		696,189
	8,290		283,781	_	288,682
	142,992	_	4,894,935		4,973,679
	30,083		732,258		804,546
	-		458,368		484,232
	-		497,598		506,905
	-		211,759		220,701
	8,902		89,018		100,996
	2,116		72,444		123,419
	3,581		122,586		66,662
	8,612		212,853		247,137
	23,402		60,735		68,144
	310		10,627		16,698
\$	219,998	\$	7,363,181	\$	7,613,119

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Young Men's Christian Association of Rapid City, Inc. (YMCA) is a nonprofit organization dedicated to strengthening the communities in which it serves through promoting youth development, healthy living, and social responsibility. The YMCA is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being, and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families, and communities to be healthy, confident, connected, and secure.

Program Activities:

Youth Development - Our YMCA is committed to nurturing the potential of every child and teen. We believe that all kids deserve the opportunity to discover who they are and what they can achieve. That is why we help young people cultivate the values, skills, and relationships that lead to positive behaviors, better health, and educational achievement. Our YMCA programs, such as afterschool, childcare, day camp, youth sports, teen leadership, and aquatics, offer a range of experiences that enrich cognitive, social, physical, and emotional growth.

Healthy Living - The YMCA is a leading voice on health and well-being. We bring families closer together, encourage good health, and foster connections through fitness, sports, fun, and shared interests. As a result, people in our community are receiving the support, guidance, and resources they need to achieve greater health in spirit, mind, and body. This is particularly important as our nation struggles with an obesity crisis, families struggle with work/life balance, and individuals search for personal fulfillment. Examples of such programs are diabetes prevention, Parkinson's wellness, group exercise, arthritis relief, and cardio/strength fitness.

Social Responsibility - Our YMCA believes in giving back and supporting our neighbors. We have been listening and responding to our community's most critical social needs. YMCA programs, such as teen mom mentorship and childcare, summer learning loss prevention, food programs, and outreach, are examples of how we deliver training, resources, and support that empower our neighbors to effect change, bridge gaps, and overcome obstacles. We engage YMCA members, participants, and volunteers in activities that strengthen our community and pave the way for future generations to thrive.

As part of our mission our programs are accessible, affordable, and open to all faiths, backgrounds, abilities, and income levels. We provide financial assistance to people who otherwise may not have been able to afford to participate.

Basis of Accounting

The financial statements of the YMCA have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The YMCA records resources for accounting and reporting purposes into three net assets categories: unrestricted, temporarily restricted, and permanently restricted, based on the existence or absence of donor-imposed restrictions.

Unrestricted - Net assets not subject to donor-imposed restrictions. Such net assets are available for any purpose consistent with the YMCA's mission.

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Temporarily Restricted - Net assets subject to specific, donor-imposed restrictions that must be met by actions of the YMCA and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as released from restriction. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to unrestricted support.

Permanently Restricted - Net assets subject to donor-imposed restriction requiring they be maintained permanently by the YMCA. Such net assets are normally restricted to long-term investment, with income earned and appreciation available for specific or general YMCA purposes.

Cash and Cash Equivalents

For financial statement purposes, the YMCA considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash allocated to the investment portfolio as part of the YMCA's investment strategy is reported as investments.

Investments

Investments are reported at fair value and are based primarily on quoted market prices or estimated fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Contributions and Promises to Give

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses in the period received depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. An allowance for uncollectible promises to give is estimated based on previous collection history and potential collection problems. Management considers all promises to give as of December 31, 2017 to be fully collectible.

Accounts Receivable

Accounts receivable consists of receivables from program registrants and federal grant programs. Program fees are recorded at the time the revenue is earned and billed out monthly. Any receivable not paid within thirty days is considered past due and services are terminated if delinquent accounts are not brought current within sixty days. Grants receivable represent amounts that have been billed under grant agreements but were not collected as of the date of the financial statements. All grants receivable represent amounts owed by government agencies. An allowance for uncollectible accounts receivable is estimated based on potential collection problems identified by management. Allowances for doubtful accounts at December 31, 2017 and 2016 were \$6,160 and \$0, respectively. Accounts receivable will be charged off as uncollectible when management feels they have exhausted all reasonable collection efforts.

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The YMCA capitalizes all expenditures for property and equipment in excess of \$2,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the YMCA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The YMCA reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	20 - 80 years
Machinery and Equipment	5 - 15 years
Vehicles	5 - 10 years

Impairment of Long-lived Assets

The carrying value of the YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful, depreciable life may need to be changed. The YMCA considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value. The YMCA has determined that no long-lived assets are impaired.

Escrow Deposit

The YMCA entered into a purchase agreement for a building during the year ended December 31, 2017. An escrow deposit of \$100,000 was made with the purchase agreement. The purchase of the building was completed subsequent to the year ended December 31, 2017.

Revenue Recognition of Fees and Dues

Program service fees are recognized at the start of the program being offered, at which time fees are no longer refundable. Membership dues and childcare fees are recognized ratably as income over the terms of the memberships/childcare. Fees and dues received in advance of December 31 each year are presented as unearned fees and dues on the accompanying Statement of Financial Position.

Revenue Recognition of Grants

The YMCA is the recipient of grants that require expenditure for specific activities before the YMCA is reimbursed by the grantor for the costs incurred. Documentation of actual costs expended under each program are included when submitting monthly reports for reimbursement. Revenue related to these grants is recognized when eligible program costs are incurred.

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Balances for the Year Ended December 31, 2016

The Statement of Financial Position, Statement of Activities, Statement of Cash Flows, and Statement of Functional Expenses for the year ended December 31, 2016 are captioned "Memorandum Only." Such information is presented only to facilitate financial analysis. This data does not present these statements in the amount of detail required by accounting principles generally accepted in the United States of America. The complete December 31, 2016 Statement of Financial Position, Statement of Activities, Statement of Cash Flows, and Statement of Functional Expenses were included with the prior year report, but are not presented here because of space limitations and to avoid cumbersome and confusing formats.

Federal Income Taxes

Taxes are recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the taxing authorities.

The YMCA is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The YMCA is not liable for income taxes if it operates within the confines of its exempt status. However, the YMCA may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the YMCA could be changed if taxing authorities make adjustments to the tax-exempt purpose of the YMCA, or if the taxing authorities determine activities are subject to unrelated business income.

As of December 31, 2017, the YMCA had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The YMCA's income tax filings are subject to audit by various taxing authorities. The YMCA is no longer subject to federal and state income tax examination by taxing authorities for years before 2014. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law, and new authoritative rulings. The YMCA believes their estimates are appropriate based on current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense. There were no penalties and interest assessed by taxing authorities during the year ended December 31, 2017.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the YMCA.

Loss on Clarification of Pledge Intention

During the year ended December 31, 2017 a donor clarified their pledge intention, resulting in a decrease of the donor's outstanding pledge balance of \$1,000,000. This has been reported in the Statement of Activities as a loss on clarification of pledge intention.

Liquidity

Assets and liabilities are presented in the order of liquidity in the statement of financial position. Any further restrictions are disclosed in the notes to the financial statements.

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

A large number of volunteers have donated a significant number of hours to the YMCA's program services during the year. However, these donated services are not reflected in the financial statements, as they do not meet the recognition criteria according to generally accepted accounting standards.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent matters at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Sales Tax

The State of South Dakota and the cities in which the YMCA operates impose a sales tax on the YMCA's sales of merchandise. However, the YMCA is sales tax exempt on membership fees and program fees. The YMCA collects sales tax related to merchandise sales from customers and remits the entire amount to the State. The YMCA's accounting policy is to net sales tax collected and remitted to the State against revenues.

Property Tax

The YMCA is exempt from property taxes. Accordingly, there is no provision for property taxes included in these financial statements.

Reclassifications

Certain items in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Recent Accounting Pronouncements

In May 2014, the FASB issued (ASU) 2014-09, Revenue from Contracts with Customers: Topic 606. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective retrospectively for fiscal years beginning after December 15, 2017. The YMCA has not yet implemented this ASU and is in the process of assessing the effect on the YMCA's financial statements.

In February 2016, the FASB issued (ASU) 2016-02, Leases. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019. The YMCA has not yet implemented this ASU and is in the process of assessing the effect on the organization's financial statements.

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In August 2016, the FASB issued (ASU) 2016-14, Not-for-Profit Entities: Topic 958. The amendments in this Update affect not-for-profit entities (NFP) and the users of their general purpose financial statements. The amendments in this Update make certain improvements to the current net asset classification requirements and the information presented in financial statements and notes about a NFP's liquidity, financial performance, and cash flows. The amendments in the ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The YMCA has not yet implemented this ASU and is in the process of assessing the effect on the organization's financial statements.

In June 2018, the FASB issued (ASU) 2018-08, Not-for-Profit Entities: Topic 958. This ASU clarifies the scope and accounting guidance for contributions received and contributions made. The amendments in this update allow for entities to evaluate whether transactions should be accounted for as contributions or exchange transactions (and subject to other guidance) or determining whether a contribution is conditional. The amendments in the ASU are effective for annual financial statements for fiscal years beginning after December 15, 2018. The YMCA has not yet implemented this ASU and is in the process of assessing the effect on the organization's financial statements.

NOTE 2 - CAPITAL CAMPAIGN FUND AND PROMISES TO GIVE

The YMCA has a continual fund-raising campaign to increase the endowment. Contributions to the endowment will be maintained in accordance with the YMCA endowment policy (see Note 10) with earnings on donations being used to support the programs of the YMCA. The YMCA has an additional Shaping our Future Campaign. Contributions to Shaping our Future are allocated per the donors' wishes to one or all of the following three categories: capital projects, sponsorship, and endowment. Management continually evaluates the collectability of promises to give. Management records an allowance for uncollectible promises to give upon evaluation of individual donor payment history and likelihood of payment. Because the Shaping Our Future Campaign is in the early stages and the YMCA has a long history with many of the current donors, management has determined that no allowance for uncollectible promises to give is necessary at this time. Unconditional promises to give at December 31 are as follows:

	2017							
		Unrestricted Net Assets		Temporarily Net Assets		Permanently Restricted Endowment		Total
Receivable in Less Than One Year Receivable in One to Five Years Discount on Pledges Receivable	\$	1,485 - <u>-</u>	\$	659,440 411,319 (23,444)	\$	<u>-</u>	\$	660,925 411,319 (23,444)
Total Unconditional Promises to Give	\$	1,485	\$	1,047, <mark>315</mark>	\$	_	\$	1,048,800

NOTE 2 - CAPITAL CAMPAIGN FUND AND PROMISES TO GIVE

	2016						
	Unrestricted Net Assets				Permanently Restricted Endowment		Total
Receivable in Less Than One Year Receivable in One to Five Years	\$ ———	3,378	\$	568,825 1,223,455	\$	<u>-</u>	\$ 572,203 1,223,455
Total Unconditional Promises to Give	\$	3,378	\$	1,792,280	\$	_	\$ 1,795,658

Unconditional pledges receivable due in more than one year are discounted based on the credit worthiness of donors, which was 3.25% as of December 31, 2017. Promises to give at December 31, 2017 includes \$800,000 due from four donors. Promises to give at December 31, 2016 includes \$1,650,000 due from two donors.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

		2017		2016
Nondepreciable Item				
Land	\$	1,496,102	\$	1,495,742
Construction in Progress		33,004	•	33,004
Depreciable Items		,		00,004
Buildings and Improvements		13,297,670		13,336,207
Land Improvements		-		403,902
Machinery and Equipment		1,894,817		1,943,601
Vehicles	_	431,800	_	431,801
		17,153,393		17,644,257
Less: Accumulated Depreciation		7,155,466		7,017,473
Net Property and Equipment	\$	9,997,927	\$	10,626,784

As of December 31, 2017, construction in progress consisted of design fees related to a future capital project. There are no future commitments for this project as of December 31, 2017.

NOTE 4 - INVESTMENTS

Investments consisted of the following at December 31:

	 2017		2016
Money Market Funds and Cash Equivalents Mutual Funds Bonds	\$ 15,486 1,234,381 1,098 1,250,965	\$ <u>\$</u>	46,049 1,098,006 1,363 1,145,418

NOTE 4 - INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return in the Statement of Activities for the years ended December 31:

		2017		2016
Interest and Dividend Income Net Realized and Unrealized Loss on Investments Investment Expenses	\$ <u>\$</u>	42,811 105,919 (11,988) 136,742	\$ \$	46,509 (16,798) (11,135) 18,576

The above investment return is classified in the Statement of Activities as temporarily restricted.

NOTE 5 - REVOLVING LINE OF CREDIT

The YMCA has available a \$200,000 line of credit with a financial institution which bears interest at Prime rate plus 1%, with a floor of 5%. The line of credit is unsecured and expires in August 2018. Management is currently working on a renewal. No outstanding borrowings existed at December 31, 2017 and 2016.

NOTE 6 - CAPITAL LEASES

The YMCA leases vehicles under capital leases. The following is an analysis of the leased assets included in property and equipment:

	 2017	 2016
Capital lease to a third party vendor used to finance equipment. Annual payments of \$5,086, 0% interest, paid in full during 2017. The cost of the equipment was \$26,055 with \$11,942 of accumulated depreciation as of December 31, 2017.		
	\$ -	\$ 5,586
Capital lease to a third party vendor used to finance equipment. Monthly payments of \$413, 7.61% interest, due in 2018. The cost of the equipment was \$24,808 with \$8,889 of accumulated depreciation at December 31, 2017.	4,962	9,923
Capital lease to a third party vendor used to finance equipment. Monthly payments of \$396, 8.86% interest, due in 2018. The cost of the equipment was \$23,768 with \$8,817 of accumulated depreciation at		
December 31, 2017.	 4,753	 9,507
Total Capital Lease Liability	\$ 9,715	\$ 25,016

NOTE 6 - CAPITAL LEASES (CONTINUED)

The following is a schedule by years of future minimum payments, including interest, required under the lease as of December 31, 2017:

Year Ending December 31, 2018

\$ 9,715

NOTE 7 - BOARD-DESIGNATED NET ASSETS

Board-designated Net Assets, including Other Member Activities Funds, are maintained in the YMCA's operating bank account. Receipts and disbursements for each fund are designated by the Board of Directors to their specific activity within unrestricted net assets and consist of the capital reserve at December 31, 2017 and 2016.

NOTE 8 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31:

	 2017		2016
Donations for Special Purpose:			
Edgemont YMCA	\$ 34,554	\$	37,645
Dunham Enterprises - Miscellaneous	26,466	,	88,660
Custer Elementary School Project	6,478		6,478
Equipment Purchase	5,000		-
Jumpstart Program	4,350		4,300
The First Tee Golf Program	3,445		3,445
Golf Course	2,553		2,855
Custer ESP Campaign	1,672		· -
Soccer Jerseys	1,591		_
Custer Childcare	1,320		-
Camp	678		678
Speirs Memorial	463		463
Parkinson's Disease Exercise Program	444		2,308
Custer Jr. Golf Program	400		400
Custer Skate Program	250		250
Custer Soccer Program	250		250
Unicycle Team	150		_
Custer Baseball Equipment	43		43
Youth Institute	-		500
Activity Fees at Main Street Square	-		284
Equipment Repair	 		100
	90,107		148,659
Shaping Our Future	3,543,655		3,153,893
SOF Sponsorship	30,289		38,120
Endowment - Earnings Available for Appropriations	959,437		853,370
Capital Projects	 274,462	_	404,214
	\$ 4,897,950	\$	4,598,256

NOTE 8 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

Temporarily restricted net assets in the amount of \$401,118 and \$272,699, respectively, were released from restriction during the years ended December 31, 2017 and 2016 as a result of donor stipulations being met.

Permanently restricted net assets at December 31, 2017 and 2016 represent donor contributions to a permanently restricted endowment fund (see Note 10). The principal of these funds will remain in perpetuity, while the income earned will be used at the Board's discretion. Earnings on these funds are considered temporarily restricted until the Board appropriates the funds for expenditure.

NOTE 9 - PENSION AND RETIREMENT PLAN

The YMCA participates in the YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended. The Plan is sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax exempt pension fund incorporated in the state of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The Plan is operated as a church pension plan. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan has no unfunded benefit obligation.

Pension benefits for substantially all employees meeting certain eligibility requirements are provided through participation in the National YMCA Retirement Fund, a multi-employer defined contribution pension plan. The YMCA makes contributions to the plan each year equal to 12% of eligible participants' compensation. Contributions to the plan were \$267,407 and \$271,178, respectively, for the years ended December 31, 2017 and 2016.

NOTE 10 - ENDOWMENT FUNDS

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date for all 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 as 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 state law.

NOTE 10 - ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets are as follows for the years ended December 31:

	2017
	Temporarily Permanently Restricted Restricted Total
Endowment Net Assets, Beginning Contributions to Endowment Net Depreciation on Investments Interest and Dividends Investment Fees Amounts Appropriated for Expenditure	\$ 853,370 \$ 290,687 \$ 1,144,057 11,725 - 11,725 105,919 - 105,919 42,811 - 42,811 (11,988) - (11,988) (42,400) - (42,400)
Endowment Net Assets, Ending	<u>\$ 959,437</u>
	Temporarily Permanently Restricted Restricted Total
Endowment Net Assets, Beginning Contributions to Endowment Net Depreciation on Investments Interest and Dividends Investment Fees Amounts Appropriated for Expenditure	\$ 867,214 \$ 290,687 \$ 1,157,901 6,680 - 6,680 (16,798) - (16,798) 46,509 - 46,509 (11,135) - (11,135) (39,100) - (39,100)
Endowment Net Assets, Ending	<u>\$ 853,370</u> <u>\$ 290,687</u> <u>\$ 1,144,057</u>

The following represents endowment net asset composition by net asset class as of December 31:

		2017	
	Temporarily	Permanently	
	Restricted	_Restricted	Total
Donor-restricted Endowment Funds	\$ 959,437	\$ 290,687	\$ 1,250,124
		2016	
	Temporarily	Permanently	
	Restricted	Restricted	Total
Donor-restricted Endowment Funds	\$ 853,370	\$ 290,687	\$ 1,144,057

NOTE 10 - ENDOWMENT FUNDS (CONTINUED)

The YMCA has adopted investment and spending policies for endowment net assets that attempt to provide a predictable stream of funding to programs supported by its endowment. As such, all investment earnings, including realized and unrealized gains, related to permanently restricted funds are allocated to temporarily restricted funds until appropriated for expenditure. The YMCA's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return three percent over the consumer price index/inflation rate. Actual returns in any given year may vary from this amount. 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). The YMCA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

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

- The duration and preservation of the fund
- The purposes of the YMCA 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 YMCA
- The investment policies of the YMCA.

NOTE 11 - RECURRING FAIR VALUE MEASUREMENTS

The YMCA classifies assets and liabilities measured at fair market value within a hierarchy based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect estimates about market data. The three-level fair value hierarchy is defined as follows:

<u>Level I</u> - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the YMCA has the ability to access as of the measurement date. The type of investments which would generally be included in Level I include listed equities and listed derivatives.

<u>Level II</u> - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities, and mutual funds.

<u>Level III</u> - Significant unobservable inputs that reflect the YMCA's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The YMCA's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

NOTE 11 - RECURRING FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the assets measured at fair value on a recurring basis as of December 31, on the accompanying Statement of Financial Position by fair value hierarchy, as described above.

		2017					
		Level I		Total			
Money Market Funds Mutual Funds Bond Funds	\$	15,486 1,234,381 1,098	\$	15,486 1,234,381 1,098			
	\$	1,250,965	\$	1,250,965			
		20	16				
		Level I		Total			
Money Market Funds Mutual Funds Bond Funds	\$	46,049 1,098,006 1,363	\$	46,049 1,098,006 <u>1,363</u>			
	<u>\$</u>	1,145,418	<u>\$</u>	1,145,418			

There were no Level II or III investments as of December 31, 2017 and 2016. The YMCA carried no other assets or liabilities measured at fair value on a recurring or non-recurring basis as of December 31, 2017 and 2016.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the Statement of Financial Position.

NOTE 12 - CONCENTRATIONS

As of December 31, 2017, the YMCA had amounts on deposit at certain financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation (FDIC). The YMCA has not experienced any losses in such accounts. The YMCA monitors the financial stability of financial institutions regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.

NOTE 13 - FINANCIAL ASSISTANCE PROVIDED

The YMCA provides financial assistance, through contributions and other fundraising, to help defray the costs of membership and program and other fees for individuals with need. Membership dues are recorded net of such assistance in the accompanying statements of activities. Such amounts were as follows for the years ended December 31:

	2017	2016
Membership Dues Less: Financial Assistance Provided	\$ 2,298,232 (317,671	\$ 2,301,783 (309,385)
Membership Dues, Net	\$ 1,980,561	\$ 1,992,398

NOTE 14 - RELATED PARTIES

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2017 and 2016 were \$89,018 and \$100,996, respectively.

NOTE 15 - AMOUNTS HELD FOR OTHERS

The YMCA acts as a fiscal agent for the South Dakota After School Network (SDAN). SDAN is the recipient of a foundation grant that has matching requirements. The YMCA has recorded an asset for amounts received on behalf of SDAN and a liability for amounts held for others. Contributions made to SDAN are recorded as an increase in the asset and liability and disbursements for the SDAN grants are recorded as decreases in the asset and liability.

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE

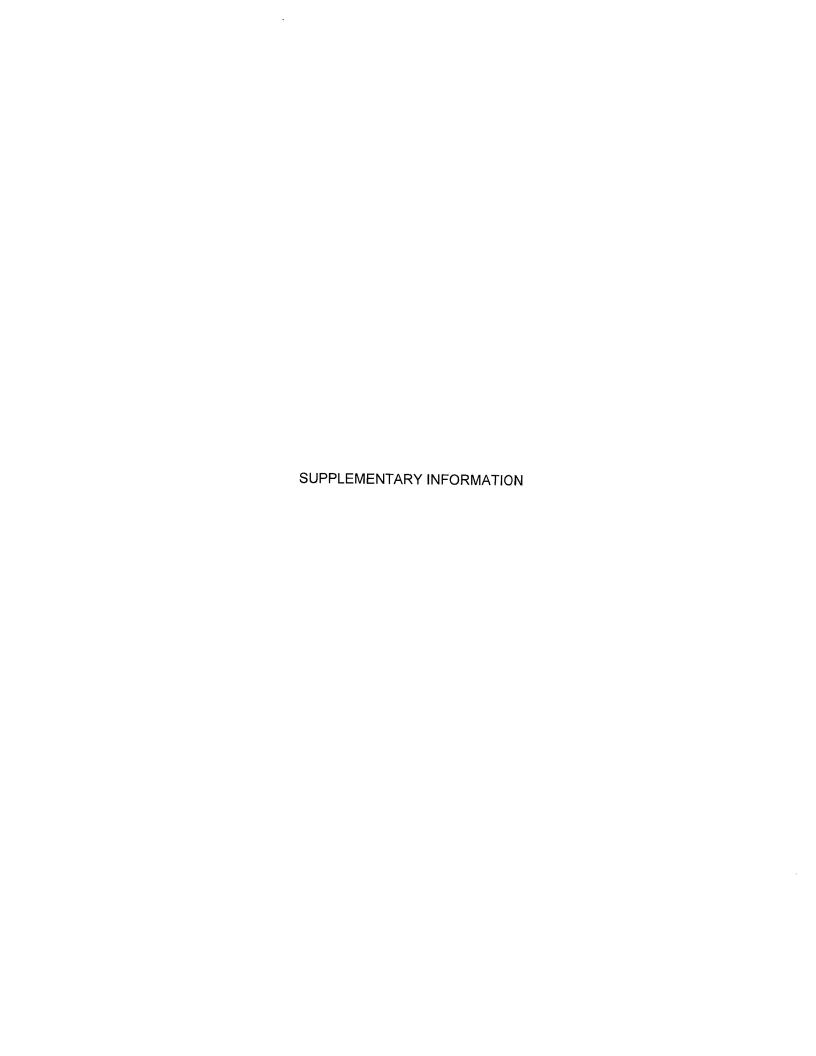
During the year ended December 31, 2017, the YMCA changed its method of recognizing revenue related to program services. Prior to the year ended December 31, 2017, program service fees were recognized ratably over the course of the program being offered. During the year ended December 31, 2017, the YMCA began recognizing program services fees at the start of the program being offered, at which time fees are no longer refundable to participants who do not complete the program. This method of recognition provides a more accurate recognition of the YMCA's revenues as it meets its performance obligations. This change in accounting principle has not been applied retrospectively due to its overall insignificance.

NOTE 17 - SUBSEQUENT EVENTS

During the year ended December 31, 2017, the YMCA entered into a purchase agreement for a building in which the YMCA will pay \$5,000,000 for the building, with \$100,000 paid as an escrow deposit. The YMCA closed on the purchase on January 19, 2018, at which time the remaining \$4,900,000 was paid for the building.

Subsequent to December 31, 2017, the YMCA entered into a purchase agreement with another organization to sell half of the building space discussed above to the other organization and form a condominium project for the management of the shared space. The YMCA is required to complete renovations to the building. The projected renovation cost of \$1,960,000 will be shared equally by the organizations. The YMCA closed on the purchase on January 19, 2018, at which time the YMCA received \$3,000,000 from the organization for the sale of half of the building.

Subsequent events were evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.



Young Men's Christian Association of Rapid City, Inc. Combining Statement of Financial Position December 31, 2017

	_	Unrestricted										
	_	Current Operating Fund		Custer YMCA Fund		Edgemont YMCA Fund		Total Operating Funds		Other Members Activities Fund		Property and Equipment Fund
ASSETS												
Cash and Cash Equivalents	\$	447,074	\$	26,982	\$	11,931	\$	485,987	\$	52,558	\$	(427,139)
Accounts Receivable, Net		158,799						158,799				-
Other Receivables		1,757						1,757		. ·		
Prepaid Expenses		59,577		1,396				60,973				_
Promises to Give, Net		1,335		150				1,485				
Property and Equipment, Net								_				9,997,927
Escrow Deposit		-		-		-						100,000
Amounts Held for Others		141,890		-				141,890				-
Investments	_	-			_	-	_	-	_	-		-
TOTAL ASSETS	\$	810,432	\$	28,528	\$	11,931	\$	850,891	\$	52,558	\$	9,670,788
LIABILITIES AND NET ASSETS												
LIABILITIES												
Accounts Payable	\$	61,870	\$	573	\$	-	\$	62,443	\$	454	\$	_
Accrued Personnel Costs		335,894		33,302		2,448		371,644				-
Other Liabilities		1,784		206		246		2,236		671		_
Unearned Fees and Dues		235,545		7,227		615		243,387				_
Amounts Held for Others		141,890						141,890				
Capital Lease Liability	_		_	•	_	-	_		_		_	9,715
Total Liabilities		776,983		41,308	_	3,309		821,600	_	1,125	_	9,715
NET ASSETS												
Unrestricted												
Undesignated		33,449		(12,780)		8,622		20.204		F4 400		0.004.000
Board Designated		-		(12,700)		0,022		29,291		51,433		9,661,073
Total Unrestricted	_	33,449		(12,780)	_	8,622		29,291	_	51,433		9,661,073
Temporarily Restricted								1		, 100		2,001,010
Permanently Restricted												
Total Net Assets		33,449		(12,780)		8,622		29,291		51,433		9,661,073
TOTAL LIABILITIES AND NET ASSETS	\$	810,432	\$	28,528	\$	11,931	\$	850,891	\$	52,558	\$	9,670,788

- Roard doe	ignated Funds				Temporarily Re	estricted		_		
Capital Reserve Fund	Total Board- designated Funds	Total <u>Unrestricted</u>	Donation For Special Purpose	Endowmeni	Capital t Projects	SOF Sponsorship	Shaping Our Future	Total Temporarily Restricted	Permanently Restricted	Totals
\$ 323,731	\$ 323,731	\$ 435,137	\$ 90,976	\$ \$ (94	1) \$ 274,46	32 \$	- \$ 2,526,737	\$ 2,891,234	\$ -	· \$ 3,326,371
-	•	158,799	•	•	-	-		· -		158,799
-	•	1,757 60,973	•	•	-	-		· <u>-</u>		1,757
_	•	1,485	-			-		-	-	60,973
_	-	9,997,927	-	100	U	- 30,289	9 1,016,926	1,047,315	-	1,048,800
_		100,000	-		-	-		-	-	9,997,927
_	_	141,890	•		•	-		-	-	100,000
_	_	141,050	•	000.070	3	- ,		-		141,890
				960,278		<u>- </u>	·	960,278	290,687	1,250,965
\$ 323,731	\$ 323,731	\$ 10,897,968	\$ 90,976	\$ 959,437	<u>2 \$ 274,46.</u>	2 \$ 30,289	\$ 3,543,663	\$ 4,898,827	\$ 290,687	\$ 16,087,482
\$ -	\$ - -	\$ 62,897 371,644	\$ 614 -	\$ -	· \$	- \$ -	\$ -	\$ 614	\$ -	\$ 63,511
-	-	2,907	255	-		- -	8	263	-	371,644
-	-	243,387	_	-			-	203	•	3,170
-	-	141,890		-			_	-	-	243,387
		9,715					_	-	•	141,890
										9,715
		832,440	869				8	877		833,317
-	-	9,741,797	-	-	-	_	-	-	_	9,741,797
323,731	323,731	323,731			-			-		323,731
323,731	323,731	10,065,528	-	-	-	-	-		•	10,065,528
-	-	•	90,107	959,437	274,462	30,289	3,543,655	4,897,950		4 007 050
								4,037,330	290,687	4,897,950 290,687
323,731	323,731	10,065,528	90,107	959,437	274,462	30,289	3,543,655	4,897,950	290,687	15,254,165
\$ 323,731	\$ 323,731	\$ 10,897,968	\$ 90,976	\$ 959,437	\$ 274,462	\$ 30,289	\$ 3,543,663	\$ 4,898,827	\$ 290,687	\$ 16,087,482

Young Men's Christian Association of Rapid City, Inc. Combining Statement of Activities For the Year Ended December 31, 2017

		Unrestricted									
SUPPORT, REVENUES, AND LOSSES	Current Operating Fund	Custer YMCA Fund	Edgemont YMCA Fund	Total Operating Funds	Other Members Activities Fund	Property and Equipment Fund					
Membership Dues	\$ 1,846,850	¢ 407.007	6 C444	A 4000 F04							
Child Care	1,911,702	\$ 127,297	\$ 6,414	\$ 1,980,561	\$ -	\$					
Grants	1,549,313	251,488	501	2,163,691	-						
Program Services	215,294	200,355	45,152	1,794,820							
Sponsorship Donations	243,829	43,634	17,575	276,503	638						
Food Service	117,550	41,462 6,251	20,861	306,152							
United Way	93,087		0.000	123,801	-						
Donations - Special Purposes	93,007	3,630	2,960	99,677	-						
Department Fundraisers			-	-	-						
Vending Sales	12,911	0.007	-		31,906						
Use of Facilities	11,604	2,837	780	16,528	20,198						
Interest Income	51	1,147		12,751	-						
Bequests, Memorials and Other	51	-	-	51							
Loss on Clarification of Pledge Intention	•			-	-	1					
Loss on Disposal of	•	•	10-	-	•						
Property and Equipment											
Miscellaneous	44050	-	-	-	-	(311,544					
Released From Restrictions:	14,358		-	14,358							
Endowment Expenses	44.000										
Endowment Proceeds to Support Program	11,988	•	-	11,988	-						
Donations for Sponsorship Campaign	42,400	•	-	42,400	-						
Donations for Employee Bonus and Benefits	9,425	•		9,425	-						
Donations for Property and Equipment	45,793	-	-	45,793	-						
Donations for Information Technology	-	-	-		-	191,667					
Donations for Professional Fees	14,378		•	14,378	, a 						
Donations for Program Supplies	23,402 62,065			23,402 62,065	-	-					
Total Support, Revenues, and Losses	6,226,000	678,101	94,243	6,998,344	52,742	/// 077					
Salaries						(119,877					
Occupancy	3,412,339	440,306	52,908	3,905,553							
Supplies	465,540	29,058	3,000	497,598		· ·					
Employee Benefits	603,015	79,398	9,462	691,875	40,383						
Depreciation	613,431	78,775	13,395	705,601	-						
Repairs and Maintenance			-		-	458,368					
Payroll Taxes	202,906	5,836	3,017	211,759							
	248,429	31,707	3,645	283,781	-	-					
Y-USA Fair Share Support Travel	74,551	12,692	1,775	89,018	. · ·	_					
	62,994	8,825	625	72,444							
Technology	122,586		-	122,586		_					
Professional Fees	60,735			60,735	-	_					
Office Expenses	201,173	8,963	2,717	212,853	· · · · · · ·	-					
Conferences and Training	8,153	2,254	220	10,627	·						
Total Expenses	6,075,852	697,814	90,764	6,864,430	40,383	458,368					
THER REVENUE (EXPENSES)											
Realized/Unrealized Loss on Investments		· ·									
Interest and Dividend Income, Endowment			-								
Total Other Revenue (Expenses)					<u> </u>						
- The state (Experience)			<u> </u>	<u> </u>		•					

See independent auditor's report.

Board-designated Funds			Temporarily Restricted					-		
Capital Reserve Fund	designated Funds Total Board- designated Funds	Total Unrestricted	Donation For Special Purpose	Endowment	Capital Projects	SOF Sponsorship	Shaping Our Future	Total Temporarily Restricted	Permanently Restricted	Totals
\$	- \$ -	\$ 1,980,561 2,163,691	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,980,561
		1,794,820	•	-	•	-	-	-	-	2,163,691
	- -	277,141	-	-	-	-	•	-	-	1,794,820
	-	306,152	•	-	-	-	•	-	•	277,141
,	. <u>.</u>	123,801	-	-	-	-	-	-	•	306,152
		99,677			-	-	•	-	-	123,801
		-	21,849	11,725	_	1,594	1,510,316	1 545 404	-	99,677
		31,906		11,725	_	1,034	1,310,310	1,545,484	-	1,545,484
		36,726	_	_	_	_	-	-	-	31,906
		12,751		_	_	_	_	-	-	36,726
487	487	538	-	_	-	_	6,598	6,598	•	12,751 7,136
1,779		1,779	-	_	-	-	0,000	0,530		1,779
-		-	-	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
_	. <u>-</u>	(311,544)	_	_	_					(044.544)
-		14,358	-	-	-	-	-	•	-	(311,544) 14,358
-		11,988	-	(11,988)	_	_	-	(11,988)	_	
-	-	42,400	-	(42,400)	-	_	-	(42,400)	_	
-	-	9,425	-	_	-	(9,425)	-	(9,425)	_	_
-	-	45,793	(45,793)	-	-	-	-	(45,793)	_	_
-	-	191,667	-	-	(91,667)	-	(100,000)	(191,667)		-
-	-	14,378	-	-	(14,378)	-	-	(14,378)		_
-	-	23,402	-	-	-	-	(23,402)	(23,402)	-	
		62,065	(34,608)		(23,707)		(3,750)	(62,065)	<u>-</u>	
2,266	2,266	6,933,475	(58,552)	(42,663)	(129,752)	(7,831)	389,762	150,964		7,084,439
-	-	3,905,553	-	-	-	-	-	-	-	3,905,553
-	-	497,598	-	•	-	-	-	-		497,598
•	•	732,258	-	-	-	-	-	-	-	732,258
-	-	705,601	-	-	-	-	•	-	-	705,601
-	-	458,368	-	-	-	-	-	-	-	458,368
-	-	211,759	-	-	-	-	-	-	-	211,759
•	-	283,781	-	-	-		-	-	-	283,781
-	-	89,018	-	-	-	-	-	-	-	89,018
-	-	72,444	-	-	-	-	-	-	-	72,444
-	-	122,586	-	-	-	•	•	-	-	122,586
-	-	60,735	-	-	-	-	-	-	-	60,735
-	-	212,853	-	-	-	-	-	-	-	212,853
	<u>-</u>	10,627								10,627
		7,363,181					-	-	<u>-</u>	7,363,181
-	-	-	-	105,919		-		105,919	-	105,919
			<u> </u>	42,811			<u> </u>	42,811		42,811
			<u> </u>	148,730				148,730		148,730

See independent auditor's report.

Young Men's Christian Association of Rapid City, Inc. Combining Statement of Activities (Continued) For the Year Ended December 31, 2017

	_	Unrestricted									
	Current Operating Fund	Custer YMCA Fund	Edgemont YMCA Fund	Total Operating Funds	Other Members Activities Fund	Property and Equipment Fund					
CHANGE IN NET ASSETS	150,148	(19,713)	3,479	133,914	_ 12,359	(578,245)					
BEGINNING NET ASSETS	(32,116)	(225)	5,143	(27,198)	51,036	10,189,931					
Interfund Transfers Current Operating to Property and Equipment Current Operating to Capital	(45,754)	-	-	(45,754)	-	45,754					
Reserve Custer Operating to Custer	(40,000)	-	-	(40,000)	-	-					
Property and Equipment Other Members Activities to		(300)	-	(300)	-	300					
Property and Equipment Other Members Activities to	•	-	-	-	(3,333)	3,333					
Operating Other Members Activities to	1,171	-	-	1,171	(1,171)	-					
Custer Operating		7,458		7,458	(7,458)						
Total Interfund Transfers	(84,583)	7,158		(77,425)	(11,962)	49,387					
ENDING NET ASSETS	\$ 33,449	<u>\$ (12,780)</u>	\$ 8,622	\$ 29,291	\$ 51,433	\$ 9,661,073					

			Temporarily Restricted							
Board-de	esignated Funds									
Capital Reserve Fund	Total Board- designated Funds	Total Unrestricted	Donation For Special Purpose	Endowment	Capital Projects	SOF Sponsorship	Shaping Our Future	Total Temporarily _Restricted	Permanently _ Restricted	Totals
2,266	2,266	(429,706)	(58,552)	106,067	_(129,752)	(7,831)	389,762	299,694		(130,012)
281,465	281,465	10,495,234	148,659	853,370	404,214	38,120	3,153,893	4,598,256	290,687	15,384,177
-	-	-	-	-	-	~	-	-	-	-
40,000	40,000	-	•	-	-	-	-	-	-	_
-		-	-	-	-	-	-	-	-	-
-	•	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-				-
			:					-	_	-
40,000	40,000		:							
\$ 323,731	\$ 323,731	\$ 10,065,528	\$ 90,107	\$ 959,437	\$ 274,462	\$ 30,289	\$ 3,543,655	\$ 4,897,950	\$ 290,687	\$ 15,254,165

Young Men's Christian Association of Rapid City, Inc. South Dakota Afterschool Network Statement of Financial Position For the Year Ended December 31, 2017

ASSETS Cash and Cash Equivalents TOTAL ASSETS	SDAN Fund 141,890 \$ 141,890
LIABILITIES AND NET ASSETS LIABILITIES	
Unearned Revenue	141,890
NET ASSETS Unrestricted	
TOTAL LIABILITIES AND NET ASSETS	\$ 141,890

Young Men's Christian Association of Rapid City, Inc. South Dakota Afterschool Network Schedule of Changes in Unearned Revenue For the Year Ended December 31, 2017

INCREASE IN UNEARNED REVENUE Grants DECREASE IN UNEARNED REVENUE	\$DAN Fund \$ 6,000
Salaries Technology Supplies & Other Travel & Training	11,469 2,596 618 15,153
Total Decrease in Unearned Revenue	29,836
CHANGE IN UNEARNED REVENUE	(23,836)
BEGINNING UNEARNED REVENUE	165,726
ENDING UNEARNED REVENUE	\$ 141,890

Young Men's Christian Association of Rapid City, Inc. Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2017

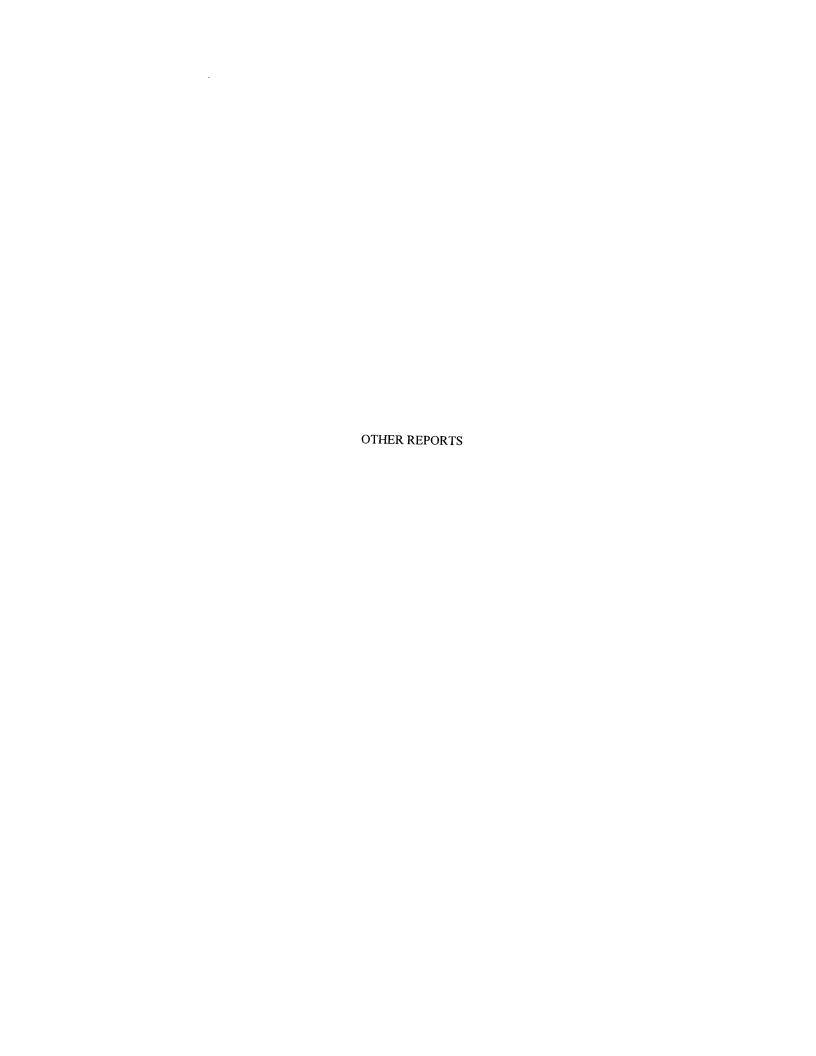
CFDA Numbers	Direct Award	Major Program	Cluster/Program Name	Pass-through Entity	Pass-through Entity Identifying Number	Amount
			U.S. Department of Agriculture			
10 .558	N	N	Child and Adult Care Food Program (Note 2)	SD Department of Education	CACFDC-15-101	\$ 198,627
10 .559	N	N	Child Nutrition Cluster State Summer Food Program (Note 2) Total Child Nutrition Cluster Total Department of Agriculture	SD Department of Education	NSLP-15-325	81,337 81,337 279,964
84 .287	N	Y	U.S. Department of Education 21st Century Community Learning Centers Total Department of Education	SD Department of Education	15-21-114	894,633 894,633
93 . 531	N	N	U.S. Department of Health and Human Services The Patient Protection and Affordable Care Act of 2010 Authorizes Community Transformation Grants and National Dissemination	;		
93 . 575	N	N	and Support for Community Transformation Grants Child Care and Development Block Grant Total Department of Health and Human Services	SD Department of Health SD Department of Social Services		40,401 92,815 133,216
			Total Federal Financial Assistance			\$ 1,307,813

NOTE 1: This schedule of expenditures of federal awards includes the federal grant activity of Young Men's Christian Association of Rapid City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, preparation of the basic financial statements.

NOTE 2: Federal reimbursements are not based upon specific expenditures, therefore, the amounts reported here represent cash received rather than federal expenditures.

NOTE 3: Young Men's Christian Association of Rapid City, Inc. did not elect to use the 10% de minimis indirect cost rate.

See independent auditor's report.





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INDEPENDENT AUDITOR'S 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 Young Men's Christian Association of Rapid City, Inc. Rapid City, South Dakota

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 **YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.** (the Organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as 2017-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as 2017-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Board of Directors Young Men's Christian Association of Rapid City, Inc.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KETEL THORSTENSON, LLP Certified Public Accountants

August 16, 2018



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors Young Men's Christian Association of Rapid City, Inc. Rapid City, South Dakota

Report on Compliance for the Major Federal Program

We have audited YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC. (the Organization's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2017. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings.

Management's Responsibility

Management is responsible for compliance with federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization'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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the 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 Organization'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 Organization's compliance.

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings as 2017-002. Our opinion on each major federal program is not modified with respect to this matter.

Board of Directors Young Men's Christian Association of Rapid City, Inc.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 Organization'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 a 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 the internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings as 2017-002 that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

KETEL THORSTENSON, LLP Certified Public Accountants

YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

SCHEDULE OF FINDINGS DECEMBER 31, 2017

A. SUMMARY OF AUDIT RESULTS

- 1. The independent auditor's report expresses an unmodified opinion on the financial statements.
- 2. One material weakness and one significant deficiency were disclosed during the audit of the financial statements and are reported in the Independent Auditor's 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.
- 3. No instances of noncompliance material to the financial statements, were disclosed during the audit.
- 4. One significant deficiency was disclosed relating to the audit of the major federal award program and is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
- 5. The Independent Auditor's Report on Compliance for the Major Federal Program expresses an unmodified opinion on the major program, as listed in #7.
- The audit finding relative to the major federal award program is reported in Part C of this schedule in accordance with 2 CFR Section 200.516.
- 7. The program tested as a major program was the U.S. Department of Education 21st Century Community Learning Centers (CFDA #84.287).
- 8. The threshold for distinguishing Type A and B programs was \$750,000.
- 9. The Organization was determined to be a low risk auditee.

B. <u>FINDING -- FINANCIAL STATEMENT AUDIT</u>

Material Weakness

Finding No. 2017-001: Bank Reconciliations

Federal Program Affected: None

Compliance Requirement: Not applicable

Questioned Costs: None

Condition and Cause: Due to a software conversion, bank reconciliations were not done timely throughout the year.

Criteria and Effect: Bank reconciliations are a key control to ensure all transactions are properly recorded in the accounting system. Untimely performance of this control could result in unidentified errors or fraud.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

SCHEDULE OF FINDINGS (CONTINUED) DECEMBER 31, 2017

B. FINDING -- FINANCIAL STATEMENT AUDIT (CONTINUED)

Material Weakness (Continued)

Finding No. 2017-001: Bank Reconciliations (Continued)

Repeat Finding from Prior Year: No

Recommendation: Subsequent to year-end, the Organization hired an experienced CPA firm to assist in completing all bank reconciliations. In addition, a new controller has been hired, and he will be preparing bank reconciliations on a monthly basis that will be reviewed by the Executive Director. As such, we have no further recommendation.

Response/Corrective Action Plan: The Organization agrees with the above finding. See Corrective Action Plan.

Significant Deficiency

Finding No. 2017-002: Payroll Testing

Federal Program Affected: U.S. Department of Education 21st Century Community Learning Centers (CFDA #84.287)

Compliance Requirement: Allowable Costs/Cost Principles

Questioned Costs: None - under reporting threshold

Condition and Cause: During our testing of 20 payroll transactions, we noted one employee did not have an updated wage agreement related to a new position she was transferred to.

Criteria and Effect: Uniform Guidance requires expenditures to follow the allowable costs as outlined in the grant agreements and also requires adequate documentation, including support for all payments made. Lack of adequate documentation could result in questioned costs.

Repeat Finding from Prior Year: No

Recommendation: New wage agreements should be completed for all personnel who change positions within the Organization to ensure employees are being paid the approved rate.

Response/Corrective Action Plan: The Organization agrees with the above finding. See Corrective Action Plan.

C. FINDINGS AND QUESTIONED COSTS -- MAJOR FEDERAL PROGRAM AUDIT

See Finding 2017-002 in Part B.





FOR YOUTH DEVELOPMENT FOR HEALTHY LIVING FOR SOCIAL RESPONSIBILITY YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017

No prior audit findings were reported, so no additional schedule is required.



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FOR YOUTH DEVELOPMENT FOR HEALTHY LIVING FOR SOCIAL RESPONSIBILITY

MCA of RAPID CITY

815 Kansas City Street Rapid City, SD 57701

605-718-9622 fax 605-791-0578 www.rcymca.org



YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

CORRECTIVE ACTION PLAN DECEMBER 31, 2017

Young Men's Christian Association of Rapid City, Inc. respectfully submits the following corrective action plan regarding findings from the December 31, 2017 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

Finding No. 2017-001: Bank Reconciliations

Responsible Individuals: Wade Pavlicek, Controller and Roger Gallimore, Executive Director

Corrective Action Plan: The Organization agrees with the above finding. The Controller will prepare bank reconciliations on a monthly basis, and they will subsequently be reviewed by the Executive Director to ensure compliance.

Anticipated Completion Date: August 2018

Finding No. 2017-002: Payroll Testing

Responsible Individuals: Amanda Lloyd, Payroll Specialist and Wade Pavlicek, Controller

Corrective Action Plan: The Organization agrees with the above finding. The Payroll Specialist will review all payroll to ensure that all employees have an upto-date completed wage agreement. This will be subsequently reviewed by the Controller to ensure compliance.

Anticipated Completion Date: September 2018