

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

**As of and
For the Year Ended December 31, 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Dryades Young Men's Christian Association
New Orleans, Louisiana

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Dryades Young Men's Christian Association ("DYMCA"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion.

Basis for Disclaimer of Opinion

DYMCA could not provide sufficient competent evidence to determine the accuracy, rights & obligations, as well as the accuracy of DYMCA's financial statements for the year ended December 31, 2020. Specifically, the following limitations applies:

- We were unable to sufficiently reconcile the ending balance of the net assets of the year ended December 31, 2019 (audited) to the beginning balance of the current fiscal year ended December 31, 2020 and, accordingly unable to establish comprehensive balances for material transaction classes. This was primarily due to the proposed adjusting journal entries that were issued to the DYMCA not being implemented at the conclusion of the financial statement audit for the year ended December 31, 2019.
- DYMCA was unable to locate a significant number of source documents which prohibited the auditor in obtaining sufficient appropriate audit evidence regarding potential material misstatements in the financial statements.

We were not able to obtain sufficient appropriate audit evidence about the accuracy, rights & obligations, as well as the accuracy assertions by other auditing procedures.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

Other Matters

Other Information

We were engaged to audit the financial statements that collectively comprise DYMCA's basic financial statements. The schedule of compensation, benefits and other payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to Chief Executive Officer schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and recording such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the schedule of compensation, benefits and other payments to Chief Executive Officer in relation to the basic 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 July 15, 2022, on our consideration of DYMCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 DYMCA's internal control over financial reporting and compliance.

Bruno & Tervalon, LLP

New Orleans, Louisiana

July 15, 2022

BASIC FINANCIAL STATEMENTS

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

Assets:

Cash and cash equivalents (Note 3)	\$	679,823
Amounts receivable (Note 4)		4,896
Grants receivable (Note 5)		27,284
Prepaid and other assets (Note 7)		2,000
Investments (Note 9)		48,384
Land and land improvements (Note 10)		773,071
Property and equipment, net (Note 10)		11,160,478
Total Assets	\$	12,695,936

LIABILITIES AND NET ASSETS

Liabilities:

Cash drawn in excess of available balance	\$	55,653
Accounts payable and other liabilities (Note 11)		897,956
Salaries, benefits and taxes payable (Note 12)		411,489
Lease obligations (Note 13)		94,807
Deferred revenue		334,358
Reserve for unemployment taxes and other payables Note 14)		596,089
Current portion of notes and other payables (Note 15)		145,458
Notes and other payables, less current portion (Note 15)		19,358
Total Liabilities		2,555,168

Net Assets:

Without donor restrictions		10,140,768
Total Net Assets		10,140,768

Total Liabilities and Net Assets **\$** **12,695,936**

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

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>
Support and Revenues	
Support:	
United Way funding	\$ 29,003
Grants - State of Louisiana	2,030,657
Grants - other	893,965
Net fundraiser revenue	<u>7,367</u>
Total Support	<u>2,960,993</u>
 Revenues:	
Membership dues	102,677
Program income and fees	20,138
Interest income	2,873
Rental income	354,010
Contributions and donations	50,522
Support from other programs	1,900
Other revenues	<u>235,496</u>
Total Revenues	<u>767,616</u>
 Total Support and Revenues	<u>3,728,608</u>
 Expenses:	
Program services:	1,568,751
Support Services:	<u>2,382,800</u>
Total Expenses	<u>3,951,551</u>
 Change in Net Assets	(222,943)
 Net Assets at Beginning of Year	<u>10,363,711</u>
 Net Assets at End of Year	<u>\$ 10,140,768</u>

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

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Services	Support Services	Total
Expenses:			
Salaries and wages	\$ 585,160	\$ 719,607	\$ 1,304,767
Employee benefits and payroll taxes	128,902	420,187	549,089
Professional fees and contract services	238,079	178,245	416,324
Supplies	18,358	37,661	56,019
Instructional material and supplies	11,611	-	11,611
Telephone	21,231	22,786	44,017
Postage and delivery	10,186	38,211	48,397
Professional development	1,630	-	1,630
Utilities	42,520	22,544	65,064
Occupancy	112,174	-	112,174
Equipment rental	9,261	27,819	37,080
Repairs and maintenance	15,814	268	16,082
Conferences and conventions	3,140	69,904	73,044
Dues and subscriptions	1,206	-	1,206
Transportation and travel	87,481	-	87,481
Dues to National YMCA	-	33,049	33,049
Insurance	40,253	94,299	134,552
Other expenses	9,418	26,186	35,603
Food costs	9,063	70,019	79,082
Advertising	266	7,711	7,977
Student activities	8,643	-	8,643
Administrative fee expense	9,460	-	9,460
Support-in-kind	52,361	-	52,361
Interest expense	-	190	190
Capital expenditures	17,729	-	17,729
Total expenses before depreciation and amortization	1,433,946	1,768,686	3,202,632
Depreciation and amortization	134,805	614,114	748,919
Total	\$ 1,568,751	\$ 2,382,800	\$ 3,951,551

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

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

**STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020**

Cash Flows from Operating Activities:

Change in Net Assets	\$ (222,943)
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation and amortization	748,920
Decrease in grants receivable	169,830
Decrease in prepaid and other assets	79,316
Increase in cash drawn in excess of available balance	45,510
Decrease in accounts payable and other liabilities	(105,069)
Increase in salaries, benefits, and taxes payables	235,642
Net cash provided by operating activities	<u>951,206</u>

Cash Flows from Investing Activities:

Purchase of property and equipment	(266,914)
Purchase of investment	<u>(2,359)</u>
Net cash provided by investing activities	<u>(269,273)</u>

Cash Flows from Financing Activities:

Payments on notes payable	<u>(160,635)</u>
Net cash provided by financing activities	<u>(160,635)</u>

Net Increase (Decrease) in Cash and Cash Equivalents 521,298

Cash and Cash Equivalents at Beginning of Period 158,525

Cash and Cash Equivalents at End of Period \$ 679,823

Supplemental Information:

1. Interest paid in fiscal year 2020 was \$234.

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

DRYADES YOUNG MENS CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

Note 1 – Background and General Data

Background

Dryades Young Men's Christian Association (DYMCA) is a non-profit corporation organized under the laws of the State of Louisiana. DYMCA is primarily engaged in providing community services that consist of youth development, counseling, crime reduction and physical education activities. DYMCA also administers job training, and day care programs through grants received from the State of Louisiana and the United Way of Greater New Orleans. DYMCA also operates a charter school which is funded by the State of Louisiana. Several of these grants originate at the federal level and as such are deemed federal pass-through grants.

General Data

At December 31, 2020, DYMCA administered the following active programs and grants:

- General
- School of Commerce
- Youth Development and Outreach
- Day Care Program
- Endowment Fund
- James M. Singleton Charter School
- LA-4 Starting Points Pre-Kindergarten Program (Federal and State)
- Special Funds (Title I, Title II, Individuals with Disabilities Education Act (IDEA) B and IDEA
- Preschool)
- Total Community Action (Head Start)
- Wellness Center

The following is a brief description of each program or grant administered by DYMCA:

General

Included in general are the following:

- Program Income and Fees;
- Special Events - Self Support;
- Public Contributions and Donations; and
- Private Grants.

The resources of the General Fund are used to fund the operations of DYMCA that are not directly covered by specific programs or grants administered by DYMCA.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended December 31, 2020

School of Commerce

The School of Commerce is funded by the State Department of Labor and provides job training for entry into the labor force, and counseling and placement into unsubsidized employment.

Funding from the State of Louisiana is provided on behalf of the students in the form of tuition payments to DYMCA.

Youth Development and Outreach

The Youth Development and Outreach Program is funded by resources from the General Fund, the United Way of Greater New Orleans and private donations and grants. The program provides tutorial services to youth ages Pre-K to 14 and work to reduce crime and loitering by youth in the district area through counseling and follow-up with youth and their families.

Day Care Program

The Daycare Program is funded through United Way of Greater New Orleans, the State of Louisiana, General and private donations. This program provides service to children one (1) to five (5) years. The Day Care Program provides child care that supports and strengthens families and nurtures the healthy, successful growth and development of each child in spirit, mind, and body.

James M. Singleton Charter School

James M. Singleton Charter School is an independent charter school funded by the State of Louisiana Board of Elementary and Secondary Education (BESE) and the State of Louisiana Department of Education. It provides a framework for educational experimentation through the creation of a mechanism to accomplish the following objectives:

- Improve pupil learning and, in general, the public school system;
- Increase learning opportunities and access to quality education for pupils;
- Encourage the use of different and innovative teaching methods and a variety of governance, management, and administrative structures;
- Require appropriate assessment and measurement of academic learning results;
- Account better and more thoroughly for educational results; and
- Create new professional opportunities for teachers and other school employees.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended December 31, 2020

LA-4 Starting Points Pre-Kindergarten Program (Federal and State)

LA-4 Starting Points Pre-Kindergarten Program is funded through the State Department of Education for children age 4 years old. The program promotes student achievement and growth through a variety of activities which are designed to prepare participants for the next level of education.

Special Funds (Titles I, II, Individuals with Disabilities Education (IDEA)
IDEA B and IDEA Preschool)

Title I

Title I is funded through the State Department of Education to ensure that all children have a fair, equal and sufficient opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging state academic achievement standards and state academic assessment. The program also aims to close the achievement gap between high and low performing children, especially between disadvantaged and their more advantaged peers.

Title II

Title II is also funded through the State Department of Education to provide professional development to the teaching staff to meet the requirements that all schools have "highly qualified" teachers, defined as a teacher with full certification, a bachelor's degree, and demonstrated competence in subject knowledge and teaching skills as defined by each state.

IDEA B

IDEA B is funded through the State Department of Education to provide education to Students with disabilities. Funding is contingent on compliance with six (6) main principles.

IDEA Preschool

IDEA Preschool is funded through the State Department of Education to provide various services to children from three (3) through five (5) years of age.

Total Community Action (Head Start Program)

DYMCA's Head Start Program is funded through Total Community Action to provide "Head Start" services to children 3 and 4 years old that are eligible to receive those services.

Wellness Center

The Dryades Wellness Center is funded through the General Program and membership fees. The program is aimed at the development of the mind and promotion of healthy lifestyles.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies

Principles of Accounting

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

Promises to Give

Contributions are recognized when the donor makes a promise to give to DYMCA that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

DYMCA uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At December 31, 2020, the total allowance for doubtful accounts was \$201,339. See specific detail at Notes 4 and 5.

Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of

Principles of Accounting

Revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

Advertising costs are charged to operations when incurred. DYMCA had no direct-response advertising costs during the year ended December 31, 2019; however, the total non-direct response advertising for the year ended December 31, 2020, was \$7,977.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended December 31, 2020

Funding

DYMCA receives its primary funding through support from the United Way of Greater New Orleans, grants from the State of Louisiana, the City of New Orleans, program fees, membership dues, and special events.

Contributed Services

Contributions of donated services that require specialized skills, and provided by individuals possessing those skills and would typically be purchased if not provided by donation are recorded at their fair values in the period received.

During the year ended December 31, 2020, the value of contributed services meeting the requirements for recognition in DYMCA's financial statements was zero.

Property and Equipment

DYMCA follows the practice of capitalizing all property and equipment expenditures over \$2,500. Donated items received are recorded at the fair value at time of receipt. Depreciation is computed under the straight-line method for all depreciable assets over their respective estimated useful lives. DYMCA depreciates property and equipment using the following estimated useful lives:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Building	20 - 40
Building improvements	7 - 15
Furniture and equipment	5 - 10

Land is recorded at cost or estimated cost.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefitted. Such allocations are determined by management on an equitable basis.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020**

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and Effort
Occupancy	Square Footage
Professional services	Full Time Equivalent
Printing	Full Time Equivalent
Information technologies	Full Time Equivalent
Depreciation	Square Footage
Other	Time and Effort

Statement of Cash Flows

For purposes of the statement of cash flows, DYMCA considers all investments with original maturities of three months or less to be cash equivalents.

Leasehold Improvements

Leasehold improvements are capitalized at cost and amortized over the shorter of the lease term or useful life.

Financial Statement Presentation

The financial statements of DYMCA have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provision of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide") update 2016-14. (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of DYMCA and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of DYMCA. DYMCA's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporarily in nature; those restrictions will be met by actions of DYMCA or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended December 31, 2020

At December 31, 2020 DYMCA's net assets without donor restrictions reports the results of revenues generated by providing services, receiving unrestricted contributions, grants, interest from investments, disposition of real property, less expenses incurred in providing program and supporting related services. In addition, DYMCA presents a statement of cash flows in the accompanying financial statements.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

Budgetary Data

DYMCA's Board approves all budgetary data in connection with grant award applications.

Totals Memorandum Only

The total column on the statements in the supplementary information section of this report is captioned "Totals (Memorandum Only)" to indicate that it is presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

Investment

DYMCA has elected to adopt ASC Section 958-320 (Not-for-Profit Entities, Investments Debt and Equity Securities). Under the ASC Section 958-320, investments in marketable securities with readily determinable fair values and all debt securities are reported at their fair values.

Inter-program Transactions

All inter-program (due to/from) to include support to/from transactions have been eliminated at the combined level in the accompanying statements of financial position and activities.

Leases

DYMCA has elected early adoption of Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which requires leases to recognize a right of use asset and a lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to DYMCA's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Note 3 – Cash

At December 31, 2020 the carrying amount of DYMCA's cash deposits was \$679,823. The cumulative collected bank balances are secured from risk by \$250,000 of federal deposit insurance per financial institution, with the remaining balance collateralized by a \$1,000,000 letter of credit issued by the Federal Home Loan Bank of Dallas and pledged to DYMCA. DYMCA has no deposit policy for custodial credit risk. Under state laws, deposits of public funds must be secured by federal deposit insurance or the pledge of securities or other instruments by the fiscal agent's bank. The market value of such pledged securities or other instruments and deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

Note 4 – Accounts Receivable, Net:

Following is a summary of amounts receivable at December 31, 2020:

Contributions and other receivable	<u>\$ 79,272</u>
Subtotal	<u>79,272</u>
Allowance for doubtful accounts	<u>(74,376)</u>
Amounts receivable, net	<u><u>\$ 4,896</u></u>

Note 5 – Grants Receivable

At December 31, 2020, grants receivable consisted of the following:

State of Louisiana	\$ -
Federal pass-through-State	-
Federal pass-through-Other	<u>27,284</u>
Grants receivable	<u><u>\$ 27,284</u></u>

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Note 6 – Liquidity

DYMCA's financial assets available within one year of the balance sheet date for general expenditure as follows:

Cash	\$ 679,823
Investment, at cost	48,384
Accounts receivable, net	-
Grants receivable	<u>27,284</u>
Total	<u>\$ 755,491</u>

DYMCA's financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date and amounts set aside for long-term investing in endowments.

As part of DYMCA's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, DYMCA invests cash in excess of daily requirements in short-term investments.

Note 7 – Prepaid and Other Assets

At December 31, 2020 prepaid and other assets consisted of the following:

Prepaid insurance	<u>\$ 2,000</u>
Total	<u>\$ 2,000</u>

Note 8 – Fair Value of Financial Instruments

FASB Accounting Standards Codification Topic 820, "Fair Value Measurements" (Topic 820), requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. The Organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximized the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
 - quoted prices for similar assets or liabilities in active markets.
 - quoted prices for identical or similar assets in markets that are not active.
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

Note 9 – Investments

At December 31, 2020 DYMCA held a certificate of deposit with original maturity date greater than three months. The investment is required to report its fair values measurements in on of the tree levels, which are based on the ability to observe in marketplace the inputs to the organization's valuation techniques.

	<u>Fair Value</u>	<u>Level 1</u>
Certificate of Deposit	\$ 48,384	\$ 48,384

Note 10 – Property and Equipment

At December 31, 2020, property and equipment consisted of the following:

	<u>Balance as of January 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance as of December 31, 2020</u>
Land and land improvements	\$ 773,071	\$ -	\$ -	\$ 773,071
Building and improvements	16,064,001	266,914		16,330,915
Furniture and equipment	1,340,147	-	-	1,340,147
Leasehold improvements	176,876	-	-	176,876
Right of use assets	<u>111,290</u>	<u>-</u>	<u>-</u>	<u>111,290</u>
Subtotals	18,465,385	266,914	-	18,732,299
Accumulated:				
Depreciation	(6,000,555)	(748,919)	-	(6,749,474)
Amortization	<u>(49,276)</u>	<u>-</u>	<u>-</u>	<u>(49,276)</u>
Subtotals	<u>\$ 12,415,554</u>	<u>\$ (482,005)</u>	<u>\$ -</u>	<u>\$ 11,933,549</u>

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Note 11 – Accounts Payable and Other Liabilities:

At December 31, 2020 accounts payable and other liabilities consisted of the following:

Vendors	\$	356,000
City of New Orleans		<u>541,956</u>
Total	\$	<u><u>897,956</u></u>

Note 12 – Salaries, Benefits and Taxes Payable:

At December 31, 2020 salaries, benefits and taxes payable consisted of the following:

Salaries payable	\$	95,243
Taxes, related benefits, and withholdings payable		<u>316,246</u>
Total	\$	<u><u>411,489</u></u>

Note 13 - Lease Obligations:

DYMCA has four (4) thirty-six (36) month finance leases expiring on various dates in 2019 and 2022.

Future minimum lease payments at December 31, 2020, for each of the finance leases with remaining terms in excess of one year are as follows:

Years Ending December 31,

2021	\$	39,134
2022		16,788
2023		<u>44,253</u>
Total future lease payments		100,175
Less: amount representing interest		<u>(5,368)</u>
Present value of minimum lease payments	\$	<u><u>94,807</u></u>

Amortization expense for property held under finance leases was \$29,421 for the year ended December 31, 2020.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Note 14 -Reserve for Unemployment Taxes and Other Payables

At December 31, 2020 reserve for unemployment taxes and other payables consisted of the following:

Reserve for unemployment taxes	\$ 596,089
Total	<u>\$ 596,089</u>

Note 15 -Notes Payable

At December 31, 2020 notes payable consisted of the following:

Total notes payable	\$ 164,816
Less: Current portion	<u>(145,458)</u>
	<u>\$ 19,358</u>

Loan principal payments over the remaining years are as follows:

<u>Years Ended December 31,</u>	
2021	\$ 60,821
2022	109,085
2023	7,762
Thereafter	<u>5,930</u>
Total	<u>\$ 183,598</u>

Note 16 - Litigation

At December 31, 2020 and through July 15, 2022, DYMCA's legal counsel has advised of pending allegations for which they are unable to predict the outcome nor to estimate any potential loss contingency.

Further, in a matter pertaining to an audit performed by the Louisiana Legislative Auditor, it is legal counsel's opinion that a possible claim or assessment may arise at some time but they are unable to determine such claim, assessment or amount.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended December 31, 2020

Note 17 - In-kind

At December 31, 2020 in-kind contributions represent donated facilities, services and food items to DYMCA.

Note 18 - Pension Plan

DYMCA participates in The YMCA Retirement Fund Retirement Plan (Retirement Plan), 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 Code), and The YMCA Retirement Fund Tax-Deferred Savings Plan, a retirement income account plan as defined in section 403(b)(9) of the Code. The Retirement Plan is subject to the Employee Retirement Income Security Act of 1974 pursuant to section 401(d) of the Code. Both Plans are 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 (1921) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with DYMCA's agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the DYMCA. Total contributions charged to retirement costs and paid were \$78,869 for the year ended December 31, 2020.

Contributions to The YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to The YMCA Retirement Fund. There is no matching employer contribution to this plan.

Note 19 - Concentration of Risk

DYMCA receives primarily all of its revenues from the State of Louisiana, Total Community Action, Inc., and the United Way of Greater New Orleans. If the amount of revenues received should fall below contract levels, DYMCA's operating results could be adversely affected.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended December 31, 2020

Note 20 – Tax Status

DYMCA is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code, though it would be subject to tax on income unrelated to its exempt purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as private foundation.

Note 21 - Contingencies and Commitments

DYMCA is a recipient of direct and pass-through grants from the State of Louisiana, Total Community Action, Inc., and the United Way of Greater New Orleans, as applicable. These grants are governed by various guidelines, regulations and contractual agreements. The administration of the programs and activities funded by these grants is under the control and administration of DYMCA and is subject to audit and/or review by the applicable funding sources. Any grants or award funds found to be not properly spent in accordance with the terms, conditions and regulations of the funding sources may be subject to recapture.

Note 22 - Risk Management

DYMCA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets for which DYMCA carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Note 23 - Per Diem to Board of Directors

During the year ended December 31, 2020 no per diem was paid to the Board of Directors in their capacity as directors.

Note 24 - Operating Loss

For the year ended December 31, 2020 DYMCA incurred a continuing operating loss of \$222,943. Management and the Board continue to work on the developed and implemented plan to reverse the trend.

Note 25 - Subsequent Events

DYMCA is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. DYMCA performed such as evaluation through July 15, 2022, the date which the financial statements were available to be issued and noted no subsequent events or transactions that occurred after the statement of financial position date that require recognition or disclosure.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended December 31, 2020

Note 26 - COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the Corona Virus "COVID-19" as a global health emergency. On March 13, 2020, the President of the United States of America declared a national emergency. At July 15, 2022 management of DYMCA continues to assess the impact of COVID-19 on its overall operations as it navigates through initiatives guidelines and various executive orders mandated by the Governor for the State of Louisiana and the Mayor for the City of New Orleans.

OTHER SUPPLEMENTARY INFORMATION

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO CHIEF OF EXECUTIVE OFFICER
For the Year Ended December 31, 2020**

Chief Executive Officer Name: Douglas "Doug" Evans

January 1, 2020 - December 31, 2020

PURPOSE	AMOUNT
Salary	\$ <u>12,500</u>
Total	\$ <u><u>12,500</u></u>

See Independent Auditors' Report.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

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

To the Board of Directors of
Dryades Young Men's Christian Association
New Orleans, Louisiana

We were engaged to audit the financial statements of **Dryades Young Men's Christian Association** ("DYMCA") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered DYMCA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DYMCA's internal control. Accordingly, we do not express an opinion on the effectiveness of DYMCA's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001, 2020-002, 2020-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **DYMCA'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2020-004.

Dryades Young Men's Christian Association's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on **DYMCA's** response to the findings identified in our audit and described in the accompanying schedule of findings and responses. **DYMCA's** response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 **Dryades Young Men's Christian Association's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon, LLP

New Orleans, Louisiana

July 15, 2022

SCHEDULE OF FINDINGS AND RESPONSES

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2020

I. Summary of Auditors' Results

a. Financial Statements

Type of Auditors' report issued: Disclaimer

Internal control over financial reporting:
Material weakness(es) identified? Yes
Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? Yes

b. Federal Awards

Internal control over major programs:
Material weakness(es) identified? N/A
Significant deficiency(ies) identified? N/A

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of *the Uniform Guidance*? N/A

Identification of major programs: N/A

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? N/A

N/A - Not applicable

c. Management comment letter is issued No

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2020

II. Financial Statement Findings and Responses

Internal Control and Compliance Findings

2020-001 Preparation of Financial Statements

First Reported

2019

Criteria

The Organization should have systems of internal accounting control which ensures the financial statements are presented in accordance with the U.S. generally accepted accounting principles on a timely basis.

Management of the Organization should have suitable skills, knowledge, or experience to prepare financial statements, the related notes, and the supplementary information in accordance with U.S. general accepted accounting principles. Internal controls should be adopted and implemented to prevent, detect or correct a material misstatement in the financial statements, related notes or supplementary information.

Condition

The Organization did not have adequate policies and procedures in place to prepare accurate and complete financial statements on a timely basis.

Context

During our audit, we noted that significant accounts as of December 31, 2020, were not reconciled. The resulting reconciliations and analyses resulted in significant adjustments to the Organization's accounting records.

Cause

The Organization's Chief Finance Officer resigned in March 2021. No replacement was made within the Organization with staff with suitable and sufficient skills necessary to ensure the financial statements are prepared and presented in accordance with U.S. generally accepted accounting principles. (GAAP)

Effect

The Organization recorded a significant amount of material adjustments after year-end (2020) to several major accounts to ensure that financial statements were presented in accordance with U.S. generally accepted accounting principles. The major accounts that required material adjustments included cash; due from other governments, capital assets; accounts payable; revenues; and expenses.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2020

Recommendation

The Organization should develop and implement policies and procedures, and related internal controls over account reconciliations and preparation of the financial statements to ensure that accounts are reconciled timely.

The Organization should engage the services of an experienced certified public accountant to ensure among other things; current transactions are properly recorded and reconciled; daily and month-end accounting processes and controls are implemented; bank reconciliations are prepared each month; accurate financial statements with budget-to-actual comparisons are prepared monthly; and prior year's financial records are reviewed and obtain accurate opening balances for upcoming reporting periods.

Management's Response and Planned Corrective Action

Management will work together with the Board of Director's to attract and retain credible staff that are able to discharge such duties effectively. In addition, it will also consider the outsourcing of certain critical reporting aspects, record keeping and financial data provision. Management will design policies and procedures to prepare accurate and complete financial statements on a timely basis, which will include analytical reviews of financial reporting and the preparation of monthly reporting with budget-to-actual comparisons.

2020-002 Support documentation for transactions not provided

First Reported

2019

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations.

Condition

In a test of cash disbursements, Organization was unable to locate supporting documentation for a significant number of transactions. This resulted in the auditors' inability to perform sufficient audit procedures to establish that the financial statements presented are free of material misstatement.

Management indicated that the relevant staff that was charged with the care of such documentation was no longer in the employ of the Organization and that management was unable to retrieve the said documents for testing purposes.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2020

Auditor was unable to verify the completeness, or the accuracy of the transaction balances as presented by the auditee and accordingly, we were unable to render an opinion on the financial statements taken for the year then ended December 31, 2020.

Context

The total requested documentation represented significant transaction classes and the inability to provide the source documents presented a pervasive qualitative limitation in comparison to the audit documentation. We were unable to perform alternative auditing procedures enough to reduce or eliminate the risks posed by the absence of such documents.

Cause

Inadequate level of control, safeguarding documentation and oversight regarding financial reporting.

Effect or Potential

The absence of source documents limits the auditor to substantively test the basis and fundamental nature of these significant transactions, and accordingly presents a limitation on the completeness and accuracy of the financial statements used by management in making informed judgements.

Recommendation

Management will liaise (Check spelling error) with Board of Directors to design an effective and efficient protocol to retain retrieve timely, critical audit support in order to for effective conduct of audit fieldwork and reporting. In addition, management will also identify best practices available, as well as relevant resources that is commensurate to the discharge of critical supervision.

Management's Response and Planned Corrective Action

Management will provide additional training to all staff involved in the financial reporting process. Such training will include familiarization with all Board established policy and the required adherence. Further, management will enhance the level of oversight to eliminate the referenced condition.

Management will provide an effective framework to reduce loss of data as a result of staff attrition, turnover or related circumstances. Furthermore, it will provide an enhanced policy and procedural model to ensure that its internal controls relating to source documentation retainage and safekeeping are maintained. A measurable qualitative review of such procedures will be in effect and subjected to periodic changes as the needs arise.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2020

A combination of staff attrition, inadequate record retention and inadequate oversight caused the said condition.

Effect or Potential Effect

Potential basis for the inability to reach a conclusion and relevant assurance sufficient to provide an opinion on the financial statements.

Recommendation

We recommend that management enhances its record keeping and retention methods with an aim to reflect current status of resources and accounts. Organization should engage the services of an experienced certified public accountant to assist with development of controls and systems for proper financial reporting and safeguarding of records.

Management's Response and Planned Corrective Action

2020-003 Controls over cash management and budget constraints

First Reported

2019

Criteria

The Board and management are charged with the maintenance of budgetary control of the finances of DYMCA.

Management is responsible for establishing internal control policies and procedures that provide for proper accounting, reasonable assurance that assets are safeguarded against loss resulting from unauthorized use, and that transactions are executed in accordance with management's authorization.

Condition

DYMCA continues to experience operating losses resulting from the decline in its level of program funding. For the three (3) years ended December 31, 2019, operating losses were \$900,829 (2019), \$295,241 (2018) and \$1,292,226 (2017).

Context

Total revenues and expenses for the year ended December 31, 2019, were \$5,901,189 and \$6,802,018, respectively.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2020

Cause

Decrease in direct program and cost reimbursement funding from public funding.

Effect or Potential Effect

Continuing negative impact on net assets from the recurring operating losses.

Recommendation

Management should develop a formal plan budgetary plan that includes both short and long-term spending to ensure it can operate within available funding levels. Strong controls should be implemented over the disbursement process to ensure that (1) more than one individual is involved in the process (e.g., receiving, recording, reviewing, approving and paying; (2) documentation to support all bills and payments is complete, maintained intact, and properly secured; and (3) all bills are paid timely, including the amounts withheld/deducted from employee paychecks.

We recommend that management continue in its efforts to re-evaluate and implement cost containment measures aimed at reversing the trend. Further, management should explore avenues for revenue enhancement.

Management's Response and Planned Corrective Action

Management will explore other avenues to both increase its funding sources, as well introduce certain cost containment activities that will work together to enhance the results of its operations.

2020-004 Timely Submission of Audit Report to the Legislative Auditor

First Reported

2020

Criteria

State law requires that DYMCA submit to the Louisiana Legislative Auditor audited financial statements within six months of year December 31, 2020, for the fiscal year ended December 31, 2020.

Condition

DYMCA did not meet the deadline, which extensions for reporting to the Legislative Auditor.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2020

Context

The requirement of timely submission is consistent with relevant state laws and such departure may result in certain consequences by regulating authorities.

Cause

The impact of COVID-19 Pandemic and resulting staff attrition contributed to the inability of DYMCA to fulfill this financial reporting requirement obligation in a timely.

Effect or Potential Effect

DYMCA is non-compliant with the Legislative Auditor's requirement to submit the audit to the Legislative Auditor by the required due date.

Recommendation

We recommend that management should implement procedures to ensure that the 2021 audit is submitted by the deadline.

Management's Response and Planned Corrective Action

DYMCA experienced a series of staff attrition and related issues as a result of the COVID-19 pandemic. This was also in addition to the resignation of key staff that was previously charged with financial reporting. The culmination of these two setbacks resulted in protracted delays in the audit process. However, management has retained an external qualified individual that will be primarily responsible for all financial reporting activities.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

**PRIOR YEAR FINDINGS
For the Year Ended December 31, 2020**

2019-001 Requirement to establish internal controls

Condition

Our review of twenty-five (25) cash receipts, (cash, checks, etc.) transactions for internal control attributes, revealed the following condition:

- In seven (7) of the referenced transactions, we were unable to perform procedures to affirm the timeliness of funds deposited pursuant to Board policy. Further, we were unable to perform procedures to support that fund collected, were properly recorded in the respective receipt books pursuant to policy. Also, we were unable to verify the completeness of amounts recorded in the general ledger for the referenced transactions.

Recommendation

Management should provide staff with additional training and enhance the level of oversight to ensure adherence with Board policy.

Current Status

Unresolved. See current year finding 2020-002.

2019-002 Record keeping deficiencies

Condition

Fifty (50) cash disbursement transactions tested for internal control attributes, revealed the following conditions:

- In one (1) instance, an invoice for \$3,339.20 was not cancelled to prevent the potential for further use. Further, we noted that the referenced invoice for the purchase of an equipment was incorrectly "coded" to the professional services account in the general ledger.
- In two (2) instances, management was unable to locate check numbers 30788 and 30882 and their related supporting documents.

Recommendation

We recommend that management revisit with its record filing and retention procedures to ensure adherence by all personnel.

Current Status

Unresolved. See current finding 2020-002.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

**PRIOR YEAR FINDINGS (CONTINUED)
For the Year Ended December 31, 2020**

2019-003 Requirement to establish controls to adhere to compliance

Condition

Our review of **DYMCA's** monthly financial statements reporting processing procedures, to include selected transactions and general ledger accounts revealed the following conditions:

- Untimely reconciliation of fixed assets detail to the general ledger, specifically to include additions and retirements.
- No periodic reconciling of interfund transactions to include the timely resolution of out-of-balance conditions.
- The December 31, 2019 bank account reconciliation had one (1) check stale dated from May 2019 in the amount of \$29.40
- In all seven (7) of journal entries reviewed, we noted no evidence of review and/or approval beyond the level of the preparer.
- The medical insurance amount withheld from respective employees for the year ended December 31, 2019, was incorrect resulting in **DYMCA** bearing the cost to cover the employee's portion of medical insurance premium not correctly deducted from gross payroll.
- In three (3) instances, anticipated cash and associated revenues totaling \$3,100 for a planned Golf tournament fund raiser were incorrectly recorded as cash transactions.
- Credit card balance at December 31, 2019 for \$10,311.57 was not recorded on the general ledger prior to the effect of an audit adjustment. It appears that credit card transactions have been recorded based upon payment and not at the point of charge.

Further, our review of selected credit card transactions revealed the following:

- In nine (9) of eleven (11) credit card transactions reviewed, we noted no documented evidence to support review and/or approval by someone other than the authorized cardholder.
- Two (2) of eleven (11) transactions, bore no written evidence documenting the business purpose.

A review of selected general ledger accounts, revealed account balances contrary to the normal nature of the account balances.

DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION

**PRIOR YEAR FINDINGS (CONTINUED)
For the Year Ended December 31, 2020**

Recommendation

Management should revisit with its monthly financial statement reporting processes to ensure adherence to established board policy.

Current Status

Unresolved. See current year finding 2020-003.

2019-004 Controls over financial reporting

Condition

During the course of the audit, management proposed several audit adjustments to fairly state the financial statements as of and for the year ended December 31, 2019.

It is our understanding through discussion with management that a transition to a new Chief Financial Officer (who later resigned) in late May 2019 through the early part of 2020, created challenges resulting in the referenced condition.

Recommendation

Management should revisit with the level of oversight afforded in the financial reporting processes to ensure its completeness in executed transactions. Such level of oversight is critical specifically during transitions of key personnel.

Current Status

Unresolved. See current year finding 2020-001.