

PIKEVILLE AREA FAMILY YMCA, INC

AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2021

**Wallen, Puckett, & Anderson, PSC**

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 1349

PIKEVILLE, KENTUCKY 41502

PIKEVILLE AREA FAMILY YMCA, INC.

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DECEMBER 31, 2021

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**Wallen, Puckett, & Anderson, psc**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Pikeville Area Family YMCA, Inc.

We have audited the accompanying financial statements of Pikeville Area Family YMCA, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pikeville Area Family YMCA, Inc. as of December 31, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Wallen, Puckett, & Anderson, PSC*

Wallen Puckett and Anderson PSC

Pikeville, Kentucky  
June 9, 2022

PIKEVILLE AREA FAMILY YMCA, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2021

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 427,939
Accounts receivable - Trade	275,699
Pledged Receivables	16,375
Prepaid Expenses	16,138
Total Current Assets	<u>\$ 736,151</u>
Land and Facilities	5,112,904
Total Assets	<u><u>\$ 5,849,055</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 15,802
Accrued Payroll Expenses	19,258
Long Term Debt: Current Portion	205,313
Total Current Liabilities	<u>\$ 240,373</u>
Long Term Debt	
Long-Term Notes Payable	\$ 3,664,423
Less: Current Portion	<u>(205,313)</u>
Total Long Term Debt	3,459,110
Total Liabilities	<u>\$ 3,699,483</u>
Net Assets	
Without Donor Restrictions	\$ 2,146,195
With Donor Restrictions	<u>3,377</u>
Total Net Assets	2,149,572
Total Liabilities and Net Assets	<u><u>\$ 5,849,055</u></u>

See independent auditor's report and accompanying notes to the financial statement.

PIKEVILLE AREA FAMILY YMCA, INC.

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues, gains and other support			
Membership Revenue and Fees	\$ 703,707	\$ 0	\$ 703,707
Membership Scholarships	5,924	0	5,924
Grants and Contributions	548,835	0	548,835
Contributions to Pool Fund	45,750	0	45,750
Program Income	69,755	0	69,755
Child Care Program Income	461,779	0	461,779
Special Events	5,050	0	5,050
Facility Rentals	19,443	0	19,443
Sale of Merchandise	1,307	0	1,307
Miscellaneous Income	93,890	0	93,890
Other Income - PPP Loan Forgiveness	0	0	0
Total Revenues	<u>\$ 1,955,440</u>	<u>\$ 0</u>	<u>\$ 1,955,440</u>
Operating Expenses			
Program A-Program Services	\$ 1,030,974	\$ 0	\$ 1,030,974
Program B-Child Care Services	332,885	0	332,885
Administrative Services	511,210	0	511,210
Total Expenses	<u>\$ 1,875,070</u>	<u>\$ 0</u>	<u>\$ 1,875,070</u>
Change in net assets	<u>\$ 80,370</u>	<u>\$ 0</u>	<u>\$ 80,370</u>
Net assets at beginning of year	2,069,202	0	2,069,202
Net Assets at end of year	<u><u>\$ 2,149,572</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,149,572</u></u>

See independent auditor's report and accompanying notes to the financial statement.

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2021

	Program Services	Child Care Services	Administrative Services	Total Expenses
Compensation and Related Services				
Wages	\$ 487,052	\$ 230,374	\$ 79,348	\$ 796,774
Payroll Tax Expense	44,333	13,865	9,100	67,298
Pension & Retirement Matching	15,615	13,595	4,283	33,493
Bank Charges	0	0	13,871	13,871
Contract Services	46,900	0	9,448	56,348
Employment Fees	4,914	700	145	5,759
Supplies	147,108	12,777	0	159,885
Merchandise	1,453	0	0	1,453
Food & Beverage	0	48,487	1,062	49,549
LC Grant Expense	53,245	0	0	53,245
Telephone	0	0	7,886	7,886
Postage & Shipping	0	0	1,357	1,357
Utilities	0	0	158,299	158,299
Insurance	71,037	1,284	7,814	80,135
Equipment Expense -Noncapital	2,584	0	0	2,584
Advertising	4,984	0	8,432	13,416
Travel & Meals	1,371	1,227	298	2,896
Conferences & Conventions	2,363	2,974	0	5,337
Dues, License & Fees	0	1,398	2,383	3,781
National Support	1,133	6,204	13,225	20,562
Depreciation	0	0	194,289	194,289
Miscellaneous Expense	0	0	(30)	(30)
Interest/Finance Expense	146,882	0	0	146,882
<b>Total Expenses</b>	<b>\$ 1,030,974</b>	<b>\$ 332,885</b>	<b>\$ 511,210</b>	<b>\$ 1,875,069</b>

See independent auditor's report and accompanying notes to the financial statement.

PIKEVILLE AREA FAMILY YMCA, INC

STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2021

Cash Flows from Operating Activities:

Decrease in Net Assets	\$	80,370
Adjustments to Reconcile Increase in Net Assets to Net Cash Used by Operating Activities:		
Depreciation		194,289
(Increase) Decrease in:		
Accounts Receivable		(180,933)
Pledged Receivable		1,771
Prepaid Expenses		0
Capitalized Interest/Fees		0
Increase (Decrease) in:		
Accounts Payable		(1,086)
Deferred Income		0
Accrued Payroll Expenses		7,398
		<hr/>
Net Cash Used by Operating Activities	\$	101,809

Cash Flows from Investing Activities:

Construction of Pool	\$	0
Acquisition of Capital Assets		(15,634)
		<hr/>
Net Cash Used By Investing Activities		(15,634)

Cash Flows From Financing Activities

Proceeds from Long-Term Debt	\$	0
Repayment of Long-Term Debt		(44,274)
Other		0
		<hr/>
Net Cash Used by Financing Activities		(44,274)

Net Increase In Cash	\$	41,901
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Cash At Beginning of Year		386,038
Cash At End of Year	\$	<hr/> <hr/> 427,939

Supplemental Data:

Interest Paid	\$	<hr/> <hr/> 146,882
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See independent auditor's report and accompanying notes to the financial statement.



NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

A - OVERVIEW

The Pikeville Areas Family YMCA, Inc. was organized on March 5, 1990, as a nonprofit corporation for the purpose of putting Christian principles into practice through programs that build a healthy body, mind, and spirit for all. The organization engages in activities which promote the building of a Christian society through the improvement of physical, mental, social, and educational conditions of persons who participate in YMCA programs. They provide services to members through their basketball/volleyball courts, tennis courts, indoor walking track, racquetball/handball courts, aerobics room with various classes, free weights/fitness equipment room, cardio-fitness room, and wellness center, which includes a swimming pool and supporting facilities. They offer baseball, youth corner, soccer, and flag football and they also offer day care, after school, day camp and teen center programs for children.

The organization is supported primarily through membership dues and fees (36% of gross revenues), child care revenues (24% of gross revenues), and contributions (28% of gross revenue).

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Pikeville Area Family YMCA, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958, *Financial Statement of Not-for-Profit Organizations*. Under SFAS No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: without donor restrictions, with donor restrictions, and donor restrictions in perpetuity. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets whose use is limited by donor-imposed time and / or purpose restrictions.

Contributions received are recorded as follows: without donor restrictions, with donor restrictions, or with donor restrictions in perpetuity, depending on the existence and/or nature of the restrictions. The Pikeville Area Family YMCA, Inc. received \$3,377 in contributions with donor restrictions in 2021. \$3,377 was restricted for equipment purchases. All contributions with donor restrictions were expended in 2021 for the purpose in which they were intended. The net assets without donor restrictions had a balance of \$2,149,572 as of December 31, 2021.

Cash and Cash Equivalents

Pikeville Area Family YMCA, Inc.'s cash and cash equivalent accounts include the general checking and MMDA accounts. The balance in the general checking account, of \$178,545, is secured by a repurchase agreement which is fully secured by pledged securities. The remaining balance in the accounts at Community Trust Bank does not exceed the \$250,000 insured by the Federal Deposit Insurance Commission (F.D.I.C.).

Donated Property

Donations of property are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Expense Allocation

Expenses are charged to programs and supporting services on the basis of direct expense. Management and general expenses include those expenses that are not directly identifiable with any other specific function but to provide for the overall support and direction of the Organization.

Property and Equipment

Property and equipment is recorded at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method. The estimated useful lives of equipment are five to ten years; the buildings' estimated useful lives are forty years. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the asset are capitalized.

Income Tax Status

Pikeville Area Family YMCA, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. No income tax expense has been recorded in these financial statements because the Organization has no unrelated business income that will be subject to taxation.

Membership Dues and Fees

Membership dues consist of voluntary contributions from people who want to participate in the various programs offered by the YMCA and consist of family, adult, single-parent family, senior citizens, college student and youth memberships. It also consists of various fees such as joining fees, locker fees, etc.

C. ACCOUNTS RECEIVABLE

The Pikeville Area Family YMCA, Inc. has an accounts receivable balance of \$275,699 as of December 31, 2021. The day care and after school programs receive payments for lunch reimbursement and day care fees from the Kentucky Cabinet for Health and Family Services. In addition, they receive health insurance reimbursements for the Silver Sneakers program which is also included in the accounts receivable balance. There are additional receivables for membership and other fees. Amounts recorded as receivables are expected to be collected and no allowance for doubtful accounts has been recorded.

D. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>12/31/2021</u>
Building & Additions	\$ 6,741,315
Land Improvements	106,899
Equipment	376,609
Accumulated Depreciation	<u>(2,111,919)</u>
Total Property & Equipment	<u>\$ 5,112,904</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

E. NOTES PAYABLE/LONG-TERM DEBT

The Pikeville Area Family YMCA, Inc. obtained a construction draw loan from Community Trust Bank in 2019 for the construction of the wellness center for \$3,000,000 at 4.75% variable interest. This loan was paid off by a loan from FAHE upon completion of the wellness center project. The note payable balance to FAHE at December 31, 2021 was \$2,325,471.85 with a payment amount of \$11,488.13, interest rate of 4.75%, and maturity date of January 2056.

A loan with Community Ventures, in the amount of \$1,000,000, with a balance at December 31, 2021 of \$989,562.45, a payment amount of \$4,887.57, interest rate of 4.75%, and maturity date of January 26, 2056, was obtained on December 18, 2020 and was also used to finance the pool project.

The YMCA obtained a loan from US Bank Equipment Finance in May 2020, with payments in the amount of \$733.68, an interest rate of 4.97%, and maturity date of July 2025, in the amount of \$39,071, in which funds were used to purchase equipment for various activities. The balance on this loan at December 31, 2021 was \$29,019.

The YMCA obtained a loan from the Small Business Administration under the Payroll Protection Program in the amount of \$157,100. No payments were due on this loan in 2021, as the terms are conditional upon expending the funds on qualified expenses. If the funds are used properly, the loan will be forgiven in full at the end of a pre-set covered period determined by the Small business Administration. The covered period will end in the next audit period. Once the loan is forgiven, it will be removed from long-term debt and reclassified as other income.

A loan, in the amount of \$150,000, obtained in December 2020 from the SBA through their Economic Injury and Disaster Relief program, with a payment amount of \$641, interest rate of 2.75%, and maturity date of December 2050, is for the purpose of acting as a subsidy to revenue due to the negative effects COVID 19 has had on the YMCA's revenue. Payments were initially scheduled to begin in December 2021. Payments have been deferred, however, and are not due to begin until June 2023.

Also included in long-term debt are credits due to members. The balance at December 31, 2021 was \$13,269.98.

The total amount of long-term debt at December 31, 2021 is \$3,664,423. The current portion of long-term debt at December 31, 2021 is \$205,313.

F. PROPERTY LEASES

The Pikeville Area Family YMCA, Inc. has three leases for the property on which their buildings are located. On November 25, 1991, they entered into a 25-year lease with the City of Pikeville for property within the Bob Amos Park on which to construct a building to house the YMCA administration and activities for \$1 per year. In February, 2019, they entered into a third lease with the City of Pikeville for the "Wellness Center Expansion Project" to construct an indoor swimming pool and supporting facilities. This lease extends the term for 40 years with an option to extend the lease for additional 25 years. As part of this lease, the admission fee for daily use of the pool was set for \$3.00 for youths up to age 17 and \$7.00 for adults 18 and over beginning when schools are dismissed for the summer and continuing until the schools resume in the fall. Also, as part of this lease, the City of Pikeville agreed to grant to the Pikeville Area YMCA, Inc. \$1,500,000 to cover costs for the swimming pool facilities.

G. RETIREMENT PLAN

The Pikeville Area Family YMCA, Inc. participates in the YMCA Retirement fund, a defined contribution plan, established in 1922, which provides retirement income plus disability and death benefits to YMCA employees nationwide. Employees who have worked one year, have worked at least 1,000 hours, and are at least 21 years old, are required to participate in the plan. The local YMCA matches the employee's contribution at 4.2% if the employee contributes 3%. Beginning in June 2007, the employees contributed 4% and the YMCA matched the contribution at 8%. For the year 2021, employees contributed \$16,731, plus an additional \$958 in withholding for a 403(b) plan which was not matched, and the YMCA contributed matching funds of \$33,494 on a total payroll subject to retirement of \$418,275.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Employees are vested after five years of employment, or, if over sixty years of age, immediately. Additional information on the nationwide YMCA retirement fund is available from the YMCA Retirement Fund, 140 Broadway, New York, NY 10005.

H. INSURANCE AND RELATED ACTIVITIES

The Pikeville Area Family YMCA, Inc. is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicle accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance which includes worker's compensation insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

I. CONTINGENT LIABILITIES

The Pikeville Area Family YMCA, Inc. receives funding from federal, state, and local governmental agencies, and public and private contributions. These funds are used for designated purposes only. For government agency grants or restricted private grants, if the grantors' review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the Organization for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant.

J. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 9, 2022, which is the date the financial statements were available to be issued.