



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report – February 23, 2021

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## Old Colony Young Men's Christian Association, Inc.

For the period July 1, 2017 through June 30, 2019





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February 23, 2021

Mr. Charles Dockendorff, Chair of the Board of Directors  
Old Colony Young Men's Christian Association, Inc.  
320 Main Street  
Brockton, MA 02301

Dear Mr. Dockendorff:

I am pleased to provide this performance audit of Old Colony Young Men's Christian Association, Inc. This report details the audit objectives, scope, and methodology for the audit period, July 1, 2017 through June 30, 2019. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to Old Colony Young Men's Christian Association, Inc. for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular background.

Suzanne M. Bump  
Auditor of the Commonwealth

cc: Vincent J. Martuano, President and Chief Executive Officer, Old Colony Young Men's Christian Association, Inc.

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## LIST OF ABBREVIATIONS

CMR	Code of Massachusetts Regulations
OCY	Old Colony Young Men's Christian Association, Inc.
POS	purchase of service
SGA	Stock, Garber, and Associates, Inc.

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## **EXECUTIVE SUMMARY**

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of Old Colony Young Men's Christian Association, Inc. (OCY) for the period July 1, 2017 through June 30, 2019. In this performance audit, we examined OCY's compliance with Sections 1.04(1) and 1.05 of Title 808 of the Code of Massachusetts Regulations regarding the documentation and reporting of certain administrative and programmatic expenses.

Our audit revealed no significant instances of noncompliance by OCY that must be reported under generally accepted government auditing standards.

## OVERVIEW OF AUDITED ENTITY

Old Colony Young Men's Christian Association, Inc. (OCY) is a private nonprofit corporation established on September 10, 1888. According to its website,

*The Y is a powerful association of men, women and children committed to strengthening communities through youth development, healthy living and social responsibility.*

*Old Colony YMCA is guided by four core values: caring, honesty, respect and responsibility. We serve 31 communities in Southeastern Massachusetts with programs for all ages and abilities, designed to build healthy spirits, minds and bodies. Old Colony Y is one of the largest human service providers in Southeastern Massachusetts, serving over 140,000 children and families.*

As of June 30, 2019, OCY offered 29 programs throughout southeastern Massachusetts, including childcare, education, family support, job training, mental health treatment, mentoring, social supports, and violence prevention. OCY offers financial assistance to individuals who might not otherwise be able to partake in these programs. OCY also offers sporting activities, including swimming, gymnastics, dance, and martial arts, and its members have access to camps in Brockton, East Bridgewater, Middleborough, Plymouth, and Stoughton.

### Sources of Revenue

According to its Uniform Financial Statements and Independent Auditor's Reports,<sup>1</sup> during fiscal years 2018 and 2019, OCY received revenue from the following sources.

#### Summary of Revenue by Fiscal Year

Revenue Source	Fiscal Year 2018*	Fiscal Year 2019*
Private Client Fees (Excluding Third Parties)	\$ 23,077,199	\$ 23,923,977
Department of Youth Services	14,505,036	9,801,091
Department of Children and Families	5,182,646	5,276,108
Department of Early Education and Care—Contracts	3,275,328	3,686,847
Other Massachusetts State Agency Purchase of Service (POS)	2,787,141	4,508,369
Department of Transitional Assistance	2,559,881	2,546,803

1. Under the state Operational Services Division's regulations (Section 1 of Title 808 of the Code of Massachusetts Regulations), any contractor or subcontractor that has been awarded a contract in excess of \$100,000 to provide human and/or social services from a Commonwealth agency is required to file a properly completed Uniform Financial Statement and Independent Auditor's Report annually. These reports contain contractual and financial information prescribed by the Operational Services Division, including audited basic financial statements.

Revenue Source	Fiscal Year 2018*	Fiscal Year 2019*
Contributions, Gifts, Legacies, and Bequests	2,456,261	2,081,270
Department of Early Education and Care Voucher	2,240,914	2,233,143
Direct Federal Grants/Contracts	883,640	726,152
Client Resources	802,821	339,793
Massachusetts Local Government/ Quasigovernmental Entities	724,719	962,745
Department of Mental Health	534,619	569,235
Massachusetts State Agency Non-POS	324,521	319,095
Released Net Assets—Program†	319,960	632,877
Investment Revenue	307,709	394,379
Department of Elementary and Secondary Education	305,274	444,640
Commercial Activities	300,630	328,308
POS Subcontract	230,011	169,319
Private Client / Third Party / Other Offsets	228,316	270,662
Federated Fundraising	179,076	144,839
Other Grant (Excluding Federal Direct)	154,307	274,604
Released Net Assets—Equipment†	144,742	261,097
Medicaid –Subcontract	139,840	177,930
Department of Public Health	104,236	101,439
Other Revenue	56,575	139,756
Medicaid—Direct Payments	16,888	18,559
Medicare	4,063	2,324
<b>Total</b>	<b><u>\$ 61,846,353</u></b>	<b><u>\$ 60,335,361</u></b>

\* OCY's fiscal year begins July 1 and ends June 30 (e.g., fiscal year 2018 began July 1, 2017 and ended June 30, 2018).

† Released net assets are donated assets that have become available for spending because a donor-imposed stipulation has been satisfied.

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## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of Old Colony Young Men's Christian Association, Inc. (OCY) for the period July 1, 2017 through June 30, 2019.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Below is our audit objective, indicating the question we intended our audit to answer and the conclusion we reached regarding the objective.

Objective	Conclusion
1. Do OCY's non-payroll purchase-of-service (POS) state contract expenses comply with Sections 1.04(1) and 1.05 of Title 808 of the Code of Massachusetts Regulations (CMR)?	Yes

To achieve our audit objective, we gained an understanding of the internal controls we determined to be relevant to the objective by reviewing agency policies and procedures, as well as conducting interviews with OCY's staff and management. We evaluated the design and implementation, and tested the operating effectiveness, of controls over non-payroll expenditures associated with OCY's POS contracts. We also conducted further audit testing, as described below.

### Non-payroll POS State Contract Expenses

Our total population included 39,681 non-payroll POS expenditures, totaling \$15,690,025. We judgmentally selected a sample of 30 non-payroll POS contract expenditures, totaling \$55,804, that included all expenditures greater than or equal to \$1,000 from three expense categories: training, conferences and meetings, and promotion. From the remaining population of 39,651 expenditures, totaling \$15,634,222 (including the transactions under \$1,000 from the expense categories in the



previous test), we selected a statistical, random sample (with a confidence level<sup>2</sup> of 95%, a tolerable error rate<sup>3</sup> of 5%, and an expected error rate<sup>4</sup> of 0%) of 60 expenditures, totaling \$43,929. We reviewed supporting documentation (i.e., receipts, invoices, monthly statements, and purchase orders) for all non-payroll POS contract expenditures in our samples to determine whether they were properly documented in compliance with the recordkeeping requirements of 808 CMR 1.04(1) and that no nonreimbursable costs, as defined in 808 CMR 1.05, were charged to the contracts.

## **Data Reliability Assessment**

OCY uses the Stock, Garber, and Associates, Inc. (SGA) accounting system to record and process all accounting transactions. We determined the reliability of SGA by testing selected controls (access controls, configuration management, contingency planning, security management, and segregation of duties) implemented during our audit period. We also performed the following tests:

- We selected a judgmental sample of 20 expenses from SGA and determined whether the information in SGA matched information on hardcopy supporting documentation (e.g., invoices and monthly statements).
- We selected a judgmental sample of 20 expenses from hardcopy supporting documentation and traced them to SGA for agreement.

Based on our audit work, we determined that the data obtained for our audit were sufficiently reliable for the purposes of our audit work.

## **Conclusion**

Our audit revealed no significant instances of noncompliance that must be reported under generally accepted government auditing standards.

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2. The confidence level is the measure of how confident we can be that our results reflect what we would have obtained if the entire population had been tested.

3. The expected error rate is the anticipated rate of occurrence of noncompliance with 808 CMR 1.04(1) and 1.05.

4. The tolerable error rate is the maximum error in the population we would be willing to accept and still conclude that the result from the sample had achieved the audit objective.