YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2021 AND 2020

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YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
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YEARS ENDED AUGUST 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Young Men's Christian Association
of Metropolitan Milwaukee, Inc.
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Young Men's Christian Association of Metropolitan Milwaukee, Inc., which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 Young Men's Christian Association of Metropolitan Milwaukee, Inc. as of August 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
March 16, 2022

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	$ 4,430,015	$ 1,818,321
Investments	4,436,591	3,639,777
Accounts Receivable, Net	319,810	38,092
Grants Receivable	775,590	281,362
Pledges Receivable, Net	200,972	185,232
Prepaid Expenses	1,526,504	63,773
Property and Equipment, Net	8,611,698	11,501,822
Other Assets	654,818	376,010
Total Assets	$ 20,955,998	$ 17,904,389
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 1,886,345	$ 471,550
Accrued Liabilities	829,295	621,973
Deferred Revenue	40,991	1,048,820
Other Liabilities	1,664,491	1,324,596
Capital Lease Obligations	51,426	126,001
Notes Payable	3,546,632	1,856,800
Total Liabilities	8,019,180	5,449,740
NET ASSETS		
Without Donor Restrictions:		
Undesignated	5,363,246	6,789,653
Board-Designated	1,835,288	1,631,683
Total Net Assets Without Donor Restrictions	7,198,534	8,421,336
With Donor Restrictions	5,738,284	4,033,313
Total Net Assets	12,936,818	12,454,649
Total Liabilities and Net Assets	$ 20,955,998	$ 17,904,389

See accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND PUBLIC SUPPORT			
Contributions	$ 1,438,550	$ 1,311,567	$ 2,750,117
Government and Private Grants	850,174	-	850,174
United Way	52,960	264,800	317,760
Membership Fees	1,568,728	-	1,568,728
Program Fees	5,753,893	-	5,753,893
Services and Sales	247,456	-	247,456
Other	291,555	10,161	301,716
Satisfaction of Restrictions	497,539	(497,539)	-
Total Revenues, Gains, and Public Support	10,700,855	1,088,989	11,789,844
EXPENSES			
Program	8,493,521	-	8,493,521
Management and General	2,402,957	-	2,402,957
Fundraising	316,080	-	316,080
Total Expenses	11,212,558	-	11,212,558
CHANGES IN NET ASSETS FROM OPERATIONS	(511,703)	1,088,989	577,286
NONOPERATING REVENUES AND EXPENSES			
Net Investment Income Restricted	203,605	593,209	796,814
Change in Cash Surrender Value of Life Insurance	-	22,773	22,773
Net Loss on Disposal of Property and Equipment	(914,704)	-	(914,704)
Total Nonoperating Revenues and Expenses	(711,099)	615,982	(95,117)
CHANGE IN NET ASSETS	(1,222,802)	1,704,971	482,169
Net Assets - Beginning of Year	8,421,336	4,033,313	12,454,649
NET ASSETS - END OF YEAR	$ 7,198,534	$ 5,738,284	$ 12,936,818

See accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND PUBLIC SUPPORT			
Contributions	$ 986,398	$ 215,177	$ 1,201,575
Government and Private Grants	286,301	-	286,301
United Way	52,958	264,801	317,759
Membership Fees	3,186,570	-	3,186,570
Program Fees	4,750,253	-	4,750,253
Services and Sales	300,683	-	300,683
In-Kind Revenue	62,700		62,700
Other	276,816	15,797	292,613
Satisfaction of Restrictions	951,917	(951,917)	-
Total Revenues, Gains, and Public Support	10,854,596	(456,142)	10,398,454
EXPENSES			
Program	9,954,723	-	9,954,723
Management and General	2,510,561	-	2,510,561
Fundraising	399,960	-	399,960
Total Expenses	12,865,244	-	12,865,244
CHANGES IN NET ASSETS FROM OPERATIONS	(2,010,648)	(456,142)	(2,466,790)
NONOPERATING REVENUES AND EXPENSES			
Net Investment Income Restricted	155,458	225,006	380,464
Change in Cash Surrender Value of Life Insurance	-	7,206	7,206
Total Nonoperating Revenues and Expenses	155,458	232,212	387,670
CHANGE IN NET ASSETS	(1,855,190)	(223,930)	(2,079,120)
Net Assets - Beginning of Year	10,276,526	4,257,243	14,533,769
NET ASSETS - END OF YEAR	$ 8,421,336	$ 4,033,313	$ 12,454,649

See accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Program	Management and General	Fundraising	Total Functional Expenses
EXPENSES - GENERAL OPERATIONS				
Salaries, Wages, and Related Expenses	$ 5,249,694	$ 1,330,561	$ 242,842	$ 6,823,097
Professional Fees	83,355	232,201	5,930	321,486
Program and Supplies Expense	590,364	41,555	12,613	644,532
Postage and Shipping	6,035	18,509	960	25,504
Occupancy	1,112,068	7,212	-	1,119,280
Utilities and Telephone	562,434	28	-	562,462
Insurance	(4,994)	131,119	-	126,125
Equipment Leases, Rental, and Maintenance	69,364	392,522	41,253	503,139
Advertising, Printing, and Promotion	5,200	50,073	5,630	60,903
Conferences, Training, and Employee Expense	48,022	14,856	5,469	68,347
Dues	1,073	145,727	1,383	148,183
Interest Expense	985	3,995	-	4,980
Bad Debt	61,357	-	-	61,357
Depreciation	708,564	34,599	-	743,163
Total Expenses - General Operations	$ 8,493,521	$ 2,402,957	$ 316,080	$ 11,212,558

See accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020

	Program	Management and General	Fundraising	Total Functional Expenses
EXPENSES - GENERAL OPERATIONS				
Salaries, Wages, and Related Expenses	$ 5,986,241	$ 1,317,646	$ 346,992	$ 7,650,879
Professional Fees	157,761	265,541	3,576	426,878
Program and Supplies Expense	418,660	58,436	3,080	480,176
Postage and Shipping	3,244	29,162	1,356	33,762
Occupancy	1,487,230	35,387	480	1,523,097
Utilities and Telephone	658,098	55,030	-	713,128
Insurance	155,791	4,438	-	160,229
Equipment Leases, Rental, and Maintenance	27,383	415,514	27,057	469,954
Advertising, Printing, and Promotion	25,222	88,346	7,951	121,519
Conferences, Training, and Employee Expense	72,860	38,365	5,368	116,593
Dues	793	120,955	4,100	125,848
Interest Expense	-	9,636	-	9,636
Bad Debt	89,951	-	-	89,951
Depreciation	871,489	72,105	-	943,594
Total Expenses - General Operations	$ 9,954,723	$ 2,510,561	$ 399,960	$ 12,865,244

See accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN MILWAUKEE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 482,169	$ (2,079,120)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	743,163	943,594
Provision for Bad Debt	61,357	89,951
Deferred Gain on Sale Leasebacks	(96,507)	(81,304)
Loss on Sale of Property and Equipment	914,704	-
Change in Cash Surrender Value of Life Insurance	(22,773)	(7,206)
Realized Gain on Investments	(107,428)	(45,077)
Unrealized Gain on Investments	(632,602)	(259,234)
Effects of Changes in Operating Assets and Liabilities:		
Accounts and Grants Receivable	(837,303)	(44,681)
Pledges Receivable	(15,740)	101,678
Prepaid Expenses and Other Assets	(18,766)	34,819
Accrued Liabilities and Other Liabilities	146,185	(230,323)
Accounts Payable	564,795	(306,261)
Deferred Revenue	(1,007,829)	872,511
Net Cash Provided (Used) by Operating Activities	173,425	(1,010,653)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Purchase of Fixed Assets	(21,396)	(253,277)
Proceeds from Sale of Property and Equipment	901,192	-
Purchases of Investments	(1,068,921)	(1,924,460)
Proceeds from the Sale of Investments	1,012,137	2,097,452
Net Cash Provided (Used) by Investing Activities	823,012	(80,285)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capitalized Lease Payments	(74,575)	(138,920)
Proceeds from Note Payable	1,689,832	1,856,800
Net Cash Provided by Financing Activities	1,615,257	1,717,880
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,611,694	626,942
Cash and Cash Equivalents - Beginning of Year	1,818,321	1,191,379
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,430,015	$ 1,818,321

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Young Men's Christian Association of Metropolitan Milwaukee, Inc. (the YMCA) is a nonprofit, volunteer-led, human development charitable organization whose mission is to put Christian principles into practice through programs that build healthy spirit, mind, and body for all.

The YMCA is a diverse organization of men, women, and children joined together by a shared commitment to nurturing the potential of kids, promoting healthy living, and fostering a sense of social responsibility. Since no two communities are exactly alike, no two YMCA's are exactly alike. They are united by a deep commitment to strengthening their communities and to ensure that those they serve learn, grow, and thrive. Core programs include health and well-being, early childhood education, elementary education and academic mentoring, camping, aquatics, youth leadership, and family programs. The YMCA's financial assistance program provides funds for those in need – everyone is welcome to participate in YMCA programs.

Use of Estimates

The preparation of financial statements in accordance 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The donors of these resources permit the YMCA to use all or part of the income earned, including capital appreciation, for purposes with or without donor restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The YMCA defines cash and cash equivalents as highly liquid, short-term investments with a maturity, at the date of acquisition, of three months or less. Excluded from this definition are cash equivalents held for long-term purposes.

The YMCA may at times have funds on deposit at one financial institution that exceeds the federally insured limits.

Investments and Investment Income

Investments are generally recorded at fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The YMCA records the change of ownership of bonds and stocks on the day a trade is made.

Investment income is reported as operating revenue and is included in the changes in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Accounts Receivable

Accounts receivable are generally uncollateralized member/client obligations due upon receipt. Accounts receivable are carried at the original invoice amount, less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Beginning in 2018, the carrying amount of accounts receivable is reduced by an allowance for doubtful accounts deemed appropriate by management based on past experience. Accounts receivable over 90 days past due are written off as uncollectible. The allowance for uncollectible accounts is $1,351 and $1,932 as of August 31, 2021 and 2020, respectively.

Grants Receivable

Grants receivable consist of various federal and state grant funds passed through governmental agencies to the YMCA for various programs. Management believes no allowance for uncollectible grants is required based upon management’s judgment and consideration of the collectability of each grant.

Pledges Receivable

Unconditional promises to give to the YMCA are recorded as receivables in the year the pledge was made. Pledges and other promises to give whose eventual uses are restricted by the donor are recorded as increases in net assets with donor restrictions. Pledges without donor restrictions to be collected in future periods are also recorded as an increase in net assets with donor restrictions and reclassified to net assets without donor restrictions when received.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable (Continued)

Unconditional promises to give are reported in the statement of financial position net of unamortized discounts and an allowance for uncollectible pledges. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate that approximates the rate of government securities. Amortization of the discount is recorded as an increase or decrease in contribution revenue. An allowance for uncollectible accounts is determined by management based on past collection history.

Credit Risk

Financial instruments, which potentially subject the YMCA to concentrations of credit risk, consist of cash and cash equivalents, receivables, and investments. These financial instruments are carried at their approximate fair value. The YMCA’s policy is to limit credit exposure on financial instruments and place its cash with financial institutions deemed as being credit worthy.

Concentration of credit risk with respect to receivables is limited due to the large member base and the expectation that government programs will make timely payments.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value at date of the gift, if donated. All acquisitions of property and equipment in excess of $5,000 and all expenditures for repairs, maintenance, improvements, and betterments that materially prolong the estimated useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property and equipment are depreciated using the straight-line method over their estimated useful lives. The principal depreciation rates are based upon the following estimated useful lives:

Land Improvements	15 Years
Buildings and Improvements	10 to 50 Years
Machinery and Equipment	5 to 12 Years
Leasehold Improvements	30 to 50 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The YMCA reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less cost to sell.

Deferred Revenue

Program service fees applying to services to be rendered in future periods are recorded as deferred revenue when received and reflected as support in the year when the program service fees are earned. Revenue from membership dues is recognized on a pro rata basis over the period to which the membership relates.

Tax-Exempt Status

The YMCA is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the IRC. The YMCA had no unrelated business income for the years ended August 31, 2021 and 2020. None of the YMCA’s federal or state informational returns are currently under examination.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. No conditional contributions exist at August 31, 2021 and 2020.

The YMCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Grant revenue is recognized as revenue in the period in which it is expended for cost-reimbursed agreements. The YMCA received cost reimbursable grants of $1,254,068 that have not been recognized at August 31, 2021 because qualifying expenditures have not yet been incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Membership dues are recognized ratably over the period of membership, which varies based on when members join or leave the YMCA. Unearned membership revenue is reflected as deferred revenue on the statements of financial position. Membership revenue is recognized monthly as the services are provided. Management has adopted the practical expedient whereby costs to obtain membership contracts are not capitalized as the average length of a membership contract is less than one year. Dues revenue is allocated among the performance obligations and is recognized when each of the performance obligations are satisfied, as follows:

- Monthly access to the various YMCA locations and services included in the monthly membership – recognized monthly as service is provided.
- Discounted program service fees – recognized during the year in which the discount is actually taken and the program service provided.

Program fees are reported at the amount that reflects the consideration to which the YMCA expects to be entitled in exchange for providing services to their program participants. Program fees include fitness classes, childcare, camps, swim lessons, and various other programs operating at YMCA locations, program sites or schools. Performance obligations are generally providing a service at a point in time. Revenue is recognized at the time the program is held. Unearned program fees are reflected as deferred revenue on the statements of financial position.

Services and sales include one-time sales of various items at the YMCA locations. Revenue is recognized at the point in time of the sale as no subsequent performance obligations exist.

Donated Services and Assets

The YMCA receives contributions of services for its programs. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation. There were no contributed services that were recognized as revenue for the years ended August 31, 2021 and 2020, respectively.

Donated assets are recorded at fair value at the date of donation or, if sold immediately after receipt, at the amount of sales proceeds received, which are considered a reasonable approximation of the fair value at the date of donation.

Advertising and Promotion

Advertising and promotion costs are charged to operations when incurred. Advertising and promotion expense was $60,903 and $121,519 for the years ended August 31, 2021 and 2020, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, while the remaining natural expense categories are allocated on the basis of estimates of time and effort toward program and supporting services.

Upcoming Accounting Pronouncements

Leases – In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which is expected to increase transparency and comparability among organizations. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases. The standard requires lessees to reflect most leases on their balance sheet as lease liabilities with a corresponding right-of-use asset, while leaving presentation of lease expense in the statement of operations largely unchanged. The standard also eliminates the real-estate specific provisions that exist under current accounting principles generally accepted in the United States of America and modifies the classification criteria and accounting which lessors must apply to sales-type and direct financing leases. In June 2020, the FASB approved the delay of the effective date of ASU 2016-02 which is now effective for the YMCA's year ending August 31, 2023. Management will be evaluating the effects of the new standard.

NOTE 2 LIQUIDITY AND AVAILABILITY

The YMCA regularly monitors liquidity required to meet its operating needs and other contractual commitments and has cash and cash equivalents, investments, and receivables at its disposal for these needs.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the YMCA considers all expenditures related to its ongoing activities in the areas of youth development, healthy living, and social responsibility as well as services undertaken to support these activities.

The YMCA's governing board has designated a portion of its unrestricted resources for endowment and other purposes. These funds are invested for long-term appreciation but remain available and may be spent at the discretion of the board.

In addition to financial assets available to meet general expenditures over the next 12 months, the YMCA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash.

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table reflects the YMCA's financial assets as of August 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date that is, without donor or other restrictions limiting their use.

	2021	2020
Cash and Cash Equivalents	$ 4,430,015	$ 1,818,321
Investments	4,436,591	3,639,777
Accounts Receivable	319,810	38,092
Grants Receivable	775,590	281,362
Pledges Receivable, Current	92,067	54,002
Total	10,054,073	5,831,554
Less Amounts Not Available to be Used Within One Year:		
Donor Restricted for Scholarships and Programs	(1,543,970)	(932,207)
Donor Restricted for Capital Campaign	(626,576)	(126,576)
Donor Restricted to be Maintained in Perpetuity and Endowment Earnings	(3,302,938)	(2,709,729)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 4,580,589	$ 2,063,042

NOTE 3 INVESTMENTS

A summary of investments was as follows at August 31:

2021	Cost or Gift Value	Unrealized Gains (Losses)	Investments at Fair Value
Money Market Funds	$ 140,091	$ -	$ 140,091
Equity Mutual Funds	1,895,994	1,338,319	3,234,313
Fixed Income Mutual Funds	1,006,132	56,055	1,062,187
Total Investments	$ 3,042,217	$ 1,394,374	$ 4,436,591

2020	Cost or Gift Value	Unrealized Gains (Losses)	Investments at Fair Value
Money Market Funds	$ 19,214	$ -	$ 19,214
Equity Mutual Funds	1,927,755	681,997	2,609,752
Fixed Income Mutual Funds	931,036	79,775	1,010,811
Total Investments	$ 2,878,005	$ 761,772	$ 3,639,777

NOTE 4 FAIR VALUE MEASUREMENTS

In determining fair value, the YMCA uses various valuation approaches within the fair value measurement framework of accounting standards. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Accounting standards establish 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 most observable inputs be used when available. The standards define levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology based on quoted prices for similar assets or liabilities or identical assets or liabilities in active markets, such as dealer or broker markets.

Level 3 – Inputs to the valuation methodology are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions, or are supported by little or no market activity.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at August 31, 2021 and 2020.

Equity Securities and Mutual Funds

Equity and fixed income mutual funds are valued at the daily closing price as reported by the mutual fund. Mutual funds held by the YMCA are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish daily net asset value and to transact at that price. The mutual funds held by the YMCA are deemed to be actively traded.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Equity Securities and Mutual Funds (Continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at August 31:

	2021			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 140,091	$ -	$ -	$ 140,091
Fixed Income Mutual Funds:				
Intermediate Term Bond Funds	1,062,187	-	-	1,062,187
Equity Mutual Funds:				
ETF Large Index Funds	1,931,599	-	-	1,931,599
ETF Mid-Cap Index Funds	447,097	-	-	447,097
ETF Small-Cap Index Funds	207,621	-	-	207,621
Foreign Equity Funds	570,537	-	-	570,537
Infrastructure Funds	77,459	-	-	77,459
Total Investments	$ 4,436,591	$ -	$ -	$ 4,436,591

	2020			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 19,214	$ -	$ -	$ 19,214
Fixed Income Mutual Funds:				
Intermediate Term Bond Funds	1,010,811	-	-	1,010,811
Equity Mutual Funds:				
ETF Large Index Funds	1,403,514	-	-	1,403,514
ETF Mid-Cap Index Funds	386,379	-	-	386,379
ETF Small-Cap Index Funds	187,138	-	-	187,138
Foreign Equity Funds	490,758	-	-	490,758
Infrastructure Funds	141,963	-	-	141,963
Total Investments	$ 3,639,777	$ -	$ -	$ 3,639,777

NOTE 5 PLEDGES RECEIVABLE

Unconditional promises to give consisted of the following at August 31:

	2021	2020
Less than One Year	$ 102,017	$ 63,952
One to Five Years	101,500	100,000
Over Five Years	20,000	40,000
Total	223,517	203,952
Less: Discount to Present Value	12,595	8,770
Less: Allowance for Uncollectible Promises to Give	9,950	9,950
Total Pledges Receivable, Net	$ 200,972	$ 185,232

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31:

	2021	2020
Land and Land Improvements	$ 791,951	$ 1,677,087
Buildings and Improvements	15,213,642	18,128,627
Machinery and Equipment	2,885,906	9,606,035
Leasehold Improvements	-	500,000
Construction in Progress	879,804	-
Total - at Cost	19,771,303	29,911,749
Less: Accumulated Depreciation	(11,159,605)	(18,409,927)
Total Property and Equipment, Net	$ 8,611,698	$ 11,501,822

Total depreciation expense for the years ended August 31, 2021 and 2020 was $743,163 and $943,594, respectively.

NOTE 7 NOTES PAYABLE

On April 15, 2020, the YMCA received a loan from PNC Bank NA in the amount of $1,856,800 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the YMCA fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 15, 2020 to September 29, 2020, was the time that the YMCA had to spend its PPP Loan funds.

On February 9, 2021, the YMCA received a loan from PNC Bank NA, in the amount of $1,689,832 to fund payroll, rent, utilities, and interest on mortgages and existing debt as a second draw PPP Loan. The second draw PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the YMCA fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from February 9, 2021 to July 26, 2021, was the time that the YMCA had to spend its second draw PPP Loan funds.

NOTE 7 NOTES PAYABLE (CONTINUED)

The YMCA is following ASC 470, *Debt*, to account for the initial receipts related to the PPP loans. The YMCA has classified the loans in accordance with the terms of the law.

NOTE 8 LEASES

Capital Leases

During 2018, the YMCA entered into a capital lease agreement with an imputed interest rate of 5.2%. Monthly payments of principal and interest are $2,685.

The assets and liabilities under capital leases are recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The capitalized cost of the leased property at August 31, 2021 and 2020 was $142,246 and $400,310, respectively. Assets are amortized over their estimated productive lives or the lease term, if shorter, for leases that transfer ownership or contain bargain purchase clauses. Amortization expense on capital leases is included with depreciation expense. Accumulated amortization was $23,708 and $231,649 as of August 31, 2021 and 2020, respectively.

Sales Leaseback

In February 2008, the YMCA sold 14.86 acres of land with a carrying value of $127,718 for $3,750,000. Total gain on the sale was $3,622,282. The YMCA maintained ownership of two buildings located on 2.9 acres of the land sold and entered into a 25-year lease with the purchaser for use of land. The gain on the sale in excess of the present value of the minimum lease payments in the amount of $1,589,687 was recognized at the time of the sale, and the remaining gain of $2,032,595 was deferred and will be amortized over the life of the lease. The YMCA will recognize $81,304 of the deferred gain on an annual basis until the lease expires in January 2033. The YMCA recognized $81,304 of the deferred gain in the years ended August 31, 2021 and 2020. At August 31, 2021 and 2020, the remaining deferred gain was $928,218 and $1,009,522, respectively. The current portion, in the amount of $81,304, is included in accrued liabilities as of August 31, 2021 and 2020, and the remainder is included in other liabilities in the accompanying statements of financial position.

The lease agreement requires the YMCA to make payments of $120,000 per year. Beginning January 2014, the lease payments will increase by the consumer price index every five years. The Organization paid $150,528 in lease payments for the years ended August 31, 2021 and 2020. The YMCA recognized lease expense of $139,145 for the years ended August 31, 2021 and 2020 and a decreased accrued rent expense of $11,382 for the year ended August 31, 2021. Accrued rent expense of $376,645 and $388,027 as of August 31, 2021 and 2020, respectively, is included in other liabilities in the accompanying statements of financial position.

NOTE 8 LEASES (CONTINUED)

Sales Leaseback (Continued)

In May 2021, the YMCA sold 50.1 acres of land and all buildings and improvements thereon with a carrying value of $1,952,461 for $2,450,000. Total gain on the sale was $497,539. The YMCA continued operations at this location and entered into a 10-year lease with the purchaser for use of the real estate. The gain on the sale was less than the present value of the minimum lease payments and therefore $0 was recognized at the time of the sale, and the entire gain of $497,539 was deferred and will be amortized over the life of the lease. The YMCA will recognize $49,754 of the deferred gain on an annual basis until the lease expires in May 2031. The YMCA recognized $15,203 of the deferred gain in the year ended August 31, 2021. At August 31, 2021 the remaining deferred gain was $482,336. The current portion, in the amount of $49,754 is included in accrued liabilities as of August 31, 2021, and the remainder is included in other liabilities in the accompanying statements of financial position.

The lease agreement requires the YMCA to make payments of $150,000 per year. The Organization received consideration of $1,500,000 in lease forgiveness for the year ended August 31, 2021 as part of the sale. The YMCA recognized lease expense of $45,833 for the year ended August 31, 2021 and decreased prepaid rent expense of $45,833 for the year ended August 31, 2021. Prepaid rent expense of $1,454,167 as of August 31, 2021, is included in prepaid expenses in the accompanying statements of financial position.

Operating Leases

The YMCA leases various facilities and equipment under leases accounted for as operating leases. Rent expense on the operating leases was $673,464 and $845,459 for the years ended August 31, 2021 and 2020, respectively.

The following is a schedule of future minimum lease payments under all leases with an initial term in excess of one year at August 31, 2021:

Year Ending August 31,	Capital Leases	Sale Leaseback	Operating Leases
2022	$ 32,220	$ 150,528	$ 395,794
2023	21,480	150,528	390,999
2024	-	162,570	350,751
2025	-	168,591	255,544
2026	-	168,591	252,612
Thereafter	-	1,164,404	1,397,913
Total Future Minimum Lease Payments	53,700	$ 1,965,212	$ 3,043,613
Less: Amount Representing Interest	2,274		
Total Present Value of Future Minimum Lease Payments	$ 51,426		

NOTE 8 LEASES (CONTINUED)

Sublease

In July 2008, the YMCA sold one of the buildings, as part of the first sale leaseback noted above, located on the 2.9 acres of land leased for $1,125,000. The carrying value of the building was $2,262,796, and a loss on the sale of $1,137,796 was recorded. The building sold sits on 1.88 acres of the 2.9 acres leased by the YMCA. The YMCA entered into a 25-year sublease with the purchaser for use of this land. The lease requires the purchaser to make payments of $35,000 per year to the YMCA with the first payment due July 15, 2013. Beginning July 15, 2014, the lease payments will increase by the consumer price index annually. The YMCA received lease payments of $40,271 and $39,481 for the years ended August 31, 2021 and 2020, respectively. Lease revenue of $34,016 and an increase in other assets in the accompanying statements of financial position of the same amount was recognized for the years ended August 31, 2021 and 2020.

Estimated future payments to be received relative to this agreement as of August 31, 2021, are as follows:

Year Ending August 31,	Amount
2022	$ 41,076
2023	41,898
2024	42,736
2025	43,591
2026	44,462
Thereafter	332,824
Total	$ 546,587

NOTE 9 LINE OF CREDIT

The YMCA has an unused line of credit of $500,000 as of August 31, 2021 bearing interest at LIBOR plus 150 basis points (1.60% as of August 31, 2021). The line of credit expires March 31, 2022.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	2021	2020
Subject to Expenditure for Specified Purpose:		
Scholarships and Programs	$ 1,543,970	$ 932,207
Capital Campaign	626,576	126,576
Total	2,170,546	1,058,783
Subject to the Passage of Time:		
United Way Pledges	264,800	264,801
Endowments Subject to the YMCA's Spending Policy and/or Appropriation, Including Amounts Held in Perpetuity of $1,599,460 for 2021 and 2020, Which are Available to Support:		
Building Maintenance	264,037	207,983
Operations and Programs	2,849,618	2,355,833
International Programs	189,283	145,913
Total Endowments	3,302,938	2,709,729
Total Net Assets with Donor Restrictions	$ 5,738,284	$ 4,033,313

NOTE 11 ENDOWMENT FUNDS

The YMCA’s endowment funds consist of donor-restricted funds established for the YMCA.

The YMCA has interpreted the State of Wisconsin’s Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of August 31, 2021 and 2020 there were no such donor stipulations. As a result of this interpretation, the YMCA retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

The primary long-term financial objective for the YMCA’s endowments is to preserve the real purchasing power of endowment assets and income after accounting for endowment spending and costs of portfolio management. Performance of the overall endowment against this objective is measured over rolling periods of one, three, and five years.

NOTE 11 ENDOWMENT FUNDS (CONTINUED)

The endowment funds are managed to optimize the long-run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that provides funding for the YMCA's existing spending policy. Over the short-term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

The endowment assets are governed by a spending policy that seeks to distribute specific payout rate of the endowment base to support the YMCA's programs. The endowment base will be defined as the three-year moving average of the market value of the total endowment portfolio (calculated as of the last day of December for the prior three years). The distribution of payout rate will be calculated at a specific fixed percentage of the base. Such a policy will allow for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy will minimize the probability of invading the principal over the long term. Spending in a given year will reduce the unit value of each endowment element by the payout percentage. In the case of short-term declines in the market value of the endowment pool of funds, the overall spending rate may be calculated below the designated payout percentage in order to maintain the original unit value of certain elements of the true endowment. Growth of the unit values over time should allow for spending of principal, without drawing from the original corpus of a particular gift. During the years ended August 31, 2021 and 2020, the board of directors appropriated for expenditure an additional $-0- and $33,723, respectively, of endowment funds that were not tied to gifts to be maintained in perpetuity. These funds had been restricted for purposes tied to the ongoing activities of the YMCA.

The endowment is invested in cash and cash equivalents and equity and fixed income mutual funds. The total endowment will be monitored on a continual basis for consistency of investment philosophy, return relative to objectives, and asset allocation.

Endowment net asset composition by type of fund is as follows as of December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 1,133,653	$ -	$ 1,133,653
Due from Undesignated Net Assets	701,635	-	701,635
Original Donor-Restricted Gift Amount Required to be Maintained in Perpetuity by Donor	-	1,599,460	1,599,460
Accumulated Growth of Perpetual Gifts Subject to Appropriation for a Specific Purpose	-	1,703,478	1,703,478
Total Funds	$ 1,835,288	$ 3,302,938	$ 5,138,226

NOTE 11 ENDOWMENT FUNDS (CONTINUED)

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 930,048	$ -	$ 930,048
Due from Undesignated Net Assets	701,635	-	701,635
Original Donor-Restricted Gift Amount Required to be Maintained in Perpetuity by Donor	-	1,599,460	1,599,460
Accumulated Growth of Perpetual Gifts Subject to Appropriation for a Specific Purpose	-	1,110,269	1,110,269
Total Funds	$ 1,631,683	$ 2,709,729	$ 4,341,412

Changes in endowment net assets is as follows for the years ended December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 1,631,683	$ 2,709,729	$ 4,341,412
Investment Return, Net	203,605	593,209	796,814
Contributions	-	-	-
Appropriation of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets - End of Year	$ 1,835,288	$ 3,302,938	$ 5,138,226

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 1,740,012	$ 2,518,446	$ 4,258,458
Investment Return, Net	155,458	225,006	380,464
Contributions	-	-	-
Appropriation of Endowment Assets for Expenditure	(263,787)	(33,723)	(297,510)
Endowment Net Assets - End of Year	$ 1,631,683	$ 2,709,729	$ 4,341,412

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The YMCA has no underwater endowment funds at August 31, 2021 and 2020.

NOTE 12 REVENUE

The following table shows the YMCA's revenue disaggregated according to the timing of the transfer of goods or services for the years ended August 31:

	2021	2020
Revenue Recognized at a Point in Time:		
Services and Sales	$ 247,456	$ 300,683
Other Income	301,716	292,613
Revenue Recognized Over Time:		
Membership Fees	1,568,728	3,186,570
Program Fees	5,753,893	4,750,253
Total Revenue Recognized	$ 7,871,793	$ 8,530,119

Contract liabilities consisted of the following at August 31:

	2021	2020
Membership	$ 23,655	$ 55,996
Program	17,336	992,824
Total Contract Liabilities	$ 40,991	$ 1,048,820

Deferred revenue represent payments received prior to the start of the requisite service being paid for. Note that all deferred revenue from 2020 was recognized in 2021, the subsequent fiscal year.

NOTE 13 RETIREMENT PLAN

The YMCA participates in a defined contribution, individual account, money purchase retirement plan covering all eligible employees. The Plan is administered by the Young Men's Christian Association Retirement Fund (a separate corporation). The YMCA makes monthly contributions to the Young Men's Christian Association Retirement Fund based on a percentage of the participating employee's salary. Plan expense totaled $150,762 and $376,591 for the years ended August 31, 2021 and 2020, respectively.

The Young Men's Christian Association Retirement Fund is operated as a church pension plan and is a nonprofit, tax-exempt New York State corporation (1922). Participation is available to all duly organized or reorganized Ys in the United States of America. As a defined contribution plan, the retirement fund has no unfunded benefit obligations.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Financial Awards from Grantors

Financial awards from federal, state, and local governments in the form of grants are subject to special audit. Such audits could result in claims against the YMCA for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

Letter of Credit

The YMCA utilizes one letter of credit to satisfy requirements of the Wisconsin Unemployment Reserve Fund in the amount of $212,269 for the YMCA, expiring December 31, 2025.

NOTE 15 CASH FLOW DISCLOSURES

The YMCA had the following noncash investing and financing transactions:

During the year ended August 31, 2021, the YMCA sold 50.1 acres of land and all buildings and improvements thereon for $2,450,000, of which $1,500,000 was given in consideration for the forgiveness of future rent and $200,000 was given as a deposit for future improvements. These amounts have been excluded from proceeds from the sale of property and equipment. See Note 8 for further details.

During the year ended August 31, 2021, the YMCA had purchases of $850,000 for construction in progress that were included in year-end accounts payable.

NOTE 16 RISKS AND UNCERTAINTIES

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the YMCA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of August 31, 2021.

NOTE 17 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 16, 2022, the date the financial statements were available to be issued. Events or transactions occurring after August 31, 2021, but prior to March 16, 2022 that provided additional evidence about conditions that existed at August 31, 2021, have been recognized in the financial statements for the year ended August 31, 2021. Events or transactions that provided evidence about conditions that did not exist at August 31, 2021 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended August 31, 2021.