

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

**Financial Statements as of
December 31, 2020
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

May 18, 2021

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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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, 2020, 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Report on Summarized Comparative Information

We have previously audited The Young Men's Christian Association of Watertown, NY Inc. d/b/a Watertown Family YMCA's 2019 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,272,443	\$ 475,151
Certificates of deposit	-	206,859
Current portion of investments	1,661,753	1,712,967
Grants and contracts receivable	138,555	226,147
Program fee receivable	61,835	20,980
Current portion of contribution receivables	56,300	-
Prepaid expenses and other current assets	<u>108,323</u>	<u>39,468</u>
Total current assets	<u>3,299,209</u>	<u>2,681,572</u>
INVESTMENTS, net of current portion	419,932	388,654
INVESTMENTS HELD BY COMMUNITY FOUNDATION	736,639	587,267
CONTRIBUTION RECEIVABLES, net of current portion	220,370	-
PROPERTY AND EQUIPMENT, net	5,532,276	5,727,968
DEFERRED LOSS ON SALE/LEASEBACK, net	<u>122,387</u>	<u>124,612</u>
Total assets	<u>\$ 10,330,813</u>	<u>\$ 9,510,073</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 111,880	\$ 98,811
Accrued expenses and other liabilities	200,384	202,810
Deferred revenue	206,766	417,406
Current portion of long-term debt	<u>16,232</u>	<u>15,480</u>
Total current liabilities	<u>535,262</u>	<u>734,507</u>
LONG-TERM DEBT, net of current portion	<u>161,350</u>	<u>28,912</u>
NET ASSETS:		
Net assets without donor restrictions	7,691,085	7,610,914
Net assets with donor restrictions	<u>1,943,116</u>	<u>1,135,740</u>
Total net assets	<u>9,634,201</u>	<u>8,746,654</u>
Total liabilities and net assets	<u>\$ 10,330,813</u>	<u>\$ 9,510,073</u>

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, 2020
(With Comparative Totals for 2019)

	2020			2019 <u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
SUPPORT AND REVENUE:				
Membership dues, net	\$ 1,100,941	\$ -	\$ 1,100,941	\$ 1,477,843
Program fee income, net	1,585,725	-	1,585,725	2,560,369
Government and other contracts	1,085,928	-	1,085,928	1,341,060
Contributions	163,963	726,680	890,643	400,805
Interest and dividends	16,407	21,920	38,327	38,940
Paycheck protection program loan forgiveness	694,895	-	694,895	-
Miscellaneous revenue	62,956	-	62,956	26,343
Investment income, net	20,990	58,776	79,766	173,173
	<u>4,731,805</u>	<u>807,376</u>	<u>5,539,181</u>	<u>6,018,533</u>
EXPENSES:				
Program services	4,238,611	-	4,238,611	5,358,579
Supporting services	413,023	-	413,023	523,412
	<u>4,651,634</u>	<u>-</u>	<u>4,651,634</u>	<u>5,881,991</u>
CHANGE IN NET ASSETS	80,171	807,376	887,547	136,542
NET ASSETS - beginning of year	<u>7,610,914</u>	<u>1,135,740</u>	<u>8,746,654</u>	<u>8,610,112</u>
NET ASSETS - end of year	<u>\$ 7,691,085</u>	<u>\$ 1,943,116</u>	<u>\$ 9,634,201</u>	<u>\$ 8,746,654</u>

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, 2020
(With Comparative Totals for 2019)

	Program Services			Supporting Services			2020 <u>Total</u>	2019 <u>Total</u>
	<u>Youth Development</u>	<u>Healthy Living</u>	<u>Total</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>		
EXPENSES:								
Salaries and wages	\$ 1,437,847	\$ 977,244	\$ 2,415,091	\$ 217,628	\$ -	\$ 217,628	\$ 2,632,719	\$ 3,333,757
Employee benefits	219,084	177,074	396,158	33,155	-	33,155	429,313	626,652
Services	218,821	128,624	347,445	63,450	46,016	109,466	456,911	497,782
Occupancy	30,058	140,166	170,224	1,800	-	1,800	172,024	210,096
Supplies and postage	98,230	108,082	206,312	1,164	3,260	4,424	210,736	383,956
Insurance	12,830	55,703	68,533	23,389	-	23,389	91,922	99,233
Dues	18,085	22,408	40,493	3,560	-	3,560	44,053	103,284
Finance charges	16,587	30,664	47,251	1,831	-	1,831	49,082	74,155
Education and employee expense	9,145	8,452	17,597	1,458	213	1,671	19,268	47,435
Printing, publications and promotion	8,144	16,734	24,878	4,293	481	4,774	29,652	22,898
Telephone	11,582	17,004	28,586	645	-	645	29,231	18,857
Bad debt expense	-	-	-	1,819	-	1,819	1,819	-
Miscellaneous expense	-	-	-	-	5,184	5,184	5,184	14,543
Depreciation and amortization expense	42,756	431,404	474,160	3,677	-	3,677	477,837	448,637
Interest expense	-	1,883	1,883	-	-	-	1,883	706
Total functional expenses	<u>\$ 2,123,169</u>	<u>\$ 2,115,442</u>	<u>\$ 4,238,611</u>	<u>\$ 357,869</u>	<u>\$ 55,154</u>	<u>\$ 413,023</u>	<u>\$ 4,651,634</u>	<u>\$ 5,881,991</u>

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, 2020**

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 887,547	\$ 136,542
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	456,840	437,724
Amortization	20,997	10,913
Bad debt expense	1,819	-
Discount on pledge receivables	3,630	-
Net gains on investments	(79,766)	(173,173)
Changes in:		
Grants and contracts receivable	87,592	(55,670)
Program fee receivable	(42,674)	(20,980)
Prepaid expenses and other assets	(68,855)	769
Contribution receivables	(280,300)	-
Accounts payable	13,069	(71,335)
Accrued expenses and other liabilities	(2,426)	70,867
Deferred revenue	(210,640)	(36,004)
Net cash flow from operating activities	<u>786,833</u>	<u>299,653</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(200,116)	(252,612)
Proceeds from the sale of investments	150,446	193,009
Change in certificates of deposit	206,859	(6,859)
Purchases of property and equipment	<u>(279,920)</u>	<u>(280,809)</u>
Net cash flow from investing activities	<u>(122,731)</u>	<u>(347,271)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	150,000	48,000
Payments on long-term debt	<u>(16,810)</u>	<u>(3,608)</u>
Net cash flow from financing activities	<u>133,190</u>	<u>44,392</u>
CHANGE IN CASH AND CASH EQUIVALENTS	797,292	(3,226)
CASH AND CASH EQUIVALENTS - beginning of year	<u>475,151</u>	<u>478,377</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 1,272,443</u>	<u>\$ 475,151</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 1,883</u>	<u>\$ 706</u>

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**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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)

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, 2019, 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.

Gains or losses on the sale of investments and investment income are recorded as investment income, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

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.

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 2020 or 2019.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contracts Receivable and Revenue (Continued)

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

	<u>2020</u>	<u>2019</u>
Diabetes Prevention Program	\$ 9,000	\$ 18,000
Food Grant - Children and Adult Care Food Program	30,334	63,290
Empire Grant - Family Fun Nights and Youth Empowerment	<u>26,550</u>	<u>42,053</u>
	<u>\$ 65,884</u>	<u>\$ 123,343</u>

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, 2020 and 2019, 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.

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.

Membership Dues

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.

Program Fee Income

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.

In 2020, the YMCA issued refunds for membership dues and program fees in the amount of approximately \$272,000 as a result of the COVID-19 pandemic. As of December 31, 2020, \$55,859 remains payable to members and is recorded in accrued expenses and other liabilities on the statement of financial position.

Deferred Revenue

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contribution Revenue and Receivables

Contributions are recorded as support and revenue 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.

Contribution receivables over more than one year are discounted to their net present value using discount rates. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated terms are considered past due. At December 31, 2020, management has that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of prepaid insurance.

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.

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 \$2,220 and \$2,225 for the years ending December 31, 2020 and 2019, respectively.

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, 2020 or 2019, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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)(1)(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.

Risks and Uncertainties

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 the potential to result in a significant economic impact. The future impact of this situation on the YMCA and its results and financial position is not presently determinable.

3. 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 its excess operating cash. The following table reflects the YMCA's financial assets as of December 31, 2020 and 2019, 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.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 1,272,443	\$ 475,151
Certificates of deposit	-	206,859
Grants and contracts receivable	138,555	226,147
Program fee receivable	61,835	20,980
Contribution receivables	56,300	-
Investments	2,081,685	2,101,621
Investments held by Community Foundation	<u>736,639</u>	<u>587,267</u>
Financial assets, at year-end	<u>4,347,457</u>	<u>3,618,025</u>
Less those unavailable for general expenditure within one year, due to:		
With donor restrictions for purpose or time	(1,167,418)	(360,042)
With donor restrictions in perpetuity	(775,698)	(775,698)
Board designated reserves	<u>(1,401,888)</u>	<u>(1,553,148)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,002,453</u>	<u>\$ 929,137</u>

3. LIQUIDITY (Continued)

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.

4. CONTRIBUTION RECEIVABLES

Contribution receivables are due as follows for the year ending December 31, 2020:

Amounts due in:

Less than one year	\$	56,300
One to five years		<u>224,000</u>
Contribution receivables		280,300
Less: unamortized discount		<u>(3,630)</u>
Contribution receivables, net	\$	<u>276,670</u>

5. INVESTMENTS

Investments consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Equity securities	\$ 247,251	\$ 83,298
Exchange traded funds	141,312	190,533
Mutual funds	20,730	92,690
Cash and cash equivalents	352	27,500
Money market funds	1,141,598	727,865
Fixed income taxable certificates of deposit	<u>530,442</u>	<u>979,735</u>
	<u>\$ 2,081,685</u>	<u>\$ 2,101,621</u>

6. INVESTMENTS HELD BY COMMUNITY FOUNDATION

The YMCA has established three accounts at the Northern New York Community Foundation (the Community Foundation). These are included in the accompanying statement 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 2020 or 2019. 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.

6. INVESTMENTS HELD BY COMMUNITY FOUNDATION (Continued)

Investments held by Community Foundation are 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 investments 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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 247,251	\$ -	\$ -	\$ 247,251
Exchange traded funds	141,312	-	-	141,312
Mutual funds	<u>20,730</u>	<u>-</u>	<u>-</u>	<u>20,730</u>
Total investments, at fair value	<u>\$ 409,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>409,293</u>
Cash and cash equivalents				352
Money market funds				1,141,598
Fixed income taxable certificates of deposit				<u>530,442</u>
Total investments				<u>\$ 2,081,685</u>

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

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

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 131,000	\$ 131,000
Buildings and improvements	6,385,355	6,371,124
Furniture, fixtures and equipment	1,367,917	1,314,688
Leasehold improvements	3,396,283	3,381,467
Software	75,521	67,854
Construction-in-progress - Aquatic Center	<u>272,541</u>	<u>82,564</u>
Total property and equipment	11,628,617	11,348,697
Less: Accumulated depreciation and amortization	<u>(6,096,341)</u>	<u>(5,620,729)</u>
Property and equipment - net	<u>\$ 5,532,276</u>	<u>\$ 5,727,968</u>

Depreciation expense was \$456,840 and \$437,724 for the years ending December 31, 2020 and 2019, respectively. Amortization expense for property and equipment was \$18,772 and \$8,688 for the years ended December 31, 2020 and 2019, respectively.

9. LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
WSB commercial loan agreement payable secured by equipment with a net book value of \$47,880 at December 31, 2020. Monthly installments of \$1,438, which includes interest at 4.75%. The loan matures in September 2022.	\$ 27,582	\$ 44,392
Small Business Administration unsecured loan, which includes interest at 2.75%. The loan matures in May 2050.	<u>150,000</u>	<u>-</u>
Total debt	177,582	44,392
Less: Current portion	<u>16,232</u>	<u>15,480</u>
Total long-term debt	<u>\$ 161,350</u>	<u>\$ 28,912</u>

Principal payments on debt are due as follows:

2021	\$ 16,232
2022	14,912
2023	3,662
2024	3,764
2025	3,868
Thereafter	<u>135,144</u>
	<u>\$ 177,582</u>

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:

	<u>2020</u>	<u>2019</u>
Unemployment	\$ 100,615	\$ 100,587
Capital	1,270,869	1,422,166
Blue Sharks	<u>30,404</u>	<u>30,395</u>
Total net assets without donor restrictions	<u>\$ 1,401,888</u>	<u>\$ 1,553,148</u>

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions amounted to at December 31:

	<u>2020</u>	<u>2019</u>
Net assets restricted for investment in property and equipment	\$ 786,545	\$ 159,819
Endowment restricted for investment in property and equipment	100,000	-
Endowment held in perpetuity	775,698	775,698
Accumulated gains on endowment	<u>280,873</u>	<u>200,223</u>
Total net assets with donor restrictions	<u>\$ 1,943,116</u>	<u>\$ 1,135,740</u>

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.

11. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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 2020 or 2019.

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

Endowment net assets, December 31, 2018	\$ 874,374
Investment earnings	<u>101,547</u>
Endowment net assets, December 31, 2019	975,921
Investment earnings	80,650
Contributions	<u>100,000</u>
Endowment net assets, December 31, 2020	<u>\$ 1,156,571</u>

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:

	<u>2020</u>	<u>2019</u>
Membership dues	\$ 1,163,875	\$ 1,624,259
Less: Financial assistance provided	<u>(62,934)</u>	<u>(146,416)</u>
Membership dues, net	<u>\$ 1,100,941</u>	<u>\$ 1,477,843</u>
Program fee income	\$ 1,598,845	\$ 2,639,293
Less: Financial assistance provided	<u>(13,120)</u>	<u>(78,924)</u>
Program fee income, net	<u>\$ 1,585,725</u>	<u>\$ 2,560,369</u>

13. PAYCHECK PROTECTION PROGRAM ARRANGEMENT

In April 2020, the YMCA entered into an unsecured promissory note payable to a bank in the amount of \$694,895. This note was entered into by the YMCA as part of the Paycheck Protection Program (PPP) under the CARES Act. The PPP provides for this borrowing, or a portion of the borrowing, to be forgiven to the extent the YMCA meets eligibility and defined requirements related to expenditure of the funds. Principal and interest payments could be deferred until the forgiveness process was completed. The loan would have required aggregate monthly payments of \$30,095, including interest at 1%, and would have matured in April 2022. The YMCA applied for, and was granted forgiveness, on 100% of the loan by the Small Business Administration in 2020, therefore the total amount of the monies received is recorded as Paycheck Protection Program loan forgiveness in the statement of activities at December 31, 2020.

14. 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. For 2020, the YMCA matches 50% of employee contributions up to 6% of employee gross earnings. Contributions to the Plan for the years ended December 31, 2020 and 2019 were \$76,108 and \$47,409, respectively. During 2019, the YMCA recorded additional retirement liability accrual of \$63,500 related to a voluntary plan correction.

15. OPERATING LEASES

The YMCA leases equipment and space under various operating lease agreements through 2034. Rent expense under these leases totaled \$51,671 and \$50,762 for the years ended December 31, 2020 and 2019.

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

2021	\$	44,232
2022		38,288
2023		31,086
2024		30,738
2025		29,892
Thereafter		<u>249,702</u>
Total	\$	<u>423,938</u>

16. 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 \$44,000 and \$103,000 for the years ended December 31, 2020 and 2019, respectively.

Unemployment Insurance

The YMCA is self-insured for New York State unemployment insurance purposes. Under this method, the YMCA is liable to New York State for payments of amounts equal to the benefits paid to its claimants. No accrual has been made for future obligations that might arise under this arrangement due to the underlying uncertainties. At December 31, 2020, the YMCA has recorded \$74,531 of prepaid expenses and other assets on the statement of financial position that will be used to offset future expense as a result of the CARES Act.

17. SUBSEQUENT EVENTS

In January 2021, the YMCA applied for and received a second round PPP loan for approximately \$670,000. While this loan program includes forgiveness provisions, the amount to be forgiven is contingent on the YMCA meeting the requirements of the program going forward. These requirements are consistent with those of the first round PPP loan that the YMCA received in 2020. Any balance related to this arrangement that is not ultimately forgiven will be repayable in monthly installments, including interest at 1% over a term that could extend for five years. Payment of principal and interest are deferred until specific conditions such as forgiveness determination are met.

In March 2021, the YMCA entered into a lease with Jefferson County Industrial Development Agency (JCIDA). JCIDA is a recipient of a federal grant through the U.S. Department of Defense which will be used to improve, construct, and develop property for use by the YMCA. In order to comply with the terms of the grant, JCIDA will retain ownership of the property and will lease the property to the YMCA for \$1 per year for thirty years with the option to purchase the property for \$1 at the end of the lease. The YMCA is required to pay to JCIDA an additional rental payment of \$500,000 120 days after the execution of the lease.

17. SUBSEQUENT EVENTS (Continued)

Subsequent events have been evaluated through May 18, 2021, which is the date the financial statements were issued.