THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC. d/b/a WATERTOWN FAMILY YMCA

Financial Statements as of
December 31, 2019
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

July 6, 2020

To the Board of Directors of
The Young Men's Christian Association of Watertown, NY Inc.
d/b/a Watertown Family YMCA:

Report on the Financial Statements
We have audited the accompanying financial statements of The Young Men's Christian Association of Watertown, NY Inc. d/b/a Watertown Family YMCA (a New York State not-for-profit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Young Men's Christian Association of Watertown, NY Inc. d/b/a Watertown Family YMCA as of December 31, 2019, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Adjustments to Prior Period Financial Statements
The financial statements of The Young Men's Christian Association of Watertown, NY Inc. d/b/a Watertown Family YMCA as of December 31, 2018, were audited by other auditors whose report dated April 3, 2019, expressed an unmodified opinion on those financial statements. As discussed in Note 3, The Young Men's Christian Association of Watertown, NY Inc. d/b/a Watertown Family YMCA has adjusted its 2018 financial statements to correct an error in revenue recognition.

As part of our audit of the 2019 financial statements, we also audited the adjustments described in Note 3 that were applied to restate the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 financial statements of The Young Men's Christian Association of Watertown, NY Inc. d/b/a Watertown Family YMCA other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.

Change in Accounting Principles
As described in Note 2 to the financial statements, The Young Men's Christian Association of Watertown, NY Inc. d/b/a Watertown Family YMCA implemented Accounting Standards Updates (ASU) ASU 2014-09 *Revenue from Contracts with Customers* and ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and the effects have been included in these financial statements. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information
The Young Men's Christian Association of Watertown, NY Inc. d/b/a Watertown Family YMCA's 2018 financial statements were audited previously by other auditors, and their report dated April 3, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion except for information noted in Note 3, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bonadio & Co., LLP

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
d/b/a WATERTOWN FAMILY YMCA

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(With Comparative Totals for 2018)

	2019	As restated 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 475,151	$ 478,377
Certificates of deposit	206,859	200,000
Current portion of investments	1,712,967	1,581,738
Grants and contracts receivable	226,147	170,477
Program fee receivable	20,980	-
Prepaid expenses and other current assets	39,468	40,237
Total current assets	2,681,572	2,470,829
INVESTMENTS, net of current portion	388,654	358,992
INVESTMENTS HELD BY COMMUNITY FOUNDATION	587,267	515,382
PROPERTY AND EQUIPMENT, net	5,727,968	5,893,571
DEFERRED LOSS ON SALE/LEASEBACK, net	124,612	126,837
Total assets	$ 9,510,073	$ 9,365,611
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 98,811	$ 170,146
Accrued expenses and other liabilities	202,810	131,943
Deferred revenue	417,406	453,410
Current portion long-term debt	15,480	-
Total current liabilities	734,507	755,499
LONG-TERM DEBT, net	28,912	-
NET ASSETS:		
Net assets without donor restrictions	7,610,914	7,684,821
Net assets with donor restrictions	1,135,740	925,291
Total net assets	8,746,654	8,610,112
Total liabilities and net assets	$ 9,510,073	$ 9,365,611

The accompanying notes are an integral part of these statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
d/b/a WATERTOWN FAMILY YMCA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Comparative Totals for 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	As restated 2018 Total
SUPPORT AND REVENUE:				
Membership dues, net	$ 1,477,843	$ -	$ 1,477,843	$ 1,515,150
Program fee income, net	2,560,369	-	2,560,369	2,659,943
Government and other contracts	1,341,060	-	1,341,060	1,057,976
Contributions	292,090	108,715	400,805	150,118
Interest and dividends	30,010	8,930	38,940	53,106
Miscellaneous revenue	26,343	-	26,343	40,314
Investment income (loss), net	80,369	92,804	173,173	(84,830)
Total support and revenue	5,808,084	210,449	6,018,533	5,391,777
EXPENSES:				
Program services	5,358,579	-	5,358,579	5,186,286
Supporting services	523,412	-	523,412	451,830
Total expenses	5,881,991	-	5,881,991	5,638,116
CHANGE IN NET ASSETS	(73,907)	210,449	136,542	(246,339)
NET ASSETS - beginning of year, as previously reported	7,684,821	925,291	8,610,112	9,126,365
RESTATEMENT	-	-	-	(269,914)
NET ASSETS - beginning of year, as restated	7,684,821	925,291	8,610,112	8,856,451
NET ASSETS - end of year	$ 7,610,914	$ 1,135,740	$ 8,746,654	$ 8,610,112

The accompanying notes are an integral part of these statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
d/b/a WATERTOWN FAMILY YMCA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Comparative Totals for 2018)

	Program Services			Supporting Services				
	Youth Development	Healthy Living	Total	Management & General	Fundraising	Total	2019 Total	As restated 2018 Total
EXPENSES:								
Salaries and wages	$ 1,615,151	$ 1,480,221	$ 3,095,372	$ 238,385	$ -	$ 238,385	$ 3,333,757	$ 3,350,652
Employee benefits	322,060	242,980	565,040	61,612	-	61,612	626,652	538,497
Services	195,396	156,183	351,579	146,203	-	146,203	497,782	250,391
Occupancy	33,175	175,121	208,296	1,800	-	1,800	210,096	234,615
Supplies and postage	167,268	211,914	379,182	4,774	-	4,774	383,956	430,039
Insurance	14,363	57,585	71,948	27,285	-	27,285	99,233	98,104
Dues	40,639	55,367	96,006	7,278	-	7,278	103,284	96,129
Finance charges	20,964	53,005	73,969	186	-	186	74,155	70,793
Education and employee expense	18,626	22,548	41,174	6,261	-	6,261	47,435	72,925
Printing, publications and promotion	1,859	13,826	15,685	7,213	-	7,213	22,898	26,690
Telephone	6,309	11,200	17,509	1,348	-	1,348	18,857	18,997
Bad debt expense	-	-	-	-	-	-	-	11,487
Miscellaneous expense	-	-	-	-	14,543	14,543	14,543	9,339
Depreciation and amortization expense	37,319	404,794	442,113	6,524	-	6,524	448,637	429,458
Interest expense	-	706	706	-	-	-	706	-
Total functional expenses	$ 2,473,129	$ 2,885,450	$ 5,358,579	$ 508,869	$ 14,543	$ 523,412	$ 5,881,991	$ 5,638,116

The accompanying notes are an integral part of these statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
d/b/a WATERTOWN FAMILY YMCA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Comparative Totals for 2018)

	2019	As restated 2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 136,542	$ (246,339)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	437,724	420,583
Amortization	10,913	8,875
Bad debt expense	-	11,487
Realized gain on investments	(28,954)	(27,629)
Unrealized (gain) loss on investments	(144,219)	112,459
Changes in:		
Grants and contracts receivable	(55,670)	(41,270)
Program fee receivable	(20,980)	-
Prepaid expenses and other assets	769	5,566
Accounts payable	(71,335)	31,465
Accrued expenses and other liabilities	70,867	6,748
Deferred revenue	(36,004)	270,002
Net cash flow from operating activities	299,653	551,947
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(252,612)	(884,522)
Proceeds from the sale of investments	193,009	905,309
Change in certificates of deposit	(6,859)	-
Purchases of property and equipment	(280,809)	(457,005)
Net cash flow from investing activities	(347,271)	(436,218)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	48,000	-
Payments on long-term debt	(3,608)	-
Net cash flow from financing activities	44,392	-
CHANGE IN CASH AND CASH EQUIVALENTS	(3,226)	115,729
CASH AND CASH EQUIVALENTS - beginning of year	478,377	362,648
CASH AND CASH EQUIVALENTS - end of year	$ 475,151	$ 478,377
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 706	$ -

The accompanying notes are an integral part of these statements.

1. THE ORGANIZATION

The Young Men's Christian Association of Watertown, NY Inc. d/b/a Watertown Family YMCA (the YMCA), is a non-profit organization focused on bringing about meaningful change by providing resources based on the most critical community needs and works to make sure that every child, family and community has what they need to achieve their best. The YMCA's cause is to strengthen the community through healthy living and youth development. The YMCA operates health and wellness facilities and offers various childcare services and health education programs to the general public out of various facilities in the Watertown, New York and surrounding areas.

Healthy Living Program
The focus of healthy living programs is to offer opportunities for everyone in the family to be active in a safe inclusive environment open to all ages, abilities, incomes, races, ethnicities and religions. Programs are designed to promote healthy lifestyles, develop specific skills, teach strong character values and encourage the development of friendships leading to a stronger community.

Youth Development Program
The youth development program offers licensed childcare centers for youth ages three months to 12 years old and development programming for youth ages 10-17. Programming is developed to ensure a safe environment, character and self-esteem building, active play and academic upgrading. Most programs are state licensed with the Office of Children and Family Services. Funding support for programming is received from Armed Services YMCA of the USA, the Department of Defense, Youth Bureau of Jefferson County and the United Way.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The YMCA reports information regarding its financial position and activities using the following categories:

- **Net Assets Without Donor Restrictions**
  Net assets without donor restrictions include resources that are available for the support of the YMCA's operating activities. The Board of Directors, through voluntary resolutions, has set aside portions of the YMCA's net assets without donor restrictions.

- **Net Assets With Donor Restrictions**
  Net assets with donor restrictions include resources that have been donated to the YMCA subject to restrictions as defined by the donor. The satisfaction of the restrictions is reflected as net assets released from restrictions in the statement of activities.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Changes in Accounting Principle

ASU 2014-09, *Revenue from Contracts with Customers*

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with* Customers, and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry-specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The YMCA adopted ASC 606 as of January 1, 2019, using a modified retrospective application. There was no effect on total net assets or change in net assets.

ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*

During 2019, the YMCA adopted Accounting Standards Update 2018-08, ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. Changes resulting from the adoption of ASU 2018-08 were made on a modified prospective basis during the year of adoption and therefore, had no effect on the financial position or results of operations for the year ended December 31, 2018. In 2019, there was no material effect on total net assets or change in net assets.

Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the YMCA's financial statements for the year ended December 31, 2018, as restated (See Note 3) from which the summarized information was derived.

Cash and Cash Equivalents

The YMCA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, or endowment. Cash equivalents consist of money market funds. The YMCA maintains cash and cash equivalents in demand deposits and time deposits in several financial institutions. The YMCA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to its cash and cash equivalents.

Investments

Investments are composed of equity securities, exchange traded funds, mutual funds, money market funds, cash and cash equivalents, and fixed income taxable certificates of deposit. Investments in equity securities, exchange traded funds, and mutual funds are stated at fair value based on quoted active markets. Cash and cash equivalents and money markets are stated at cost and fixed income taxable certificates of deposit are stated at cost plus accrued interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Gains or losses on the sale of investments and investment income are recorded as investment income (loss), net of fees in the statement of activities and are recognized as increases and decreases in net assets without donor restrictions unless their use is restricted by donor stipulation. Interest and dividends from net assets with donor restrictions are recorded as additions to net assets without donor restrictions if they are not restricted by the donor for a particular purpose. Dividends are recorded on the ex-dividend date and interest is recognized on an accrual basis.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the YMCA's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Certificates of Deposit

Certificates of deposit have maturities extending beyond a three-month period from the date of purchase and/or are due one year or more from the statement of financial position date. The YMCA reports certificates of deposit at cost plus accrued interest.

Fair Value Measurement

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The YMCA uses various valuation techniques in determining fair value. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the YMCA. Unobservable inputs are inputs that reflect the YMCA's assumptions about how market participants would price the asset or liability, developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2 - Valuations based on quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and market corroborated inputs which are derived principally from or corroborated by observable market data.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

There were no changes in valuation techniques in 2019 or 2018.

Grants and Contracts Receivable and Revenue

The YMCA receives grants to assist in carrying out its programs from federal, state, and local government agencies and other organizations. Unconditional grants are recognized as revenues in the period received or promised. Conditional grants and contracts are not recognized as revenues until the conditions on which they depend are substantially met. The YMCA has adopted a policy whereby all government and other contracts be recorded as without donor restrictions if the restriction expires in the same reporting period as received.

Conditional promises to give were received with the following conditions as of December 31:

	2019
Diabetes Prevention Program	$ 18,000
Food Grant - Children and Adult Care Food Program	63,290
Empire Grant - Family Fun Nights and Youth Empowerment	42,053
	$ 123,343

Grants and contracts receivable represent amounts due under grants and contracts to the YMCA. Receivables are stated at the amount management expects to collect from outstanding balances. As of December 31, 2019 and 2018, management has determined based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary. If amounts become uncollectible, they will be charged to bad debt expense when the determination is made.

Property and Equipment

Property and equipment is recorded at cost if purchased or fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful lives between five (5) to forty (40) years. When property is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the statement of activities. The YMCA capitalizes items over $2,000 that have a useful life of greater than one year. Expenses for repairs and maintenance are charged to expense as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Loss on Sale/Leaseback

In 1985, the YMCA gave title of their building to Bugbee Housing Development Fund Company (Bugbee) so that it could obtain financing through HUD for the construction of low-income housing. The YMCA leases the building back from Bugbee for $1 per year. The deferred loss associated with this leaseback began being amortized at $9,668 per year for a 40-year period in 1985. As of January 1, 2011, the leaseback period was extended through 2075. The remainder of the leaseback is being amortized at $2,225 per year for the remaining 65 years. Upon termination of the agreement, title to the building reverts back to the YMCA. Related amortization expense was $2,225 for both years ending December 31, 2019 and 2018.

Revenue Recognition

ASC 606 outlines a five-step framework for recognizing revenue from exchange transactions. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The YMCA's accounting policies related to revenues subject to ASC 606 as set forth below.

<u>Membership Dues</u>

The YMCA recognizes membership dues revenue over time as their performance obligations are satisfied by providing the member access to the YMCA's facilities, programs and services.

<u>Program Fee Income</u>

Program fee income is related to short-term programs, day care and after school care. Program fee income for short-term programs is considered satisfied as of the first date the program is held. The YMCA recognized program fee income for day care and after school care at the point in time the care is provided to the child.

<u>Deferred Revenue</u>

Deferred revenue, a contract liability, is recorded for membership dues and program fee income received from exchange transactions in which performance obligations have not been met.

Deferred revenue is recognized at a point in time and as such all contract liabilities are satisfied at the time the performance obligation is satisfied.

Contributions

Contributions are recorded as support and revenues when received. Contributions are considered available for general use unless specifically restricted by the donor. The YMCA reports contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The YMCA has adopted a policy whereby all support and revenue be recorded as without donor restriction if the restriction expires in the same reporting period as received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The YMCA records as revenue and expenses the estimated fair value of donated services in the period received when there is an objective basis for determining the value. No donated services have been recorded for the years ended December 31, 2019 or 2018, as they do not meet the criteria for recognition under GAAP. However, volunteers have donated significant amounts of time and services in support of the YMCA’s program operations.

Functional Allocation of Expenses

Expenses consists of costs related to providing program and supporting services. The YMCA's operating costs have been allocated based on direct identification when possible, and allocated if a single expenditure benefits more than one function. Salaries and benefits are allocated based on estimates of time and effort. Depreciation and occupancy related expenses are allocated based on square footage used.

Income Taxes

The YMCA is a not-for-profit corporation exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. In addition, the YMCA qualifies for charitable contribution deduction under Section 170(b)(l)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Use of Estimates

The preparation of financial statements in accordance GAAP requires management to make estimates and assumptions for the reporting period and as of the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the current year presentation.

3. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

The YMCA receives funds in advance for membership dues and certain other programs. During the year, the YMCA determined that funds received from members and program participants were received in advance of the YMCA’s obligation under the agreements. As such, the YMCA’s deferred revenue, change in net assets and net assets have been restated as follows:

	As of January 1, 2018	As of December 31, 2018	Year Ended December 31, 2018	As of December 31, 2018
	Net Assets	Deferred Revenue	Change in Net Assets	Net Assets
Balances, as previously stated	$ 9,126,365	$ 183,496	$ (246,339)	$ 8,880,026
Correction to deferred revenue	(269,914)	269,914	-	(269,914)
Balances, as restated	$ 8,856,451	$ 453,410	$ (246,339)	$ 8,610,112

4. LIQUIDITY

The YMCA monitors its liquidity so that it is able to meet the operating needs and other contractual commitments while maximizing the investment of it excess operating cash. The following table reflects the YMCA's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year. The Board designated net assets can be drawn upon if the Board approves the action.

	2019	2018
Financial Assets:		
Cash and cash equivalents	$ 475,151	$ 478,377
Certificates of deposit	206,859	200,000
Grants and contracts receivable	226,147	170,477
Program fee receivable	20,980	-
Investments	2,101,621	1,940,730
Investments held by Community Foundation	587,267	515,382
Financial assets, at year-end	3,618,025	3,304,966
Less those unavailable for general expenditure within one year, due to:		
With donor restrictions for purpose or time	(360,042)	(149,593)
With donor restrictions in perpetuity	(775,698)	(775,698)
Board designated reserves	(1,553,148)	(1,546,005)
Financial assets available to meet cash needs for general expenditures within one year	$ 929,137	$ 833,670

In addition to financial assets available to meet general expenditures over the year, the YMCA operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient membership dues, program fee income, and revenue from grants and contracts.

5. INVESTMENTS

Investments consisted of the following at December 31:

	2019	2018
Equity securities	$ 83,298	$ 300,001
Exchange traded funds	190,533	8,220
Mutual funds	92,690	-
Money market funds	727,865	367,035
Cash and cash equivalents	27,500	-
Fixed income taxable certificates of deposit	979,735	1,265,474
	$ 2,101,621	$ 1,940,730

6. INVESTMENT HELD BY COMMUNITY FOUNDATION

The YMCA has established two accounts at the Northern New York Community Foundation (the Community Foundation). This are included in the accompanying statements of financial position as investments held by Community Foundation. Withdrawals from the account require approval by the Community Foundation's Board of Directors.

The YMCA's investment in the Community Foundation is stated at net asset value per share based on the YMCA's percentage of the fair value of the underlying investments, consistent with the market approach, which are valued using quoted market prices. There were no changes to valuation techniques during 2019 or 2018. The Community Foundation's investment objective is to provide a predictable stream of funding while seeking to maintain the purchasing power of the assets. There are no unfunded commitments.

Investment held by Community Foundation is exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of the investment held by Community Foundation will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

7. FAIR VALUE OF INVESTMENTS

The YMCA's investments are measured at fair value on a recurring basis utilizing the following input levels at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Equity securities	$ 83,298	$ -	$ -	$ 83,298
Exchange traded funds	190,533	-	-	190,533
Mutual funds	92,690	-	-	92,690
Total investments, at fair value	$ 366,521	$ -	$ -	366,521
Cash and cash equivalents				27,500
Money market funds				727,865
Fixed income taxable certificates of deposit				979,735
Total investments				$ 2,101,621

7. FAIR VALUE OF INVESTMENTS (Continued)

The YMCA's investments are measured at fair value on a recurring basis utilizing the following input levels at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Equity securities	$ 300,001	$ -	$ -	$ 300,001
Exchange traded funds	8,220	-	-	8,220
Total investments, at fair value	$ 308,221	$ -	$ -	308,221
Money market funds				367,035
Fixed income taxable certificates of deposit				1,265,474
Total investments				$ 1,940,730

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2019	2018
Land	$ 131,000	$ 131,000
Buildings and improvements	6,371,124	6,248,965
Furniture, fixtures and equipment	1,314,688	1,221,957
Leasehold improvements	3,381,467	3,369,094
Software	67,854	23,116
Construction-in-progress - Aquatic Center	82,564	73,756
Total property and equipment	11,348,697	11,067,888
Less: Accumulated depreciation and amortization	(5,620,729)	(5,174,317)
Property and equipment - net	$ 5,727,968	$ 5,893,571

Depreciation expense was $437,724 and $420,583 for the years ending December 31, 2019 and 2018, respectively. Amortization expense for property and equipment was $8,688 and $6,650 for the years ended December 31, 2019 and 2018, respectively.

9. LONG-TERM DEBT

In 2019, the YMCA entered into a commercial loan agreement payable in principal and interest payments of $1,438 through September 2022. Interest is payable at a fixed rate of 4.75%. The outstanding principal balance of the loan at December 31, 2019 was $44,392. The loan is secured by equipment with a net book value of $61,560 at December 31, 2019.

9. LONG-TERM DEBT (Continued)

Future maturities of long-term debt at December 31:

2020	$ 15,480
2021	16,232
2022	12,680
	$ 44,392

10. BOARD DESIGNATED NET ASSETS

The Board of Directors has designated net assets of the YMCA for particular purposes. In accordance with GAAP, net assets associated with these board designated amounts are classified as net assets without donor restrictions. Board designed net assets at December 31:

	2019	2018
Unemployment	$ 100,587	$ 100,220
Capital	1,422,166	1,415,501
Blue Sharks	30,395	30,284
Total net assets with donor restrictions	$ 1,553,148	$ 1,546,005

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions amounted to at December 31:

	2019	2018
Net assets restricted for investment in property and equipment	$ 159,819	$ 50,917
Accumulated gains on endowment	200,223	98,676
Endowment held in perpetuity	775,698	775,698
Total net assets with donor restrictions	$ 1,135,740	$ 925,291

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following at December 31:

	2019	2018
Accumulated gains appropriated for expenditure	$ -	$ 40,000
Total net assets released from restrictions	$ -	$ 40,000

11. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Endowment Funds

General
The YMCA's endowments consist of various donor-specified funds and are subject to donor restrictions.

Interpretation of Relevant Law
The YMCA is subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA) which sets forth certain specifically mandated procedures and standards for managing endowed funds. The YMCA adheres to these procedures and standards in the investment and expenditure of endowment funds. Absent explicit donor stipulations to the contrary, the YMCA has interpreted the NYPMIFA as allowing the YMCA to appropriate for expenditure or accumulate as much of an endowment fund as the YMCA determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of a donor expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund are net assets with donor restrictions until appropriated by the YMCA. Although NYPMIFA does not preclude the YMCA from spending below the original gift value of donor-restricted endowments, the YMCA considers a fund to be underwater, if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the donor's direction expressed in the gift agreement.

Return Objectives, Strategies Employed and Spending Policy
The YMCA has adopted investment and spending policies for endowment funds that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment funds. Under this policy, as approved by the Board, the endowment funds are invested in a manner that is intended to produce a minimum rate of return of 5% per year after taking into account inflation costs and fees, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the YMCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The YMCA targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Like the endowment itself, the spending policy of the YMCA is subject to the NYPMIFA. All the elements set forth in the NYPMIFA are considered when allocating or spending endowment funds. In order to achieve the long-term objective of the YMCA, the annual spending from all endowment funds is restricted to between 4 and 5.5 percent of a three-year average of the fair market value of the funds. In establishing this policy, the YMCA considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, most of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

Funds with Deficiencies
From time-to-time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires the YMCA to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature should be reported in net assets with donor restrictions. The YMCA did not have any funds with deficiencies in 2019 or 2018.

11. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Changes in the YMCA's endowment net assets with donor restrictions are as follows:

Endowment net assets, December 31, 2017	$ 964,631
Appropriated for expenditures	(40,000)
Investment loss	(50,257)
Endowment net assets, December 31, 2018	874,374
Investment earnings	101,547
Endowment net assets, December 31, 2019	$ 975,921

12. NET MEMBERSHIP DUES AND PROGRAM FEES

The YMCA provides financial assistance to help defray the costs of membership dues and program fees to individuals who do not have the ability to pay. Membership dues and program fees are recorded net of such assistance in the accompanying statement of activities. Such amounts were as follows for the years ended December 31:

	2019	2018
Membership dues	$ 1,624,259	$ 1,703,150
Less: Financial assistance provided	(146,416)	(188,000)
Membership dues, net	$ 1,477,843	$ 1,515,150
Program fee income	$ 2,639,293	$ 2,824,247
Less: Financial assistance provided	(78,924)	(164,304)
Program fee income, net	$ 2,560,369	$ 2,659,943

13. RETIREMENT PLAN

The YMCA maintains a defined-contribution plan (the Plan), qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. At present, the YMCA matches employee contributions up to a maximum of 6% of employee gross earnings. Contributions to the Plan for the years ended December 31, 2019 and 2018 were $47,409 and $49,524, respectively. During 2019 the YMCA recorded additional retirement liability accrual of $63,500 related to a voluntary plan correction.

14. OPERATING LEASES

The YMCA leases equipment and space under various operating lease agreements through 2034. Rent expense under these leases totaled $50,762 and $45,521 for the years ended December 31, 2019 and 2018.

Obligations under non-cancellable long-term operating leases were as follows at December 31, 2019:

2020	$ 48,330
2021	33,106
2022	27,735
2023	27,735
2024	29,815
Thereafter	279,517
Total	$ 446,238

15. COMMITMENTS

In accordance with its affiliation agreement, the YMCA is required to pay an annual assessment to the YMCA of the USA. This assessment is based on the YMCA's annual revenue, less certain excludable items. The expense associated with this agreement was approximately $103,000 and $96,000 for the years ended December 31, 2019 and 2018, respectively.

16. SUBSEQUENT EVENTS

Novel Coronavirus

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has resulted in a significant economic impact to many organizations in the near term.

In April 2020, the YMCA entered into an unsecured promissory note payable to a bank in the amount of approximately $695,000. This note was entered into by the YMCA as part of the U.S. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP provides for this borrowing, or a portion of the borrowing, to be forgiven to the extent the YMCA meets defined requirements related to expenditure of the funds and management of the YMCA's personnel complement. Through the date the financial statements were available to be issued, the YMCA is unable to determine the amount of potential loan forgiveness. If no forgiveness is granted, the terms of this agreement require the YMCA to make monthly principal payments of $39,094, including interest at 1%, from November 2020 through April 2022.

Subsequent events have been evaluated through July 6, 2020, which is the date the financial statements were issued.