



TOWN COUNCIL – AGENDA REQUEST FORM

THIS FORM WILL BECOME PART OF THE BACKGROUND INFORMATION USED BY THE COUNCIL AND PUBLIC

Please submit Agenda Request Form, **including back up information**, 8 days prior to the requested meeting date. **Public Hearing requests must be submitted 20 days prior to requested meeting date to meet publication deadlines** (exceptions may be authorized by the Town Manager, Chairman/Vice Chair).

MEETING INFORMATION

Date Submitted: December 4, 2015

Date of Meeting: December 17, 2015

Submitted by: Finance Director Paul T. Micali

Department: Finance

Time Required: 20 minutes

Speakers:

Background Info. Supplied: Yes: No:

CATEGORY OF BUSINESS (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Appointment:	<input type="checkbox"/>	Recognition/Resignation/Retirement:	<input type="checkbox"/>
Public Hearing:	<input type="checkbox"/>	Old Business:	<input checked="" type="checkbox"/>
New Business:	<input type="checkbox"/>	Consent Agenda:	<input type="checkbox"/>
Nonpublic:	<input type="checkbox"/>	Other:	<input type="checkbox"/>

TITLE OF ITEM

MYA Financial Audit Review

DESCRIPTION OF ITEM

To review the financial audit statements of the Merrimack Youth Association for the year ended June 30, 2015.

REFERENCE (IF KNOWN)

RSA:	Warrant Article:	_____
Charter Article:	Town Meeting:	_____
Other:	N/A	

EQUIPMENT REQUIRED (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Projector:	<input type="checkbox"/>	Grant Requirements:	<input type="checkbox"/>
Easel:	<input type="checkbox"/>	Joint Meeting:	<input type="checkbox"/>
Special Seating:	<input type="checkbox"/>	Other:	<input type="checkbox"/>
Laptop:	<input type="checkbox"/>	None:	<input type="checkbox"/>

CONTACT INFORMATION

Name: Paul Micali Address: 8 Baboosic Lake Road
 Phone Number: 424-7075 Email Address: pmicali@merrimacknh.gov

APPROVAL

Town Manager: Yes No: Chair/Vice Chair: Yes No:

Hold for Meeting Date: _____

Additional Offices:

Nashua, NH
Andover, MA
Greenfield, MA
Ellsworth, ME

Independent Auditors' Report

To the Board of Directors
Merrimack Youth Association

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Merrimack Youth Association, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities 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 conducting the audit in accordance with auditing standards generally accepted in 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 audit opinion.

Basis for Disclaimer of Opinion

In conducting our audit procedures, we were not provided with a complete set of books and records to be audited for the year ended June 30, 2015. This is due to the decentralized nature of the Association's financial operations and processes. Further, adequate supporting documentation was not provided for certain account

balances and transactions and, as a result, precluding us from completing our audit procedures. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in the elements making up the statements of financial position, activities, and cash flows.

Disclaimer of Opinion

Because of the significance of the matter 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 these financial statements.

Other Matters

Other Information

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses 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. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Melanson Heath

November 25, 2015

Merrimack Youth Association

Statement of Financial Position

June 30, 2015

ASSETS

Current Assets:

Cash and cash equivalents	\$ 260,149
Accounts receivable - Town of Merrimack	36,000
Other current assets	<u>900</u>

TOTAL ASSETS \$ 297,049

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ <u>3,055</u>
Total Current Liabilities	3,055

Net Assets:

Unrestricted	<u>293,994</u>
Total Net Assets	<u>293,994</u>

TOTAL LIABILITIES AND NET ASSETS \$ 297,049

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

Merrimack Youth Association

Statement of Activities

For the Year Ended June 30, 2015

Support and Revenue:		
Support:		
Appropriation from Town of Merrimack	\$	72,000
Grants and contributions		18,322
In-kind contributions		49,478
Revenue:		
Program fees		331,216
Fundraising		10,721
Interest income		109
Miscellaneous		<u>19,697</u>
Total Support and Revenue		501,543
Expenses:		
Program services		371,353
General and administrative		49,059
Fundraising		<u>16,376</u>
Total Expenses		<u>436,788</u>
Change in net assets		64,755
Net Assets, Beginning of Year		<u>229,239</u>
Net Assets, End of Year	\$	<u><u>293,994</u></u>

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

Merrimack Youth Association

Statement of Cash Flows

For the Year Ended June 30, 2015

<u>Cash Flows From Operating Activities:</u>	
Change in net assets	\$ 64,755
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Donated fields and facilities	(49,478)
Changes in operating assets and liabilities:	
Accounts receivable	(36,000)
Accounts payable	<u>(2,097)</u>
Net Cash Used By Operating Activities and Net Change in Cash and Cash Equivalents	(22,820)
Cash and Cash Equivalents, Beginning	<u>282,969</u>
Cash and Cash Equivalents, Ending	<u>\$ 260,149</u>

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

MERRIMACK YOUTH ASSOCIATION

Notes to Financial Statements For the Year Ended June 30, 2015

1. Description of Organization

The Merrimack Youth Association (the Association) is a nonprofit association organized in 1971 under the laws of the State of New Hampshire. The Association makes recreational sports available to youth, kindergarten through high school, in Merrimack, New Hampshire. The Association provides an opportunity for all children to participate in sports based on their desire and not their ability. This enables the children the chance to meet and socialize with their peers and provides a social network for the parents. Sporting activities include baseball, softball, soccer, lacrosse, basketball, wrestling, football, and spirit club.

2. Significant Accounting Policies

The Association prepares its financial statements in accordance with Generally Accepted Accounting Principles promulgated in the United States of America (GAAP) for not-for-profit organizations. The significant accounting and reporting policies used by the Association are described subsequently to enhance the usefulness and understandability of the financial statements.

Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted Net Assets

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting for the nature of the Association, the environment in which it operates, the purposes specified in its organizing documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily Restricted Net Assets

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Association's unspent contributions are classified in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets are resources whose use by the Association is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the Association's donor-restricted funds that must be maintained in perpetuity are classified in this net asset class.

All revenues and net gains are reported as increases in unrestricted net assets in the Statement of Activities unless the use of the related resources is subject to temporary or permanent donor restrictions.

As of June 30, 2015, the Association had only unrestricted net assets.

Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less.

Accounts Receivable

The adequacy of the allowance for doubtful accounts for receivables is reviewed on an ongoing basis by the Association's management and adjusted as required through the provision for doubtful accounts (bad debt expense). At June 30, 2015, management has determined that no allowance is necessary.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due and, therefore, are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Gifts-in-Kind Contributions

The Association periodically receives contributions in a form other than cash or investments. Contributed property and equipment is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Association's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. The Association utilizes various fields and facilities that are provided and maintained by the Town of Merrimack.

The Association benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Association's program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. Generally Accepted Accounting Principles allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Expense Recognition and Allocation

The cost of providing the Association's programs and other activities is summarized on a functional basis in the Statement of Activities and Schedule of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Association.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the

Association's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Association's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Tax Status

Merrimack Youth Association is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Association has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions.

The Association follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes and prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. FASB ASC 740-10 did not have a material impact on the Association's financial statements.

The Association's Federal Form 990 (Return of Organization Exempt From Income Tax) are subject to examination by the IRS, generally for three years after filing.

The Association recognizes interest related to unrecognized tax benefits in interest expense and penalties that are included within reported expenses. During the year ended June 30, 2015, the Association had no interest or penalties accrued related to unrecognized tax benefits.

Fair Value Measurements

The Association reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. 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 Association has access at the measurement date.
- *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 to the extent that observable inputs are not available.

When available, the Association measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for many of the assets and liabilities that the Association is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in the Association's financial statements are initial measurement of noncash gifts and unconditional promises to give.

3. Concentration of Credit Risk - Cash and Cash Equivalents

The carrying amount of the Association's deposits with financial institutions was \$260,149 at June 30, 2015. The difference between the carrying amount and the bank balance represents reconciling items such as deposits in transit and outstanding checks, which have not been processed by the bank at June 30, 2015. The bank balance is categorized as follows:

Insured by FDIC	\$ 250,000
Uninsured and uncollateralized	<u>43,563</u>
Total Bank Balance	<u>\$ 293,563</u>

4. Net Assets Released from Restriction

Net assets are released from program restrictions by incurring expenses satisfying the restricted purpose. The Association had no restricted net assets; therefore, no net assets were released.

5. Concentrations of Risk

A material part of the Association's revenue is dependent upon government sources, the loss of which would have a materially adverse effect on the Association. During the year ended June 30, 2015, funding from the Town of Merrimack, New Hampshire accounted for 14% of total revenues.

6. Related Party Transactions

During fiscal year 2015, the Association paid numerous individuals to officiate games, many of which were related to Board members or other volunteers of the Association.

7. Subsequent Events

Subsequent events have been evaluated through November 25, 2015, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Merrimack Youth Association
Schedule of Functional Expenses
For the Year Ended June 30, 2015

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Association and tournament fees	\$ 54,286	\$ -	\$ -	\$ 54,286
Concessions	11,117	-	-	11,117
Contracted and professional services:				
Accounting	-	14,713	-	14,713
Donations, scholarships, and gifts	4,263	-	-	4,263
Equipment	84,008	-	-	84,008
Fields and facilities	69,641	-	-	69,641
Insurance	375	22,518	-	22,893
Miscellaneous	1,250	6,105	16,376	23,731
Referees, umpires, and officials	63,874	-	-	63,874
Supplies	7,468	5,615	-	13,083
Training	10,640	-	-	10,640
Travel	14,371	108	-	14,479
Trophies and awards	7,509	-	-	7,509
Uniforms	<u>42,551</u>	<u>-</u>	<u>-</u>	<u>42,551</u>
 Total Functional Expenses	 <u>\$ 371,353</u>	 <u>\$ 49,059</u>	 <u>\$ 16,376</u>	 <u>\$ 436,788</u>

See Independent Auditors' Report.

Merrimack Youth Association
Management Letter
For the Year Ended June 30, 2015

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY LETTER	1
 <u>CURRENT YEAR RECOMMENDATION:</u>	
1. Improve Controls over Financial Reporting (Material Weakness)	2

Additional Offices:

Nashua, NH
Andover, MA
Greenfield, MA
Ellsworth, ME

To the Board of Directors
Merrimack Youth Association

In planning and performing our audit of the basic financial statements of the Merrimack Youth Association as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Merrimack Youth Association's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Merrimack Youth Association's internal control over financial reporting.

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 significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. Material weaknesses are noted in the table of contents and comment headings.

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

Melanson Heath

November 25, 2015

CURRENT YEAR RECOMMENDATION:

1. Improve Controls over Financial Reporting (Material Weakness)

In conducting our audit procedures, we were not provided with a complete set of books and records to be audited for the year ended June 30, 2015. This is due to the decentralized nature of the Association's financial operations and processes. Further, adequate supporting documentation was not provided for certain account balances and transactions and, as a result, precluding us from completing our audit procedures. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in the elements making up the statements of financial position, activities, and cash flows. Because of the significance of these matters, we were not able to provide a basis for an audit opinion, and did not express an opinion on the financial statements.

In order to address the issues noted above, we recommend the following changes be implemented:

- One centralized set of books (general ledger) should be maintained for all groups, with a separate accounting for each group's balance.
- Supporting documentation (copies of checks received, invoices/bills, etc.) should be maintained in a centralized location.
- Due to the limited number of individuals involved in the accounting process, there should be signatures/initials of two individuals on all receipts. Standardized receipts forms should be utilized to document this process. Completed receipts forms should be agreed to actual bank deposits by someone that is not involved in the receipts process.
- Due to the limited number of individuals involved in accounting process, dual signatures should be required on all checks.
- Consideration should be given to having each group deposit receipts to one centralized bank account and maintain the accounts used by groups as "imprest" or "fixed balance" accounts.

Implementation of the above recommendations will reduce risk to an acceptable level.

Additional Offices:

Nashua, NH
Andover, MA
Greenfield, MA
Ellsworth, ME

Merrimack Youth Association
Merrimack, New Hampshire

We have audited the financial statements of the Merrimack Youth Association as of and for the year ended June 30, 2015 and have issued our report thereon dated November 25, 2015. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Association solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses noted during our audit in a separate letter to you dated November 25, 2015.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our Firm have complied with all relevant ethical requirements regarding independence. Safeguards that have been applied to eliminate threats to independence or reduce them to an acceptable level include annual certification by all Firm staff of independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Association is included in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Collectability of receivables.
- Functional expense allocation.

Management's estimates of the above are based on various criteria. We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures affecting the Association's financial statements.

Identified or Suspected Fraud

We have not identified or obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached report summarizes material misstatements that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Association's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated November 25, 2015.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Association, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Association's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Association's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information (if applicable) and considered whether such information, or the manner of its presentation, was materially inconsistent with the presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Modification of the Auditor's Report

We have made the following modification to our auditor's report.

Basis for Disclaimer of Opinion

In conducting our audit procedures, we were not provided with a complete set of books and records to be audited for the year ended June 30, 2015. This is due to the decentralized nature of the Association's financial operations and processes. Further, adequate supporting documentation was not provided for certain account balances and transactions and, as a result, precluding us from completing our audit procedures. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in the elements making up the statements of financial position, activities, and cash flows.

Disclaimer of Opinion

Because of the significance of the matter 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 these financial statements.

This report is intended solely for the information and use of the governing body and management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Melanson Heath

November 25, 2015

Agreement Between the Town of Merrimack and the Merrimack Youth Association

This Agreement entered into this 27th day of June 2013, between the Town of Merrimack, a municipal corporation of the State of New Hampshire with a mailing address of 6 Baboosic Lake Road, Merrimack, New Hampshire 03054 ("Town") and the Merrimack Youth Association, Inc., a not-for-profit corporation organized in accordance with the laws of the State of New Hampshire with a mailing address of PO Box 153, Merrimack, New Hampshire 03054 ("MYA").

Whereas, the Town is desirous of making certain recreational programs available to the youth of Merrimack; and whereas, the MYA proposes to provide and supervise such programs;

Now, therefore, it is mutually agreed as follows.

1. That this Agreement shall be effective for the three-year period beginning on July 1, 2013 and ending on June 30, 2016 ("Term").
2. That, for the Term of this Agreement, the MYA shall provide the following annual recreational programs for Merrimack youth and any other recreational programs which generate a significant amount of interest on the part of Merrimack youth and which the MYA is capable of providing: baseball, football, cheerleading, soccer, basketball, lacrosse, softball and wrestling. ("Programs").
3. That the MYA shall provide full and adequate supervision of the Programs and all equipment needed to operate the Programs.
4. That in consideration of the provision by the MYA of the Programs and associated supervision and equipment, the Town shall annually pay to the MYA, contingent upon Annual Meeting approval, the related amount specifically provided in the Town's operating budget for this purpose. Said annual amount shall be payable in four installments on the first Friday of each calendar quarter, and the amount of each installment shall be determined by mutual agreement at least seven calendar days prior to the due date.
5. That the MYA shall allocate the aforesaid payments for direct program support, i.e., uniforms, equipment, officials to best meet the participation interest levels associated with the Programs.
6. That, without the express written consent of the Town to the contrary, the MYA shall be staffed solely by volunteers so that no MYA resources are used to pay wages or any other form of remuneration to any officer, program director, coach, or member of the MYA, except those serving as game officials.
7. The MYA shall not obligate the Town for any debt or expense nor hold itself out to the public as having the ability or authority to do so.

**Agreement Between the Town of Merrimack
and the Merrimack Youth Association**

8. That, without the express written consent of the Town, the MYA shall make no material alteration or improvement to any Town property made available for MYA use. The MYA shall not add any additional advertising signage in any park other than what existed April 8, 2010 (see attached photos) without the express written consent of the Town Council.
9. That the Town shall be responsible for the cost of any utilities, refuse disposal services and portable toilets which are determined by mutual agreement to be necessary at Town-owned recreational facilities used by the MYA.
10. That, in accordance with Article 6-1, C, the MYA shall annually recommend to the Town Council, a representative to serve on the Town's Parks and Recreation Committee.
11. That the Town, in accordance with Article 142, as amended, of the Town's Administrative Code, has final authority over the use of all Town-owned recreational facilities, including but not limited to the Youth Center, the Bise Fieldhouse, and all athletic fields; and that a MYA representative shall coordinate with the Town Manager or his/her designee for any use of said facilities that is required in conjunction with the Programs.
12. That the Town Manager or his/her designee has final authority over the maintenance of all Town-owned recreational facilities, including but not limited to the Youth Center, the Bise Fieldhouse, and all athletic fields; and that the MYA's representative shall meet monthly with the Town Manager or his/her designee to coordinate any maintenance of said facilities that is required in conjunction with the Programs, whether or not resources of the MYA will fully or partially finance such maintenance. Financial responsibility for such maintenance will be determined by mutual agreement.
13. The MYA will be responsible for the following maintenance tasks as outlined below. Materials for normal field preparation shall be provided by the Town, as well as field preparation equipment, equipment maintenance and appropriate storage for the equipment. The Town of Merrimack will groom each baseball and softball infield with the same frequency that each field is mowed. The scheduling of the grooming will be done at the sole discretion of the Town of Merrimack. If severe weather occurs, the Town is committed to providing additional grooming assistance to restore playing fields to their pre-storm condition subject to available resources.

**Agreement Between the Town of Merrimack
and the Merrimack Youth Association**

TASK	PARKS MAINTENANCE	MYA/Adult Athletics
Line Striping	Initial layout and application for each season	All striping after initial layout, including initial layout should lines not be maintained
Striping Materials purchasing responsibility	Initial applications by Parks Maintenance only. Purchase of striping materials	Materials to be purchased by the Town
Infield Grooming	Initial leveling, de-vegetating, and as needed major regrading/repair	Minor raking and mat dragging before games/tournaments
Goal placement	Initial placement per User field use plan	In field relocation and relocating at other fields differing from User field use plan

14. That all permitted use of Town-owned recreational facilities by the MYA shall be in strict adherence to applicable provisions of Article 142 of the Town's Administrative Code, as amended.

15. That the MYA, at its own expense, shall provide: broad liability coverage in the amount of \$1,000,000 to protect the Town, MYA and its officers, coaches, agents, and volunteers against any claims for money damages resulting from the operation of the Programs and the related and permitted use of properties owned by the Town and others; and property coverage in a sufficient amount to protect against the loss of, or damage to, any MYA equipment and supplies that are stored in Town facilities.

16. That the MYA, at its own expense, shall provide injury/accident insurance in the amount of \$5,000 for each participant in the Programs.

17. That the MYA shall adopt and apply the internal control procedures attached immediately and provide by each October 31st, beginning with the fiscal year ended June 30, 2013 audited financial statements, prepared on a modified-accrual basis by a certified public accountant chosen by the MYA including, but not limited to: a balance sheet as of the preceding June 30; a statement of revenues, expenditures, and changes in equity for the year ended in the preceding June 30; a statement of estimated revenues and expenditures for the current fiscal year (July 1 through June 30); a schedule of revenues and expenditures by Program for the same period, and a detailed report on the status of all internal control procedures and any recommended modifications thereto, to be conducted initially for the period of July 1, 2013 through December 31, 2013 and annually at the time of audit thereafter. Notwithstanding, the Merrimack Town Council shall have the right to require that a forensic audit be conducted at the MYA's sole expense if there are reasonable grounds to suspect irregularities in financial management, controls, balances or oversight as determined by the independent auditor. At least once every five years the MYA shall change auditors. Beginning with the June

**Agreement Between the Town of Merrimack
and the Merrimack Youth Association**

30, 2013 audit, the MYA shall choose an independent audit firm that has not been associated with the MYA in the past. Said Auditor shall be engaged on or before August 31, 2013. All Audits are to be paid for by the MYA at their sole expense.

18. That the MYA shall provide by each October 15th, the following final budget information: a proposed MYA operating budget by Program for the succeeding fiscal year that includes a schedule of the estimated revenues to be received from donations, fund-raising activities, concession sales, contractual payments by the Town, and other sources; and schedules of proposed capital improvements and proposed increases in programs, facilities, fields, or Paragraph 9 costs, which could materially impact the anticipated payment from the Town.
19. That the MYA shall provide by each October 15th, an accurate number of children participating in MYA activities. Each child shall be counted once. (A child participating in more than one sport shall only be counted once, not one for each sport they participate in.)
20. That, within thirty calendar days of a request by the Town, the MYA shall make available for review any available records that may relate to this Agreement.
21. That this Agreement shall be deemed to be made, and shall be interpreted and construed, in accordance with the laws of the State of New Hampshire. This Agreement shall be binding upon each of the parties, their successors, and permitted assigns. Any disputes that may arise relative to the terms and provisions of this Agreement shall be submitted to the American Arbitration Association for resolution, and related hearings shall be bound by the rules of the American Arbitration Association.
22. That notwithstanding any of the provisions hereof, the parties hereinafter may mutually agree to written modifications of this Agreement.
23. That this Agreement may not be assigned without the express written consent of the Town.
24. That the waiver by the Town of any breach of any term contained in this Agreement shall not be deemed to be a waiver of such term for any subsequent breach of the same or any other term.
25. That each term of this Agreement is material, and any breach by either party of any one of the terms herein shall be a material breach of the entire Agreement and shall be grounds for the termination of the entire Agreement.
26. That, if, in the judgment of the Town, the MYA's manner of operation or the quality of its services does not meet the requirements of this Agreement or in the event that the MYA shall otherwise violate, or shall fail to perform in accordance

**Agreement Between the Town of Merrimack
and the Merrimack Youth Association**

with, the terms and provisions of this Agreement, the Town shall submit to the MYA a written notice of such unsatisfactory performance or default. If the MYA fails or refuses to remedy said unsatisfactory performance or default within thirty calendar days after receipt of the Town's notice, the Town may declare this Agreement to be immediately terminated. The decision of the Town relative to such matters shall be final.

TOWN OF MERRIMACK:



Town Manager

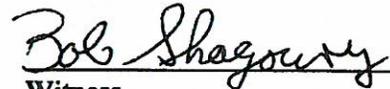


Witness

MERRIMACK YOUTH ASSOCIATION:



President



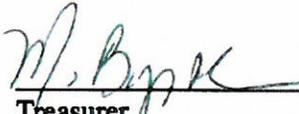
Witness



Vice President



Witness



Treasurer



Witness



Secretary



Witness

**Agreement Between the Town of Merrimack
and the Merrimack Youth Association**



Bise Left Center



Bise Right Center

**Agreement Between the Town of Merrimack
and the Merrimack Youth Association**



Bise Left Field



Bise Right Field

**Agreement Between the Town of Merrimack
and the Merrimack Youth Association**



Batting Cage