YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC.

Chairperson:	Todd Rangel
Chair-elect:	Lynn Harvey-Akan
Past Chair:	Phil Barnhill
Secretary:	Luanne Arrington
Treasurer:	Rick Lusk
Vice Chair:	Adrienne McKinney
President and Chief Executive Officer:	Rhonda Anderson

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.

Chairperson:	Dennis Stearns
Member at Large:	Adrienne McKinney
Member at Large:	Candace Cummings
Member at Large:	Dupont Kirven
Member at Large:	Ford Bowers
Member at Large:	Jared Lashley
Member at Large:	Jim Lurz
Member at Large:	Rick Lusk
Member at Large:	Todd Rangel

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
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Bernard Robinson & Company, L.L.P.

Independent Auditor's Report

To the Board of Directors
Young Men's Christian Association of Greensboro, Inc.
Greensboro, North Carolina

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Young Men's Christian Association of Greensboro, Inc. and the Young Men's Christian Association of Greensboro Endowment Fund, Inc. (collectively the "Association"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the consolidated 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 Association'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Young Men's Christian Association of Greensboro, Inc. and the Young Men's Christian Association of Greensboro Endowment Fund, Inc. as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Young Men's Christian Association of Greensboro, Inc. and the Young Men's Christian Association of Greensboro Endowment Fund, Inc.'s December 31, 2019 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 13, 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 consolidated financial statements from which it has been derived.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
March 30, 2021

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Financial Position
December 31, 2020
(With Comparative Totals as of December 31, 2019)

	2020	2019
Assets		
Current Assets:		
Cash and cash equivalents	**$ 6,408,447**	$ 5,965,923
Funds held for others	**3,983**	3,983
Investments	**7,845,043**	8,497,822
Current portion of unconditional promises to give, net	**600,369**	303,981
Other receivables	**96,539**	137,895
Prepaid expenses and other assets	**166,552**	293,649
Total Current Assets	**15,120,933**	15,203,253
Other Assets:		
Unconditional promises to give, less current portion	**114,634**	230,170
Property and equipment, net of accumulated depreciation	**38,484,171**	39,618,685
Rental real estate property, net of accumulated depreciation	**288,800**	303,200
Deposit on fixed assets	**15,868**	-
Total Other Assets	**38,903,473**	40,152,055
Total Assets	**$ 54,024,406**	$ 55,355,308
Liabilities and Net Assets		
Current Liabilities:		
Current maturities of long-term debt	**$ 1,489,651**	$ 1,522,590
Current maturities of obligations under capitalized leases	**281,087**	200,194
Accounts payable and accrued expenses	**335,564**	355,301
Deferred revenue	**366,124**	376,159
Funds held for others	**3,983**	3,983
Total Current Liabilities	**2,476,409**	2,458,227
Other Liabilities:		
Long-term debt, less current maturities	**8,467,201**	9,920,350
Obligations under capitalized leases, less current maturities	**212,788**	184,183
Fair value of interest rate swap payable	**199,538**	113,756
Total Other Liabilities	**8,879,527**	10,218,289
Total Liabilities	**11,355,936**	12,676,516
Net Assets:		
Assets without donor restrictions:		
Undesignated	**33,738,065**	34,805,950
Designated for reserves	**3,401,394**	3,602,745
Assets with donor restrictions	**5,529,011**	4,273,779
Total Net Assets	**42,668,470**	42,682,474
Total Liabilities and Net Assets	**$ 54,024,406**	$ 55,358,990

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support - Contributions:				
The United Way	$ 60,896	$ 58,536	$ 119,432	$ 164,004
Government grants	89,018	-	89,018	122,347
CARES Act Funding	1,610,221	-	1,610,221	-
Annual support	711,251	-	711,251	780,118
Contributions and private grants	284,794	1,192,706	1,477,500	1,189,234
Total Public Support	2,756,180	1,251,242	4,007,422	2,255,703
Revenue:				
Membership dues	5,689,427	-	5,689,427	9,945,138
Program and service fees	3,269,362	-	3,269,362	5,958,730
Vending and other food related	6,016	-	6,016	22,127
Rental of real estate and facilities, net	159,744	-	159,744	266,735
Merchandise sales	27,657	-	27,657	45,511
Investment income, net	515,620	251,851	767,471	646,879
Gain (loss) on sale of property and equipment	(8,965)	-	(8,965)	33,562
Other events	21,859	-	21,859	46,233
Miscellaneous	9,946	-	9,946	36,899
Unrealized gain (loss) on investments, net	(240,325)	169,045	(71,280)	934,465
Total Revenue	9,450,341	420,896	9,871,237	17,936,279
Net Assets Released from Restrictions:				
Satisfaction of program restrictions	251,387	(251,387)	-	-
Satisfaction of time restrictions	79,470	(79,470)	-	-
Satisfaction of property acquisition restrictions	86,049	(86,049)	-	-
Total Net Assets Released from Restrictions	416,906	(416,906)	-	-
Total Public Support, Revenue, and Net Assets Released from Restrictions	12,623,427	1,255,232	13,878,659	20,191,982
Functional Expenses:				
Program Services:				
Adult	5,221,310	-	5,221,310	6,855,542
Child care	3,775,034	-	3,775,034	4,478,985
Youth	3,038,736	-	3,038,736	4,333,079
Total Program Services	12,035,080	-	12,035,080	15,667,606
Supporting Services:				
Management and general	1,417,352	-	1,417,352	1,984,820
Fund-raising	208,510	-	208,510	288,632
Total Supporting Services	1,625,862	-	1,625,862	2,273,452
Total Functional Expenses	13,660,942	-	13,660,942	17,941,058
Other Expenses:				
Payments to affiliated organizations	145,939	-	145,939	233,692
Total Expenses	13,806,881	-	13,806,881	18,174,750
Change in net assets from operating activities	(1,183,454)	1,255,232	71,778	2,017,232
Change in fair value of interest rate swap agreement	(85,782)	-	(85,782)	(146,179)
Changes in net assets	(1,269,236)	1,255,232	(14,004)	1,871,053
Net assets, beginning	38,408,695	4,273,779	42,682,474	40,811,421
Net assets, ending	$ 37,139,459	$ 5,529,011	$ 42,668,470	$ 42,682,474

See Notes to Consolidated Financial Statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020								
	Program Services				Supporting Services				
	Adult Programs	Child Care	Youth Programs	Total	Management and General	Fund-Raising	Total	TOTAL	2019 TOTAL
Salaries and wages	**$ 2,329,738**	**$ 1,730,003**	**$ 1,153,336**	**$ 5,213,077**	**$ 553,601**	**$ 122,557**	**$ 676,158**	**$ 5,889,235**	$ 7,196,552
Employee benefits	**291,248**	**216,274**	**144,182**	**651,704**	**69,208**	**12,580**	**81,788**	**733,492**	987,712
Payroll taxes	**167,241**	**124,189**	**82,793**	**374,223**	**39,740**	**11,214**	**50,954**	**425,177**	531,928
Total Salaries and Related Expenses	**2,788,227**	**2,070,466**	**1,380,311**	**6,239,004**	**662,549**	**146,351**	**808,900**	**7,047,904**	8,716,192
Professional fees	**51,955**	**31,843**	**33,519**	**117,317**	**50,279**	**-**	**50,279**	**167,596**	232,379
Supplies	**222,204**	**155,134**	**142,303**	**519,641**	**63,570**	**60,709**	**124,279**	**643,920**	1,102,541
Telephone	**24,137**	**16,852**	**15,458**	**56,447**	**6,905**	**-**	**6,905**	**63,352**	59,423
Postage and shipping	**3,405**	**2,378**	**2,181**	**7,964**	**974**	**-**	**974**	**8,938**	16,785
Occupancy	**70,542**	**49,249**	**45,176**	**164,967**	**20,181**	**-**	**20,181**	**185,148**	185,755
Printing and publication	**45,204**	**31,560**	**28,949**	**105,713**	**12,932**	**-**	**12,932**	**118,645**	206,106
Travel	**11,144**	**7,780**	**7,137**	**26,061**	**3,188**	**-**	**3,188**	**29,249**	92,858
Conferences, conventions and meetings	**18,388**	**12,837**	**11,776**	**43,001**	**5,260**	**1,450**	**6,710**	**49,711**	110,163
Interest and amortization	**141,712**	**98,939**	**90,756**	**331,407**	**40,543**	**-**	**40,543**	**371,950**	468,172
Bank service charges	**53,042**	**37,031**	**33,968**	**124,041**	**15,174**	**-**	**15,174**	**139,215**	204,226
Rental	**76,349**	**53,303**	**48,895**	**178,547**	**21,842**	**-**	**21,842**	**200,389**	178,888
Repairs and maintenance	**78,527**	**54,824**	**50,290**	**183,641**	**22,466**	**-**	**22,466**	**206,107**	338,176
Other events	**1,404**	**981**	**900**	**3,285**	**402**	**-**	**402**	**3,687**	31,940
Insurance	**84,996**	**59,341**	**54,433**	**198,770**	**24,316**	**-**	**24,316**	**223,086**	219,750
Depreciation	**773,371**	**539,939**	**495,282**	**1,808,592**	**221,253**	**-**	**221,253**	**2,029,845**	1,993,906
Utilities	**301,641**	**210,595**	**193,177**	**705,413**	**86,296**	**-**	**86,296**	**791,709**	1,080,230
Contracted services	**317,861**	**221,919**	**203,565**	**743,345**	**90,937**	**-**	**90,937**	**834,282**	1,321,360
Bad debt expense	**-**	**-**	**-**	**-**	**43,394**	**-**	**43,394**	**43,394**	344,662
Food and beverage	**73,149**	**44,620**	**45,827**	**163,596**	**19,274**	**-**	**19,274**	**182,870**	324,988
Scholarships	**64,420**	**61,736**	**142,260**	**268,416**	**-**	**-**	**-**	**268,416**	658,928
Dues	**8,646**	**6,037**	**5,538**	**20,221**	**2,474**	**-**	**2,474**	**22,695**	32,828
Training	**10,986**	**7,670**	**7,035**	**25,691**	**3,143**	**-**	**3,143**	**28,834**	20,802
Total Functional Expenses	**$ 5,221,310**	**$ 3,775,034**	**$ 3,038,736**	**$ 12,035,080**	**$ 1,417,352**	**$ 208,510**	**$ 1,625,862**	**$ 13,660,942**	$ 17,941,058

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Cash Flows
Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020	2019
Cash flows from operating activities:		
Changes in net assets	**$ (14,004)**	$ 1,871,053
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Allowance for uncollectible accounts	**20,047**	(25,929)
Discount on unconditional promises to give	**(10,565)**	(19,751)
Depreciation	**2,044,245**	2,008,306
Amortization	**16,576**	16,576
(Gain) loss on sale of property and equipment	**8,966**	(33,562)
Investment income reinvested	**(82,527)**	(251,662)
Gain on sale of investments, net	**(578,833)**	(250,470)
Unrealized (gain) loss on investments, net	**71,280**	(934,465)
Change in fair value of interest rate swap	**85,782**	146,179
(Increase) decrease in:		
Unconditional promises to give	**(190,334)**	343,652
Other receivables	**41,356**	(31,949)
Prepaid expenses and other assets	**127,097**	(14,084)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(33,793)**	(20,467)
Deferred revenue	**(10,035)**	100,064
Net cash provided by operating activities	**1,495,258**	2,903,491
Cash flows from investing activities:		
Purchase and construction of property and equipment	**(542,401)**	(756,241)
Proceeds from sale of property and equipment	**42,500**	50,325
Proceeds from sale of investments	**4,997,736**	1,695,555
Net investment cash transactions in endowment fund	**(60,003)**	(27,435)
Purchase of investments	**(3,694,874)**	(852,002)
Net cash provided by investing activities	**742,958**	110,202
Cash flows from financing activities:		
Payments on capitalized leases	**(296,710)**	(404,332)
Payments on long-term debt	**(1,502,664)**	(2,570,958)
Net cash used in financing activities	**(1,799,374)**	(2,975,290)
Net increase in cash and cash equivalents	**438,842**	38,403
Cash and cash equivalents, beginning	**5,965,923**	5,927,520
Cash and cash equivalents, ending	**$ 6,404,765**	$ 5,965,923

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Young Men's Christian Association of Greensboro, Inc. ("YMCA") is a not for profit organization incorporated in 1910 to establish, equip, maintain, conduct and operate various YMCA branches and to perform any acts reasonably incidental thereto in the greater Greensboro, Eden and Reidsville, North Carolina areas.

The Young Men's Christian Association of Greensboro Endowment Fund, Inc. ("Endowment Fund") was incorporated in 1994 as a support organization for the benefit of the YMCA to hold and invest permanently restricted net assets. This corporation states in its articles of incorporation that it is organized for and at all times shall operate exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the YMCA. The articles also state that the Endowment Fund shall be operated, supervised, or controlled by the YMCA, and that the Directors of the Endowment Fund shall be elected or appointed by the Board of Directors of the YMCA. Because of the oversight authority of the YMCA Board over the actions of the Endowment Fund, the two entities have been consolidated for financial statement presentation purposes.

The consolidated financial statements include the accounts of the YMCA and the Endowment Fund. All material intercompany transactions have been eliminated. The consolidated entities will be referred to as the "Association" for purposes of these consolidated financial statements.

A summary of the Association's significant accounting policies follow:

Financial Statement Presentation

The Association reports information regarding its financial position and activities using two classes of net assets, as follows:

Without donor restrictions: All revenue not restricted by donors, unrestricted contributions designated by the board and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

With donor restrictions: All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in donor restricted net assets. The investment income arising from endowment funds, if any, are accounted for in accordance with donor stipulations. When a donor restriction expires, 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.

Comparative Financial Information

The financial statements include certain prior period summarized comparative information in totals but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association’s consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of reporting the consolidated statements of cash flows, the Association considers all highly liquid investments, except those held by the Endowment Fund, purchased with maturities of three months or less to be cash equivalents.

Funds Held for Others

The Association administers various organizational funds. The funds are established by assets received as transfers from other organizations/clubs which specifies itself as the beneficiary of the fund.

Investments

Investments in marketable securities with readily determinable values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

Receivables

The Association records unconditional promises to give and other receivables at total unpaid balance, which approximates estimated fair value, less any allowance for doubtful accounts. The Association determines past due status of individual receivables based on the contractual terms of the original grant agreement or pledge commitment. The Association estimates its allowance for doubtful accounts based on a combination of factors, including historical loss experience and any anticipated effects related to current economic conditions, as well as management's knowledge of the current composition of receivables. Receivables that management believes to be ultimately not collectible are written off upon such determination.

Property and Equipment

The Association generally capitalizes expenditures of $2,500 or more for property and equipment whose life exceeds one year. Property and equipment are stated at cost or, in the case of donated assets, at estimated fair value at date of donation.

Depreciation, including amortization of capital lease assets, is provided for using the straight-line method over the shorter of its estimated useful lives of the assets or its related lease term.

Bond Issuance Costs

Bond issuance costs are being amortized on a straight-line basis over 20 years which approximates the effective interest rate method. Accumulated amortization amounted to $174,047. Estimated amortization for each of the next three years is $16,576. Bond issuance costs have been netted against long term debt in accordance with ASU 2015-03, "Interest Imputation of Interest".

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising, printing and publication costs are expensed as incurred. During the year, costs related to these activities totaled $118,645.

Revenue Recognition

The Association derives its revenues primarily from membership dues or program and service fees. Membership contracts consist of month-to-month or annual basis and they can cancel their membership at any time with a 30 day notice. Membership dues revenue is recognized on a monthly basis in which the Association provides access to the facilities. Membership dues paid under an annual contract will be recorded as deferred revenue and amortized each month as the revenue is earned. Program and service fee revenues consist of camps, sporting leagues, after school care, training sessions, etc., which are recognized upon completion of the related performance obligation and at an amount that represents the consideration paid to the participate. The Association does not have a significant financing component as events are typically paid for in advance and are recognized as deferred revenue prior to completion of the performance obligation.

Due to the nature of the Association’s business, there is typically no significant variable consideration, such as discounts, allowances, and returns. However, if variable consideration is deemed significant, variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience and known trends.

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Contributions receivable due beyond one year are stated at net present value of the estimated cash flows using a risk adjusted rate. Conditional contributions are recognized as revenues when the conditions have been met by the Association. Contributions are considered to be without donor restrictions unless specifically restricted by the donee for a specific period of time or purpose. Grants received by the Association are being accounted for as contributions since they do not include exchange transaction elements associated with those grants.

Endowment Fund

The Endowment Fund consists of various fixed income funds, equity funds, and cash equivalents established for a variety of purposes. The endowment consists of donor-restricted endowment funds as well as board designated endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Endowment Fund has adopted investment and spending policies for endowment assets 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 assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet funding requirements while assuming a moderate level of investment risk.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

To satisfy its long-term rate-of-return objectives, the Endowment Fund 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 endowment portfolio is invested across multiple asset classes with emphasis on equities and fixed income as well as alternative investments, real estate and a low level of exposure to money market cash instruments.

The Endowment Fund has a policy for appropriating for distribution each year approximately 5% of its endowment funds average market value plus or minus 1.5% over the 3 year trailing average market value of the Endowment Fund. In establishing this policy, the Endowment Fund considered the long-term expected return of the endowment. Accordingly, over the long-term the Endowment Fund expects the current spending policy to preserve the purchasing power of the endowment funds over time, and to provide a reasonably stable and predictive revenue stream for use in connection with the charitable purposes of the Association. The Board of Directors annually adopts a spending rate.

Donated Services and Materials

The Association occasionally benefits from the services of volunteers in various programs. The services donated are not identical to services the donor would usually charge a fee to provide; therefore, a monetary amount cannot be assigned to the value of these services. Significant donated materials are recorded at their fair value as a contribution and related purchase.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Association has evaluated events and transactions for potential recognition or disclosure through March 30, 2021, the date the consolidated financial statements were available to be issued.

Tax Status

The Association is classified as a public charity and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying consolidated financial statements. Contributions to the Association are tax deductible by the donor.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status (Continued)

It is the Association's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the consolidated financial statements. No material uncertain tax positions were identified for 2020. Currently, the statute of limitations remains open subsequent to and including 2017; however, no examinations are in process or anticipated. Any changes in the amount of a tax provision will be recognized in the period the change occurs.

NOTE 2 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give amounts to be received in future periods are discounted to a present value using an interest rate of 5.0%.

Unconditional promises to give are as follows:

Amounts receivable less than one year	$ 600,369
Amounts receivable in one to five years	182,152
Total unconditional promises to give	782,521
Less - discount to present value for future pledges	(10,564)
Less - allowance for uncollectible pledges	(56,954)
	$ 715,003

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is 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. In determining fair values, the Association uses various methods including market, income and cost approaches. Based on these approaches, the Association often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Association is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 Inputs — Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 Inputs — Observable prices that are based on inputs not quoted on active markets, but corroborated by market data, discounted cash flow models or similar techniques.

Level 3 Inputs — Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The following summarizes the fair value measurements:

	Level 1	Level 2	Level 3	Total
Asset:				
Investments (See Note 4 for major categories)	$ 7,845,043	$ -	$ -	$ 7,845,043
Derivative - Interest rate swap agreement	$ -	$ (199,538)	$ -	$ (199,538)

NOTE 4 - INVESTMENTS

A breakdown of the investments held are as follows:

Description	Reported Value	Cost
Restricted cash	$ 174,616	$ 174,616
Equity securities	7,670,427	5,976,472
	$ 7,845,043	$ 6,151,088

Investment income consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Income:			
Dividends	$ 71,842	$ 35,880	$ 107,722
Capital gain distribution	38,651	48,299	86,950
Other interest	5,756	577	6,333
Capital gains on sales of securities	399,544	179,289	578,833
	515,793	264,045	779,838
Expenses: Investment fees	173	12,194	12,367
	$ 515,620	$ 251,851	$ 767,471

NOTE 5 - RENTAL REAL ESTATE PROPERTY

The Association owns and leases five residential properties that are leased on an annual basis. An unrelated management company is responsible for leasing and managing the properties. Property held for investment consists of the following:

Land	$ 44,000
Houses	396,000
	440,000
Less accumulated depreciation	151,200
	$ 288,800

The following summarizes the revenue and expenses at year end:

Rental income	$ 33,890
Expenses:	
Real estate taxes	6,182
Repairs and maintenance	15,347
Insurance	978
Depreciation	14,400
	36,907
Net loss	$ (3,017)

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land and improvements	$ 6,312,242
Buildings	48,995,780
Equipment	4,341,984
Software costs	128,920
Furniture, fixtures and office equipment	648,678
Transportation vehicles	318,934
Leasehold improvements	1,299,129
	62,045,667
Less accumulated depreciation	23,561,496
	$ 38,484,171

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following:

Unsecured bank qualified loan payable to a financial institution calling for 240 equal monthly principal installments through the maturity date of November 2030. Interest is payable monthly at 82.646% of the 1-month LIBOR rate plus 1.4615% (the 1-month LIBOR rate was 1.76%).	$ 8,327,953

NOTE 7 - LONG-TERM DEBT (Continued)

Unsecured nonbank qualified loan payable to a financial institution. The bond accrues interest at 82.646% of the 1-month LIBOR plus 1.8231% per annum (the 1-month LIBOR rate was 1.76%). The Association pays monthly principal payments ranging from $13,417 to $20,238 with the final payment due November 2034.	$ 1,786,370
	10,114,323
Less bond issuance cost, net of accumulated amortization	157,471
	9,956,852
Less current maturities	1,489,651
	$ 8,467,201

The provisions of the bank qualified loan contains various financial covenants related to minimum levels of liquidity and net assets that the Association must maintain. The covenant also includes provisions related to borrowing leverage and other liquidity ratios. The Association was in compliance with all covenant provisions.

Future maturities of long-term debt, net of bond issuance cost, for each of the next five years and thereafter are as follows:

2021	$ 1,489,651
2022	1,489,217
2023	1,422,693
2024	649,671
2025	674,344
Thereafter	4,231,276
	$ 9,956,852

NOTE 8 - DERIVATIVES

To reduce the impact of changes in interest rates on its variable rate bonds payable, the Association has entered into an interest rate swap agreement. Under the agreement, interest is payable at a fixed rate of 2.755% based on the outstanding balance of the bank qualified loan payable, and is effective through November 18, 2022. The annual gain or loss on the fair value of the swap agreement is reported as revenue or expense in the consolidated statement of activities and changes in net assets. The interest rate swap agreement had a notional principal amount of $8,327,953.

As a result of the Federal tax rate decrease effective January 1, 2018 and the YMCA electing not to amend the existing swap, the bond documents allowed the bank to adjust the LIBOR rate on the YMCA's debt. The unsecured bank qualified loan rate increased to 68% of LIBOR plus 1.2025% plus the Corporate Tax Rate Factor of 1.21538. Consequently, due to the change in the rate owed to the bank, the swap is no longer perfectly hedged.

The fair value of the interest rate swap agreement was derived from proprietary models as of a given date, supplied by the bank. The valuation is calculated on a mid market basis and does not include bid/offered spread that would be reflected in an actual price quotation. This model relies on certain assumptions regarding past, present, and future market conditions.

NOTE 9 - CAPITAL LEASE OBLIGATIONS

The Association has nine capital lease agreements with varying expiration dates through 2024. Capitalized costs of $992,111 are included in equipment and the related accumulated depreciation is $445,093 as of December 31, 2020. The leases are payable to financial institutions in monthly installments totaling $27,077, including interest at approximately 4.70%. The capital leases are secured by the equipment leased.

Future minimum capital lease payments are as follows:

2021	$ 281,087
2022	177,423
2023	55,972
2024	665
	515,147
Amount representing interest	(21,272)
Present value of lease obligations	$ 493,875

NOTE 10 - OPERATING LEASES

The Association leases office space, land and use of other program facilities under various operating lease agreements with varying expiration dates through 2025. The Association also rents equipment on an as needed basis for program use. Total rental expense was $385,537.

Future minimum lease payments for these operating leases are as follows:

2021	$ 201,524
2022	206,063
2023	210,733
2024	215,536
2025	30,444
	$ 864,300

The Association also leases its facilities to various organizations and individuals on a regular basis. Except as described below, these leasing transactions are normally short-term and on a case-by-case or month-to-month basis.

The Association rented portions of its Ragsdale facility under a non-cancelable lease agreement. The facility has a cost of $6,296,181 and accumulated depreciation of $2,580,537. Depreciation expense was $164,561 for the year. The agreement calls for monthly rents of $8,500 through February 2024. Rental income for the year totaled $162,761.

Future minimum rental income to be received under the sub-rental agreements is as follows:

2021	$ 102,000
2022	102,000
2023	102,000
2024	17,000
	$ 323,000

NOTE 11 - DESIGNATED NET ASSETS

The Board of Directors has designated certain amounts of net assets without donor restrictions to be used for future activities, repairs and maintenance, and other purposes on a branch-by-branch basis. These reserves are funded by designated cash balances. The Board retains the right to undesignate these funds as they deem appropriate. The reserve cash balances was $1,569,140.

The Board of Directors has also designated $1,832,254 of net assets without donor restrictions to be set aside for future operations. These reserves have been funded by purchasing investments with a market value designed for this amount. The Board retains the right to undesignate these funds as they deem appropriate.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, consist of the following:

Subject to spending policy and appropriation:	
Investment in perpetuity (including amounts above original gift amount of $1,786,299), which, once appropriated, is expendable to support the operations of the YMCA	$ 2,837,627
Subject to the passage of time:	
For periods after December 31, 2020	715,003
Subject to expenditures for specified purpose:	
Building or equipment, improvements or repairs	1,647,773
Scholarships	96,611
Programs	204,143
	1,948,527
Subject to expenditure when a specified event occurs:	
Paid-up life insurance policy that will provide proceeds upon death of insured for operations of the YMCA	27,854
	$ 5,529,011

NOTE 13 - ENDOWMENT NET ASSETS

The Board of Directors of the Association has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies permanently restricted net assets as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

NOTE 13 - ENDOWMENT NET ASSETS (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purpose of the Association and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investment; (6) other resources of the Association; and (7) the investment policies of the Association.

The Association's endowment is held with an investment bank and investment firms. Under the endowment agreement, the principal balance in the fund is permanently restricted to ensure that resources would be available to provide for future operations.

The Association has the following donor-restricted endowment net assets:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ -	$ 2,415,322	$ 2,415,322
Investment return:			
Investment income	-	83,153	83,153
Net appreciation (realized and unrealized)	-	348,334	348,334
Investment fees	-	(12,191)	(12,191)
Total investment return	-	419,296	419,296
Appropriations	101,258	(101,258)	-
Expenditures	(101,258)	-	(101,258)
Contributions	-	104,267	104,267
End of year	$ -	$ 2,837,627	$ 2,837,627

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Association to retain as a fund of perpetual duration. There were no such deficiencies of this kind during the year.

NOTE 14 - COMMUNITY POOL

The Association, the City of Reidsville (the "City"), and Reidsville Community Pool Association ("RCPA") have entered into an agreement, whereas, the Association will operate and manage a community pool adjacent to the Association's Reidsville facility for the benefit of residents of the greater Reidsville area. Under the agreement, the Association receives a fee for the management of the pool. The management fee is intended to be a reimbursement for the cost of administrative overhead directly attributable to aquatic activities, and shall be based on a formula agreed upon by all parties. The agreement calls for the fee to be waived if the City continues to make its annual contribution for pool activities.

NOTE 14 - COMMUNITY POOL (Continued)

The agreement also calls for three percent of user fees to be deposited into a repair account and matched equally by both the Association and the City. Accumulated funds greater than $30,000 in this account may be disbursed at the discretion of RCPA for aquatic programs or services. Operating surpluses are to be deposited in the repair account or may be specifically designated by RCPA for other public purposes. At year end, the accumulated fund amounted to $25,652.

The following summarizes the revenue and expenses for the pool for the year:

Revenue:	
User fees	$ 5,176
City of Reidsville contribution	36,701
Pool rental	1,540
Other	3,086
Total revenue	46,503
Expenses:	
Payroll (including payroll taxes and benefits)	66,261
Permits	154
Supplies	4,115
Utilities	21,116
Maintenance	465
Other	6,013
Total expenses	98,124
Operating deficit	$ (51,621)

NOTE 15 - PENSION PLAN

The Association is a participant in a multi-employer National YMCA Retirement Fund Plan (the "Fund Plan") for all eligible employees. Employees are eligible if they are at least 21 years old and have worked at least 1,000 hours in any 2 twelve-month periods beginning on the employee's hire date. The Association has a two-year waiting period for enrollment and immediate vesting schedule. The Association's contributions to the Fund Plan are computed as a percentage of covered employees' annual salaries and the Association is not liable for any other amounts. Total retirement costs for the year totaled $321,446.

NOTE 16 - SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

During the year, the Association paid interest of $371,950.

During the year, the Association entered into the following non-cash investing transactions:

Property and equipment acquired through capital lease obligations	$ 406,208
Purchase of property and equipment with accounts payable	$ 14,056

NOTE 17 - PAYCHECK PROTECTION PROGRAM PROCEEDS

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief and Economic Security ("CARES") Act that created up to $349 billion in forgivable loans ("Paycheck Protection Program") to businesses and not for profit organizations to pay employees during the COVID-19 pandemic. If the businesses and not for profit organizations used the Payroll Protection Program loan funds to cover payroll costs, mortgage interest, rent and utility costs over an 8 or 24 week period after the loan was made and maintained employee and compensation level, they can request forgiveness of the loan.

In accordance with ASC 958-605, Not-for-Profit Entities, Revenue Recognition, the forgiveness of the Paycheck Protection Program loan would be considered a nonreciprocal or non-exchange transaction conditional contribution, which is not recognized as income until conditions are substantially met. On April 17, 2020, the Association obtained $1,236,800 in Paycheck Protection Program loan proceeds. At December 31, 2020, management has applied for forgiveness and believes that the Association had substantially met the necessary conditions associated with the Paycheck Protection Program to qualify for loan forgiveness. Therefore, the Association has recognized this portion of their loan proceeds as CARES Act Funding in the Consolidated Statement of Activities and Changes in Net Assets.

Subsequent to year end, the Association applied for an additional $1,630,779 in Paycheck Protection Program proceeds. Management intends to meet all necessary conditions associated with the Paycheck Protection Program to qualify for loan forgiveness and management believes all principal and accrued interest will be forgiven.

NOTE 18 - CONCENTRATIONS OF CREDIT RISK

The Association maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. In addition, all of the Association's borrowings are concentrated with a single financial institution.

The Association's investments potentially subject it to market risk and concentrations of credit risk. The Association maintains various types of investments that encompass many different companies with varied industry and geographical characteristics designed to limit exposure to any one industry, company or geographical location. However, as most of the Association's investments are traded in public markets, they are subject to general fluctuations in the market's overall performance. The Association retains investment managers who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Association invests.

NOTE 19 - ASSETS LIQUIDITY

The following reflects the Association's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date. Amounts not available include amounts set aside for reserves that could be drawn upon if the governing board approves that action.

Financial assets, at year end	$ 14,842,814
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with purpose or time restrictions	5,279,119
Assets held on behalf of others	3,983
Board designations for reserves	3,401,394
Financial assets available to meet cash needs for general expenditures within one year	$ 6,158,318

NOTE 20 - COVID-19 PANDEMIC

In January 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified COVID-19 as a global pandemic, based on the rapid increase in exposure globally.

In March 2020, as a result of COVID-19, the Association was ordered to temporarily cease operations by order of state governmental mandate and continues to operate at limited capacity through the date of the financial statements. During this period, the Association obtained CARES Act Funding and transitioned to limited capacity and virtual programs.

The full impact of COVID-19 continues to evolve as of the date of these financial statements. Management is actively monitoring the impact on the Association’s operations and workforce. However, Management is unable to estimate the future effects of COVID-19 on the Association and it may have a material effect on future results of operations, financial condition and liquidity.