YOUNG MEN'S CHRISTIAN ASSOCIATION OF SOUTH PALM BEACH COUNTY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

MBAF

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH PALM BEACH COUNTY, INC.

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MBAF
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Management
Young Men's Christian Association
of South Palm Beach County, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Young Men's Christian Association of South Palm Beach County, Inc. (the "YMCA") (a Florida corporation), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 entity'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 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 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 consolidated financial position of Young Men's Christian Association of South Palm Beach County, Inc. as of December 31, 2019 and 2018, 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.

To the Board of Trustees and Management
Young Men's Christian Association
of South Palm Beach County, Inc.
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Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of the Prime Time Palm Beach County, Inc. Agreements and Notes to Schedule of Expenditures of the Prime Time Palm Beach County, Inc. Agreements on page 32 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2020 on our consideration of the YMCA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the YMCA's internal control over financial reporting and compliance.

Emphasis of Matter Regarding Coronavirus

As discussed in NOTE 20, since January 2020, the coronavirus (COVID-19) outbreak has caused substantial disruption in international and U.S. economies and markets. The coronavirus and fear of further spread of the coronavirus has caused quarantines, cancellation of events and travel, business and school shutdowns, and an overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated the coronavirus outbreak a pandemic. The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted on March 27, 2020 in the United States. The YMCA received funding as a result of the CARES Act, which the YMCA is using to help fund continuing operations. The YMCA continues to assess the potential impacts of this legislation on its consolidated financial position and results of operations. As of the date these consolidated financial statements were available to be issued, management is evaluating the potential adverse effect this matter will have on its consolidated financial position, operations, and cash flows. While the ultimate outcome of this uncertainty is unknown at this time, it is reasonably possible the impact may be materially adverse. Our opinion is not modified with respect to this matter.

Morrison, Brown, Argiz & Farra

Boca Raton, Florida
September 23, 2020

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH PALM BEACH COUNTY, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
ASSETS						
Cash and cash equivalents	$ 2,782,092	$ -	$ 2,782,092	$ 2,952,834	$ -	$ 2,952,834
Restricted cash	-	86,436	86,436	-	137,791	137,791
Investments	343,061	602,747	945,808	284,372	510,209	794,581
Receivables:						
Unconditional promises to give, net	291,432	5,000	296,432	300,141	4,815	304,956
Grant receivables and other receivables, net	205,213	-	205,213	152,678	-	152,678
Beneficial interest in irrevocable trusts, net	-	1,632,507	1,632,507	-	1,610,157	1,610,157
Prepaid expenses	225,494	-	225,494	190,980	-	190,980
Fair value of interest rate swap	-	-	-	32,602	-	32,602
Property and equipment, net	13,074,996	-	13,074,996	13,485,540	-	13,485,540
TOTAL ASSETS	**$ 16,922,288**	**$ 2,326,690**	**$ 19,248,978**	**$ 17,399,147**	**$ 2,262,972**	**$ 19,662,119**
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable and accrued expenses	$ 521,054	$ -	$ 521,054	$ 556,469	$ -	$ 556,469
Deferred revenue	521,955	-	521,955	546,363	-	546,363
Note payable	-	-	-	191,127	-	191,127
Bonds payable (net of bond financing costs totaling $81,392 and $89,367 as of December 2019 and 2018, respectively)	5,330,097	-	5,330,097	5,845,117	-	5,845,117
Fair value of interest rate swap	117,690	-	117,690	-	-	-
Capital lease obligations	157,255	-	157,255	212,092	-	212,092
TOTAL LIABILITIES	6,648,051	-	6,648,051	7,351,168	-	7,351,168
NET ASSETS						
Without Donor Restrictions:						
Undesignated	9,931,176	-	9,931,176	9,763,607	-	9,763,607
Board designated	343,061	-	343,061	284,372	-	284,372
Total net assets without donor restrictions	10,274,237	-	10,274,237	10,047,979	-	10,047,979
With Donor Restrictions	-	2,326,690	2,326,690	-	2,262,972	2,262,972
TOTAL NET ASSETS	10,274,237	2,326,690	12,600,927	10,047,979	2,262,972	12,310,951
TOTAL LIABILITIES AND NET ASSETS	**$ 16,922,288**	**$ 2,326,690**	**$ 19,248,978**	**$ 17,399,147**	**$ 2,262,972**	**$ 19,662,119**

The accompanying notes are an integral part of these consolidated financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH PALM BEACH COUNTY, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:						
Contributions, net	$ 1,025,716	$ 18,752	$ 1,044,468	$ 998,867	$ 37,628	$ 1,036,495
Special events, net	276,466	-	276,466	284,713	-	284,713
Government and other grants	400,308	-	400,308	483,987	-	483,987
Membership dues	4,573,197	-	4,573,197	4,684,577	-	4,684,577
Program and service fees	5,418,701	-	5,418,701	5,505,672	-	5,505,672
Investment income (loss), net	117,358	96,321	213,679	24,370	(41,125)	(16,755)
Net assets released from restrictions	51,355	(51,355)	-	60,456	(60,456)	-
TOTAL REVENUES AND OTHER SUPPORT	11,863,101	63,718	11,926,819	12,042,642	(63,953)	11,978,689
EXPENSES						
Program services:						
Membership and program services	4,519,826	-	4,519,826	4,393,372	-	4,393,372
Youth development	5,515,879	-	5,515,879	5,735,619	-	5,735,619
Total program services	10,035,705	-	10,035,705	10,128,991	-	10,128,991
Support services:						
Management and general	1,233,419	-	1,233,419	1,310,553	-	1,310,553
Fundraising	217,427	-	217,427	231,707	-	231,707
Total support services	1,450,846	-	1,450,846	1,542,260	-	1,542,260
TOTAL EXPENSES	11,486,551	-	11,486,551	11,671,251	-	11,671,251
CHANGE IN NET ASSETS BEFORE CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	376,550	63,718	440,268	371,391	(63,953)	307,438
Change in fair value of interest rate swap	(150,292)	-	(150,292)	65,175	-	65,175
CHANGE IN NET ASSETS	226,258	63,718	289,976	436,566	(63,953)	372,613
NET ASSETS - BEGINNING OF YEAR	10,047,979	2,262,972	12,310,951	9,611,413	2,326,925	11,938,338
NET ASSETS - END OF YEAR	**$ 10,274,237**	**$ 2,326,690**	**$ 12,600,927**	**$ 10,047,979**	**$ 2,262,972**	**$ 12,310,951**

The accompanying notes are an integral part of these consolidated financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH PALM BEACH COUNTY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Support Services		
	Membership and Program Services	Youth Development	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	$ 1,894,420	$ 3,032,457	$ 4,926,877	$ 729,872	$ 151,677	$ 5,808,426
Employee benefits and payroll taxes	397,355	683,206	1,080,561	163,208	42,509	1,286,278
Professional/contract service	198,797	317,543	516,340	103,090	5,005	624,435
Supplies	188,321	340,470	528,791	43,035	97	571,923
Telephone	18,522	13,610	32,132	15,736	2,425	50,293
Postage and shipping	12,906	3,525	16,431	2,970	1,730	21,131
Occupancy	459,119	262,105	721,224	700	-	721,924
Equipment repair and maintenance	23,456	6,862	30,318	-	-	30,318
Equipment rental	49,921	29,963	79,884	5,177	-	85,061
Special events	45,007	24,330	69,337	-	51,748	121,085
Media services and publications	109,245	35,076	144,321	9,538	12,390	166,249
Travel and transportation	5,414	120,078	125,492	59,893	471	185,856
Conference and meetings	19,428	37,231	56,659	41,695	1,123	99,477
Fees, awards, and camps	-	-	-	7,788	-	7,788
Dues and subscriptions	112	950	1,062	11,434	-	12,496
Financing/bank charges	258,312	136,913	395,225	-	-	395,225
Liability insurance	182,790	119,017	301,807	6,283	-	308,090
National YMCA dues	105,451	58,310	163,761	7,210	-	170,971
Bad debt	76,794	37,602	114,396	-	-	114,396
Depreciation and amortization	519,463	280,961	800,424	25,790	-	826,214
Total Expenses	4,564,833	5,540,209	10,105,042	1,233,419	269,175	11,607,636
Less: Special events	(45,007)	(24,330)	(69,337)	-	(51,748)	(121,085)
TOTAL EXPENSES, NET OF SPECIAL EVENTS	**$ 4,519,826**	**$ 5,515,879**	**$ 10,035,705**	**$ 1,233,419**	**$ 217,427**	**$ 11,486,551**

The accompanying notes are an integral part of these consolidated financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH PALM BEACH COUNTY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services			**Support Services**		
	Membership and Program Services	Youth Development	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	$ 1,739,206	$ 3,087,861	$ 4,827,067	$ 778,441	$ 159,796	$ 5,765,304
Employee benefits and payroll taxes	352,748	685,214	1,037,962	154,102	47,221	1,239,285
Professional/contract service	191,465	315,975	507,440	115,766	5,574	628,780
Supplies	173,163	367,224	540,387	32,523	-	572,910
Telephone	17,754	13,408	31,162	14,919	2,329	48,410
Postage and shipping	14,434	4,171	18,605	1,669	1,952	22,226
Occupancy	441,137	261,836	702,973	16,823	-	719,796
Equipment repair and maintenance	38,299	12,793	51,092	4,571	-	55,663
Equipment rental	46,438	25,505	71,943	376	-	72,319
Special events	39,424	21,843	61,267	-	25,034	86,301
Media services and publications	119,399	24,804	144,203	6,009	12,333	162,545
Travel and transportation	9,956	202,303	212,259	99,110	951	312,320
Conference and meetings	25,639	37,038	62,677	27,028	1,551	91,256
Fees, awards, and camps	-	-	-	6,643	-	6,643
Dues and subscriptions	978	4,097	5,075	11,404	-	16,479
Financing/bank charges	274,046	149,637	423,683	-	-	423,683
Liability insurance	174,110	112,604	286,714	6,646	-	293,360
National YMCA dues	106,041	61,232	167,273	5,210	-	172,483
Bad debt	90,764	50,143	140,907	-	-	140,907
Depreciation and amortization	577,795	319,774	897,569	29,313	-	926,882
Total Expenses	4,432,796	5,757,462	10,190,258	1,310,553	256,741	11,757,552
Less: Special events	(39,424)	(21,843)	(61,267)	-	(25,034)	(86,301)
TOTAL EXPENSES, NET OF SPECIAL EVENTS	**$ 4,393,372**	**$ 5,735,619**	**$ 10,128,991**	**$ 1,310,553**	**$ 231,707**	**$ 11,671,251**

The accompanying notes are an integral part of these consolidated financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH PALM BEACH COUNTY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 289,976	$ 372,613
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	826,214	926,882
Amortization of bond financing cost	7,975	7,197
Bad debt expense	114,396	140,907
Gain on disposal of fixed asset	-	(4,800)
Present value discount adjustment on beneficial interests in irrevocable trusts	(22,350)	(15,793)
Change in fair value of interest rate swap	150,292	(65,175)
Net realized/unrealized (gains) losses on investments	(142,499)	78,236
Decrease (increase) in assets:		
Unconditional promises to give	(71,576)	(9,859)
Grant receivables and other receivables	(86,831)	(159,443)
Prepaid expenses	(34,514)	(45,094)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(35,415)	58,611
Deferred revenue	(24,408)	(128,539)
TOTAL ADJUSTMENTS	681,284	783,130
NET CASH PROVIDED BY OPERATING ACTIVITIES	971,260	1,155,743
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(8,728)	(50,667)
Purchases of property and equipment	(305,033)	(348,045)
NET CASH USED IN INVESTING ACTIVITIES	(313,761)	(398,712)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of bond financing costs	-	(6,875)
Repayments of note payable	(191,127)	(202,307)
Repayments of bonds payable	(522,995)	(507,811)
Repayments of capital lease obligations	(165,474)	(115,677)
NET CASH USED IN FINANCING ACTIVITIES	(879,596)	(832,670)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(222,097)	(75,639)
CASH AND CASH EQUIVALENTS (including restricted cash) - BEGINNING OF YEAR	3,090,625	3,166,264
CASH AND CASH EQUIVALENTS (including restricted cash) - END OF YEAR	**$ 2,868,528**	**$ 3,090,625**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	**$ 204,677**	**$ 235,491**
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Equipment financed through capital lease	**$ 110,637**	**$ 35,998**

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF ORGANIZATION

Young Men's Christian Association of South Palm Beach County, Inc. (the "YMCA") is a not-for-profit corporation organized under the laws of the State of Florida. The YMCA is a cause driven organization that is for youth development, for healthy living and for social responsibility. The YMCA is a member of the Young Men's Christian Association of the USA, a world-wide organization. Each member of the YMCA of the USA is autonomous.

The YMCA provides many programs and services to people of all ages. Some of the programs and services are:

Summer camp

Early childhood development program

Preschool

Social and recreational programs for youths and adults with disabilities

Diabetes prevention

Senior health and wellness programs

Family development programs

Youth and adult sport leagues

Youth and adult aquatic instruction, water safety and drowning prevention

Revenues are derived primarily from program and service fees, membership dues and contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the YMCA and the YMCA Foundation of South Palm Beach County, Inc. (the "YMCA Foundation"), which are under common control. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. The YMCA Foundation was established to provide a permanent source of funding for the YMCA, allowing the YMCA to meet critical community needs now and in the future.

The consolidated financial statements of the YMCA have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net assets and revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of YMCA, the environment in which the YMCA operates and the purposes specified in the YMCA's articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates, and those estimates may be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The YMCA considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash

Restricted cash consists of funds limited in use by the donor.

Investments and Investment Return

Investments are stated at fair value (NOTES 4 and 16). Realized and unrealized gains and losses are included in the change in net assets without donor restrictions. Realized gains and losses are reported at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are reported for the change in fair value between reporting periods. Interest and dividend income are reported when earned.

Concentrations of Credit Risk

The YMCA maintains cash balances at local banks. Accounts at a local institution are insured by the Federal Deposit Insurance Corporation. At December 31, 2019 and 2018 and at certain times during the year, the YMCA had amounts on deposit which were in excess of the federally insured limits. The YMCA is required to maintain all cash and cash equivalents at the financial institution that provided the bonds payable (NOTE 12). The YMCA has not experienced any losses in such accounts.

The YMCA invests in marketable debt and equity securities, which, inherent in the fair market value determination, include the risk factor of credit worthiness for each individual debt and equity security. Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. The YMCA has an investment policy and utilizes management oversight, and periodically reviews its investment portfolios to monitor these risks.

Concentrations of credit risk exist for the YMCA's unconditional promises to give and beneficial interest in irrevocable trusts due to the size of the amounts and the small number of donors. As of December 31, 2019 and 2018, unconditional promises to give and beneficial interest in irrevocable trusts from one individual donor represented approximately 84% of total unconditional promises to give and beneficial interest in irrevocable trusts.

Concentrations of credit risk with respect to other receivables are limited due to the large number of members comprising the YMCA's membership base. As of December 31, 2019 and 2018, the YMCA had no significant concentrations of credit risk relating to grant receivables and other receivables.

Unconditional Promises to Give, Net

All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future years or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same year in which the contribution is received, the YMCA reports the support as net assets without donor restrictions.

Unconditional promises to give and capital campaign pledges are initially recorded at fair value when received. Unconditional promises to give and capital campaign pledges due in the next year are reflected as current promises to give and capital campaign pledges and are recorded at their net realizable value. Unconditional promises to give and capital campaign pledges due in subsequent years are reflected as long-term promises to give and capital campaign pledges and are recorded at the present value of future collections. Conditional promises to give are recognized when the conditions have been substantially met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional Promises to Give, Net (Continued)

The YMCA estimates an allowance for uncollectible promises to give and capital campaign pledges based on the creditworthiness of its donors, aging of the individual balances receivable, recent payment history, contractual terms, and other qualitative factors such as the status of the relationship with the donor. Unconditional promises to give are written off when all collection procedures have been exhausted and the potential for recovery is considered remote.

Grant Receivables and Other Receivables, Net

Grant receivables and other receivables consist of membership, general contributions and other program related fees. Management reviews its receivable balances for uncollectible accounts on a monthly basis and either directly writes them off or creates an allowance for doubtful accounts (NOTE 7). The allowance for doubtful accounts is determined taking into account the financial condition of the YMCA's customers, current general economic conditions, and the age of certain balances due to the YMCA. Receivables are charged off after all means of collection have been exhausted.

Split-Interest Agreements

The YMCA has been named as a remainder beneficiary of various charitable remainder annuity and unitrusts. Trust assets are stated at fair market value. The YMCA's beneficial interest was determined using Internal Revenue Service actuarial assumptions, discounted using the applicable federal rate in effect at the date of the gift. The YMCA used a present value discount rate of 4%.

A contribution is recorded at the fair value of the assets received less a present value discount. The assets related to these trusts are separately identified in the accompanying Consolidated Statements of Financial Position as "Beneficial interest in irrevocable trusts, net." Changes in fair value for the period are reported in the Consolidated Statements of Activities.

Property and Equipment, Net

The YMCA capitalizes all expenditures in excess of $1,000 for property and equipment. Property and equipment are recorded at cost if purchased and at their estimated fair value if donated. Property and equipment donations are reported as net assets without donor restrictions unless the donor has restricted the use of the asset for a specific purpose. Contributions of cash, other assets and unconditional promises to give which are restricted for the purpose of acquiring property and equipment are reported as net assets with donor restrictions. When there are no explicit donor stipulations about how long those long-lived assets must be maintained, the YMCA reports expirations of donor restrictions when the acquired long-lived assets are placed in service. These expirations of donor restrictions are reported as reclassifications to net assets without donor restrictions.

Property and equipment are depreciated and amortized using the straight-line method over the estimated useful lives of the respective assets.

	Useful lives
Youth learning center	39 years
Buildings and improvements - Boca Raton	5 - 39 years
Buildings and improvements - Boynton Beach	5 - 39 years
Sports field	5 - 15 years
Equipment	2 - 10 years
Vehicles	3 - 7 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets

The YMCA reviews its long-lived assets for possible impairment at least annually, and more frequently if circumstances warrant. Impairment is determined to exist when estimated amounts recoverable through future cash flows from operations on an undiscounted basis are less than the long-lived asset carrying values. If a long-lived asset is determined to be impaired, it is written down to its estimated fair value to the extent that the carrying amount exceeds the fair value of the long-lived asset. No write-downs for impairment of long-lived assets were recorded for the years ended December 31, 2019 and 2018.

Bond Financing Costs, Net

The YMCA amortizes costs incurred in obtaining debt financing over the terms of the debt instruments. Accordingly, costs incurred to obtain the bonds payable, as described in NOTES 9 and 12, are being amortized over the terms of the debt instruments utilizing the effective interest method.

Donated Services

Many individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the accompanying consolidated financial statements because they do not meet the criteria to be recorded in the consolidated financial statements under U.S. GAAP. Use of facilities received as donations are recorded and reflected in the accompanying consolidated financial statements at their fair values at the date of receipt.

Revenue Recognition - Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the YMCA fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The YMCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

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 and reported in the Consolidated Statements of Activities as "Net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

Contributed services and the related expenses are recognized at their fair value in the period of use. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Such support is only recognized when the underlying value of the services can be determined on a measurable and objective basis. Contributed assets are recognized as revenue at its fair value on the date of the contribution. In addition, the appropriate value of donated services of individuals is recorded as an expense when such services qualify for cost reimbursement from third-party providers. The YMCA recorded in-kind services totaling approximately $27,000 in each of the years ended December 31, 2019 and 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition – Contributions (Continued)

The YMCA receives grants from a number of sources including federal, state, and local governments, private foundations, and other donors. Grant revenue is recognized when the expenses subject to reimbursement by the grantor are incurred, or when the services subject to reimbursement by the grantor have been performed. Grants are evaluated as to whether they qualify as exchange transactions or contributions as defined by U.S. GAAP. Grants that primarily provide commensurate value to the general public are reported as contributions.

Revenue Recognition – Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The YMCA adopted Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("Topic 606") on January 1, 2019 using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The YMCA applies Topic 606 to exchange transactions in which it receives consideration from individuals for membership and other program services offered. Under U.S. GAAP, these arrangements are exchange transactions between the YMCA and the individuals participating in the YMCA's programs.

The modified retrospective adoption method requires the YMCA to record a transition adjustment for the new revenue standard, if any, as a cumulative effect adjustment to beginning net assets as of the date of adoption. Therefore, comparative information has not been adjusted. No adjustment to the YMCA's beginning net assets were required as a result of adopting Topic 606.

Membership Dues and Program Services Revenue

The YMCA's revenue from contracts with customers is from performance obligations satisfied over time and from contracts with an initial expected duration of less than one year. Prices are specific to distinct performance obligations and do not consist of multiple transactions.

Revenue related to membership is recognized on a pro-rata basis over the periods to which the fees relate. Members are provided with monthly access to the YMCA's facilities and a variety of services which is accounted for as a single performance obligation. Membership fees are billed monthly and payment is due prior to the month of membership. Fees collected in advance of the membership period start date are recognized as deferred revenue.

Program revenue is recognized over time on a pro-rata basis as the program/session is completed and is 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 are typically due prior to the start of the program and are generally billed per session, usually weekly or monthly, depending on the program. Program fees collected in advance for those sessions not completed at the end of the reporting period are recognized as deferred revenue.

Deferred revenue from contracts was approximately $271,000 and $267,000 as of December 31, 2019 and 2018, respectively, and is included in the Consolidated Statements of Financial Position within the caption "Deferred revenue." Accounts receivable for revenue from contracts was approximately $205,000 and $153,000 as of December 31, 2019 and 2018, respectively, and is included in the Consolidated Statements of Financial Position within the caption "Grant receivables and other receivables, net."

Special Events Revenue

Topic 606 applies to the portion of the YMCA's special events income that is determined to be an exchange transaction. The YMCA conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the YMCA. The direct costs of the special events which ultimately benefit the donor rather than the YMCA are recorded as exchange transaction revenue and exchange transaction expense and amounted to approximately $121,000 and $86,000 for the years ended December 31, 2019 and 2018, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments

The YMCA adopted the provision of an accounting standard for utilizing derivative instruments and hedging activities. The standard requires that all derivative financial instruments, such as interest rate swaps contracts and foreign exchange contracts, be recognized in the consolidated financial statements and measured at fair value regardless of the purpose or intent for holding them. If the derivative is a hedge, depending on the nature of the hedge, a change in fair value of the derivative will either be offset against the change in the fair value of a hedge asset or liability through earnings.

The YMCA utilizes interest rate swaps to manage interest rate costs and to hedge against risks associated with changing interest rates. The YMCA designates interest rate swaps as hedges of specific debt instruments and accounts for them using the short-cut method, as described in the accounting standard. Interest differentials on interest rate swaps are recognized as adjustments to interest incurred on the related debt instruments (NOTE 14).

Income Taxes

The YMCA qualifies as a tax-exempt organization under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for income taxes has been recorded.

The YMCA recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the YMCA files income tax returns. The YMCA is generally no longer subject to U.S. Federal examinations by tax authorities for years before 2016.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and by natural classification in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Other expenses are allocated among the program and supporting services based on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimated time and effort.

Deferred Revenue

Deferred revenue consists of membership dues, various programs and rent received in advance on a multi-year lease (NOTE 10). Membership fees are due on a month to month basis and can be cancelled at any time by the member. Membership fees received in advance of the scheduled payment terms are recorded as deferred revenue. Additionally, program revenue received in advance of the program function is recorded as deferred revenue.

Advertising Costs

The YMCA uses advertising to promote its programs among the audiences its serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2019 and 2018 was approximately $166,000 and $163,000, respectively, and is included within "Media services and publications" in the Consolidated Statements of Functional Expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adopted Accounting Pronouncements

Revenue from Contracts with Customers

The YMCA adopted ASC Topic 606, *Revenue from Contracts with Customers*, beginning January 1, 2019 using the modified retrospective adoption method. Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the update requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The YMCA determined that the adoption of Topic 606 did not have a material effect on beginning net asset balances because revenue is recognized as services are provided under both the current and prior accounting rules and as such, no cumulative-effect adjustment in net assets was recorded as a result of the adoption of Topic 606. See Revenue Recognition – Exchange Transactions above.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update to reduce diversity in practice on eight specific statement of cash flows issues. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption of the update did not have a material effect on the YMCA's consolidated financial statements.

Restricted Cash

In November 2016, the FASB issued an accounting standard update which amends cash flow statement presentation of restricted cash. The update requires amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The update is effective retrospectively for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption of this update did not have a material effect on the YMCA's consolidated financial statements.

Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued an accounting standard update in an effort to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The FASB believes the update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of not-for-profit guidance, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional or not. The update is effective on a modified prospective basis for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019, with early adoption permitted. The adoption of the update did not have a material effect on the YMCA's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

Lease Accounting

In February 2016, the FASB issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements, lessor accounting, and disclosures related to accounting changes and error corrections. The YMCA is currently evaluating the effect the update will have on its consolidated financial statements but expects upon adoption that the update will have a material effect on the YMCA's consolidated financial condition due to the recognition of a right-of-use asset and related lease liability. The YMCA does not anticipate the update having a material effect on the YMCA's results of operations or cash flows, though such an effect is possible.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the YMCA's presentation of comparative periods in the consolidated financial statements will continue to be in accordance with current lease accounting. The YMCA is evaluating the method of adoption it will elect. The update is effective for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022, with early application permitted.

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued an accounting standard update which will replace the current incurred loss impairment methodology in U.S. GAAP with a methodology that reflects the expected credit losses. The update is intended to provide financial statement users with more decision-useful information about expected credit losses. Also, the FASB has issued amendments to the update with transition relief intended to improve comparability of financial statement information for some entities, to decrease costs for some financial statement preparers, and to clarify some disclosures. This update is effective on a modified retrospective basis for financial statements issued for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018 including interim periods in those fiscal years. The YMCA is currently evaluating the effect the update will have on its consolidated financial statements.

Targeted Improvements to Accounting for Hedging Activities

In August 2017, the FASB issued an accounting standard update with the objective to better align an entity's risk management activities and financial reporting for hedging relationships, simplify the hedge accounting requirements, and improve the disclosures of hedging arrangements. The update is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, with early application permitted. The YMCA is currently evaluating the potential accounting, transition, and disclosure effects the update will have on its consolidated financial statements.

Fair Value Measurement

In August 2018, the FASB issued an accounting standard update that removes certain disclosures related to transfers between hierarchy levels and adds certain disclosures related to Level 3 investments. The update also changes certain disclosure requirements. The update is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. Early application is permitted. The YMCA is currently evaluating the potential accounting and disclosure effects the update will have on its consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

Derivatives and Hedging

In October 2018, the FASB issued an accounting standard update to improve guidance on the risks associated with financial assets or liabilities that are permitted to be hedged. The update is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, with early application permitted. The YMCA is currently evaluating the potential accounting, transition, and disclosure effects the update will have on its consolidated financial statements.

Clarifying the Interaction between Topic 808 and Topic 606

In November 2018, the FASB issued an accounting standard update to clarify the interaction between Topic 808, *Collaborative Arrangements*, and Topic 606, *Revenue from Contracts with Customers*. The update is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, with early application permitted. The YMCA is currently evaluating the potential accounting and disclosure effects the update will have on its consolidated financial statements.

Reclassification

Certain items in the 2018 consolidated financial statements were reclassified to conform to the 2019 presentation.

Subsequent Events

The YMCA has evaluated subsequent events through September 23, 2020, which is the date the consolidated financial statements were available to be issued.

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The YMCA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The YMCA holds cash in various interest-bearing bank accounts with well-known financial institutions and has accounts receivable specialists who actively follow up and collect on open accounts receivable balances. Additionally, the YMCA has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of income to programs and operations supported by its endowments while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis.

The YMCA's financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditures are as follows:

	2019	2018
Cash and cash equivalents	$ 2,782,092	$ 2,952,834
Restricted cash	86,436	137,791
Investments	945,808	794,581
Unconditional promises to give, net	296,432	304,956
Grant receivables and other receivables, net	205,213	152,678
Total financial assets available within one year	4,315,981	4,342,840
Less: amounts unavailable to management without Board approval:		
Investments (NOTE 4)	945,808	794,581
Total financial assets available to management for general expenditures within one year	**$ 3,370,173**	**$ 3,548,259**

4. INVESTMENTS

Investments at fair value consist of the following at December 31, 2019:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Money market	$ 4,275	$ 8,174	$ 12,449
Equity securities	134,836	257,813	392,649
Mutual funds	176,125	336,760	512,885
Investments held at Community Foundation of Palm Beach and Martin Counties (NOTE 17)	27,825	-	27,825
Total	**$ 343,061**	**$ 602,747**	**$ 945,808**

Investments at fair value consist of the following at December 31, 2018:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Money market	$ 6,602	$ 12,901	$ 19,503
Equity securities	51,319	100,291	151,610
Mutual funds	203,156	397,017	600,173
Investments held at Community Foundation of Palm Beach and Martin Counties (NOTE 17)	23,295	-	23,295
Total	**$ 284,372**	**$ 510,209**	**$ 794,581**

The following schedule summarizes investment income, net for the year ended December 31, 2019:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Interest income	$ 68,599	$ 12,243	$ 80,842
Net realized gains	8,247	15,769	24,016
Net unrealized gains	43,830	74,653	118,483
Fees	(3,318)	(6,344)	(9,662)
Total	**$ 117,358**	**$ 96,321**	**$ 213,679**

The following schedule summarizes investment (loss), net for the year ended December 31, 2018:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Interest income	$ 55,749	$ 15,640	$ 71,389
Net realized gains	12,448	23,802	36,250
Net unrealized losses	(40,342)	(74,144)	(114,486)
Fees	(3,485)	(6,423)	(9,908)
Total	**$ 24,370**	**$ (41,125)**	**$ (16,755)**

5. UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give consisted of the following at December 31, 2019:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Promises to give expected to be received in:			
Less than one year	$ 364,432	$ 5,000	$ 369,432
Less:			
Allowance for doubtful accounts	(73,000)	-	(73,000)
	$ 291,432	**$ 5,000**	**$ 296,432**

Unconditional promises to give, which were recorded at the net present value of estimated future cash flows using a discount rate of 4.00% consisted of the following at December 31, 2018:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Promises to give expected to be received in:			
Less than one year	$ 384,141	$ 5,000	$ 389,141
Less:			
Allowance for doubtful accounts	(84,000)	-	(84,000)
Discount for the effects of present value	-	(185)	(185)
	$ 300,141	**$ 4,815**	**$ 304,956**

Total bad debt expense, net of recoveries, related to unconditional promises to give for the years ended December 31, 2019 and 2018 was approximately $80,000 and $75,000, respectively.

6. BENEFICIAL INTEREST IN IRREVOCABLE TRUSTS, NET

In 2009, the YMCA became aware that it was the beneficiary of three irrevocable charitable remainder trusts. A charitable remainder trust is an arrangement in which a donor establishes and funds a trust with specific distributions to be made to a beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the not-for-profit receives the assets remaining in the trust. These trusts are funded via single premium annuities and have a universal life component whereby the YMCA is a beneficiary. The YMCA's beneficial interest in irrevocable trusts is $1,940,000, which is funded through guaranteed universal life insurance policies in which the premiums are funded through the guaranteed single premium annuities.

The discounted net present value of the beneficial interest in the irrevocable trusts totaled the following at December 31,:

	2019	2018
Remainder in irrevocable trusts	$ 1,940,000	$ 1,940,000
Less: Present value discount	(307,493)	(329,843)
	$ 1,632,507	**$ 1,610,157**

7. GRANT RECEIVABLES AND OTHER RECEIVABLES, NET

Grant receivables and other receivables, net consisted of the following at December 31,:

	2019	2018
Membership and other program related fees	$ 290,213	$ 212,678
Less: Allowance for doubtful accounts	(85,000)	(60,000)
	$ 205,213	**$ 152,678**

Total bad debt expense, net of recoveries, related to other receivables for the years ended December 31, 2019 and 2018 was approximately $34,000 and $66,000, respectively. This is included within "Bad debt" in the Consolidated Statements of Functional Expenses.

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following at December 31,:

	2019	2018
Land	$ 2,516,500	$ 2,516,500
Youth learning center	307,266	307,266
Buildings and improvements - Boca Raton	11,768,396	11,768,396
Buildings and improvements - Boynton Beach	6,287,761	6,287,761
Sports field	228,110	228,110
Equipment	5,337,627	4,921,957
Vehicles	34,642	34,642
	26,480,302	26,064,632
Less: accumulated depreciation and amortization	(13,405,306)	(12,579,092)
	$ 13,074,996	**$ 13,485,540**

Depreciation and amortization expense for the years ended December 31, 2019 and 2018 was approximately $826,000 and $927,000, respectively, (including amortization expense of approximately $93,000 and $144,000, respectively, related to capital leases) (NOTE 15).

9. BOND FINANCING COSTS, NET

Bond financing costs are recorded at cost and are amortized using the effective interest method over the term of the related bonds payable (NOTE 12). Bond financing costs are netted against the related liability.

Bond financing costs consisted of the following at December 31,:

	2019	2018
Deferred financing costs	$ 129,554	$ 129,554
Less: accumulated amortization	(48,162)	(40,187)
	$ 81,392	**$ 89,367**

Amortization expense was approximately $8,000 and $7,000 for the years ended December 31, 2019 and 2018, respectively.

10. DEFERRED REVENUE

Deferred revenue consisted of the following at December 31,:

	2019	2018
Membership dues, program fees and other	$ 271,186	$ 266,992
Rent (NOTE 19)	250,769	279,371
	$ 521,955	**$ 546,363**

11. PENSION PLAN

The YMCA participates in The YMCA Retirement Fund, a national program. Participation in the plan is mandatory for all eligible employees. For the years ended December 31, 2019 and 2018, the YMCA contributed 12% of participants' gross earnings. For the years ended December 31, 2019 and 2018, contributions made on behalf of participating employees totaled approximately $458,000 and $420,000, respectively.

12. BONDS PAYABLE

On January 1, 1999, the YMCA entered into a Loan Agreement with Palm Beach County, Florida to borrow $6,700,000 from the issuance of the Palm Beach County, Florida Economic Development Revenue Bonds Series 1999 (YMCA Boynton Beach Project), to be used to acquire land, equipment and construct an approximately 58,000 square foot YMCA Family Social Service Center.

On November 1, 2003, the YMCA refunded these revenue bonds and entered into a new agreement with Palm Beach County, Florida to borrow $13,700,000 from the issuance of Palm Beach County, Florida Economic Development Refunding and Improvement Revenue Bonds Series 2003 (YMCA Project) for the purpose of refunding the existing bonds, to pay the issuance costs of the new bonds and to fund the construction of the redevelopment project (the "Project") at the Boca Raton, FL facility.

On November 1, 2012, the YMCA refunded the series 2003 revenue bonds and entered into a new agreement on November 2, 2012 with Palm Beach County, Florida, the issuer and Branch Banking and Trust Company, the purchaser, to borrow $8,805,000 from the issuance of Palm Beach County, Florida Industrial Development Revenue Bonds Series 2012. The variable short-term rate as of December 31, 2019 and 2018 was 2.83% and 3.47%, respectively. The YMCA originally fixed the variable interest rate on these bonds payable at 2.91% through an interest rate swap agreement (NOTE 14). The bond agreement contains a provision which allows for interest rate repricing under certain conditions. In October 2018, the variable rate calculation on the bonds was subject to a repricing. The repricing resulted in the variable rate changing from the "original variable rate" of 68% of LIBOR plus 1.325% to the "new variable rate" of 82.646% of 1 month LIBOR plus 1.416%. The YMCA elected to maintain the original interest rate swap, which was based on the original variable rate, resulting in a new floating interest rate of 2.91% plus the difference between the original variable rate and the new variable rate. The bonds are secured by the real and personal property of the YMCA. The YMCA must make monthly principal and interest payments. The bonds are due to mature on November 1, 2028.

Bonds payable are presented net of the related bond financing costs (NOTE 9) of $81,392 and $89,367 in the accompanying Consolidated Statements of Financial Position at December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, bonds payable, net was $5,330,097 and $5,845,117, respectively.

Several loan covenants exist for the YMCA which are tested annually. Management believes that the YMCA was in compliance with these covenants as of December 31, 2019.

Interest expense for the years ended December 31, 2019 and 2018 was approximately $192,000 and $215,000, respectively.

12. BONDS PAYABLE (CONTINUED)

At December 31, 2019, approximate annual maturities of indebtedness for each of the next five years and thereafter are as follows:

Years ending December 31,	
2020	$ 539,000
2021	555,000
2022	571,000
2023	588,000
2024	606,000
Thereafter	2,552,000
	$ 5,411,000

13. NOTE PAYABLE

In November 2012, the YMCA entered into an agreement with a bank to satisfy the then outstanding interest rate swap liability totaling $1,325,000. The note payable is secured by the real and personal property of the YMCA. The variable short-term rate as of December 31, 2018 was 4.54%. The YMCA fixed the variable interest rate on the note payable at 3.21% through an interest rate swap agreement (NOTE 14). The note payable matured and was fully repaid on November 1, 2019. At December 31, 2018, the note payable had an outstanding balance of $191,127.

Several loan covenants exist for the YMCA which are tested annually. Management believes that the YMCA was in compliance with these covenants as of December 31, 2018.

Interest expense for the years ended December 31, 2019 and 2018 was approximately $3,000 and $13,000, respectively.

14. FAIR VALUE OF INTEREST RATE SWAP

On November 2, 2012, the YMCA entered into a derivative financial instrument with a lender to manage the overall borrowing costs associated with its bond payable (NOTE 12) and its note payable (NOTE 13), which matures on November 1, 2028 and November 1, 2019, respectively. Credit loss from counterparty non-performance is not anticipated. At December 31, 2019 and 2018, the outstanding notional balance on the bond payable was $5,411,489 and $5,934,484, respectively, and is subject to a floating interest rate as described in NOTE 12. At December 31, 2019 and 2018, the outstanding notional balance on the note payable was $0 and $191,127, respectively, and is fixed at an interest rate of 3.21%. The swap is a cash flow hedge, as it has been designated against the bond and note payable to reduce the effects of interest rate fluctuations on such loans. Amounts received or paid as a result of the swap agreement are recognized as adjustments to interest expense.

The net effect on the YMCA's operating results is that interest on a portion of the variable rate debt is being hedged based on fixed interest rates. The interest rate swap contract is reflected at fair value in the YMCA's Consolidated Statements of Financial Position and the related gain or loss is recognized as a change in net assets. The fair value of the interest rate swap as of December 31, 2019 and 2018 was a liability of $117,690 and an asset of $32,602, respectively, which is reflected in the Consolidated Statements of Financial Position as "Fair value of interest rate swap." The interest rate swap is valued using third party models that use as their input observable market conditions (Note 16). The change in fair value related to the interest rate swap at December 31, 2019 and 2018 was $(150,292) and $65,175, respectively, and is reflected in the Consolidated Statements of Activities within the caption "Change in fair value of interest rate swap."

15. CAPITAL LEASE OBLIGATIONS

During the year ended December 31, 2016, the YMCA entered into two separate non-cancelable fitness equipment capital leases expiring at various dates through 2019. During the year ended December 31, 2017, the YMCA entered into an additional non-cancellable fitness equipment capital lease expiring through 2020. During the year ended December 31, 2018, the YMCA entered into an additional non-cancellable fitness equipment capital lease expiring through 2021. During the year ended December 31, 2019, the YMCA entered into an additional non-cancellable fitness equipment capital lease expiring through 2022. As of December 31, 2019 and 2018, the leased property has a recorded cost of approximately $517,000 and $443,000 and a total accumulated amortization of approximately $387,000 and $294,000, respectively. Interest expense incurred on the capital leases was approximately $9,000 and $11,000 for the years ended December 31, 2019 and 2018, respectively.

As of December 31, 2019, future minimum lease payments under these capital leases are as follows:

Years ending December 31,		
2020	$	83,883
2021		41,896
2022		31,476
Total future minimum lease payments	**$**	**157,255**

Amortization expense of approximately $93,000 and $144,000, for the related capital lease assets, is included within depreciation and amortization expense for the years ended December 31, 2019 and 2018, respectively.

16. FAIR VALUE MEASUREMENTS

The YMCA adopted a FASB accounting standard on fair value measurements. The accounting standard establishes a framework for measuring fair value, expands disclosures about fair value measurements and provides new income recognition criteria for certain derivative contracts. U.S. GAAP requires that a fair value measurement reflect assumptions market participants would use in pricing an asset or liability.

U.S. GAAP defines "fair value" as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for the specific asset or liability at the measurement date (referred to as an exit price).

The accounting standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under the accounting standard are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The accounting standard requires the YMCA to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

16. FAIR VALUE MEASUREMENTS (CONTINUED)

Determination of Fair Value

In determining fair value, the YMCA used market prices of the same or similar instruments whenever such prices are available, even in situations where trading volume may be low when compared with prior periods. A fair value measurement assumes that an asset or liability is exchanged in an orderly transaction between market participants, and accordingly, fair value is not determined based upon a forced liquidation or distressed sale. Where necessary, the YMCA estimates fair value using other market observable data such as prices for synthetic or derivative instruments, market indices, industry ratings or underlying collateral or models employing techniques such as discounted cash flow analyses. The discount rate used will vary among different types of financial instruments, and particularly in the case of liquid markets, is appropriately adjusted to reflect the illiquidity of the markets. The assumptions used in the models, which typically include assumptions for interest rates, credit losses and prepayments, are corroborated by and independently verified against market observable data where possible. Where appropriate, the YMCA may use a combination of these valuation approaches.

The following sections describe the valuation methodologies used by the YMCA to measure classes of financial instruments at fair value and specify the level in the fair value hierarchy where various financial instruments are generally classified. Valuation models, significant inputs to those models and any significant assumptions are included where appropriate.

Money market funds – Valued at cost, which approximates fair value.

Equity securities – Valued at the closing price reported in the active market in which the individual securities are traded.

Mutual funds – Valued at the closing price reported in the active market in which the individual securities are traded.

Beneficial interest in irrevocable trusts – Fair value is based on the face value of the insurance policies along with the life expectancy of the donor and discounted cash flows.

Interest rate swap – The interest rate swap is valued using third party models that use as their input observable market conditions. This valuation process considers factors including interest rate yield curves, money market rates, future prices and long term yields.

Investments held at the Community Foundation – Values of the assets invested with the Community Foundation are determined by calculating the YMCA's NAV in the pool. The YMCA has the ability to observe the inputs to the valuation and redeem the investment at NAV upon request; as such, the YMCA's investment is reflected at NAV on the Consolidated Statements of Financial Position, using the practical expedient. The investments held at the Community Foundation that are valued at NAV have no unfunded commitments at December 31, 2019 and 2018. Additionally, there are no explicit restrictions on the redemption of such investments. In accordance with Subtopic 820-10, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

16. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Measured at Fair Value on a Recurring Basis

The following table presents the YMCA's financial instruments that are measured at fair value on a recurring basis at December 31, 2019, for each fair value hierarchy level.

		Fair Value Measurements at December 31, 2019		
Description	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments:				
Money market funds	$ 12,449	$ 12,449	$ -	$ -
Equity securities	392,649	392,649	-	-
Mutual funds	512,885	512,885	-	-
Total investments in the fair value hierarchy	917,983	917,983	-	-
Beneficial interest in irrevocable trusts, net	1,632,507	-	-	1,632,507
Investments measured at net asset value *	27,825	-	-	-
Total assets at fair value	**$ 2,578,315**	**$ 917,983**	**$ -**	**$ 1,632,507**
Liabilities:				
Fair value of interest rate swap	**$ (117,690)**	**$ -**	**$ (117,690)**	**$ -**

The following table presents the YMCA's financial instruments that are measured at fair value on a recurring basis at December 31, 2018, for each fair value hierarchy level.

		Fair Value Measurements at December 31, 2018		
Description	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments:				
Money market funds	$ 19,503	$ 19,503	$ -	$ -
Equity securities	151,610	151,610	-	-
Mutual funds	600,173	600,173	-	-
Fair value of interest rate swap	32,602	-	32,602	-
Total investments in the fair value hierarchy	803,888	771,286	32,602	-
Beneficial interest in irrevocable trusts, net	1,610,157	-	-	1,610,157
Investments measured at net asset value *	23,295	-	-	-
Total assets at fair value	**$ 2,437,340**	**$ 771,286**	**$ 32,602**	**$ 1,610,157**

(*) In accordance with Subtopic 820-10, certain investments that are measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

17. ENDOWMENTS

The YMCA's endowments consist of individual funds established for a variety of purposes. The endowments are comprised of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

One endowment is managed by an independent board of the YMCA Foundation and contains both donor-restricted funds and board designated funds. The other is managed by Community Foundation for Palm Beach and Martin Counties and contains only board designated funds.

The State of Florida has adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The YMCA has interpreted the FUPMIFA 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 YMCA would classify as net assets with donor restrictions (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. The donor-restricted portion of the endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by FUPMIFA.

The YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund earnings:

(1) The duration and preservation of the fund

(2) The purposes of the YMCA 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 investments

(6) Other resources of the YMCA

(7) The investment policies of the YMCA

Summary of Endowment Net Assets at December 31, 2019:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 602,747	$ 602,747
Board-designated endowment funds	343,061	-	343,061
Total endowment net assets	**$ 343,061**	**$ 602,747**	**$ 945,808**

Summary of Endowment Net Assets at December 31, 2018:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 510,209	$ 510,209
Board-designated endowment funds	284,372	-	284,372
Total endowment net assets	**$ 284,372**	**$ 510,209**	**$ 794,581**

17. ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended December 31, 2019:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning	$ 284,372	$ 510,209	$ 794,581
Interest and dividends	6,312	12,334	18,646
Investment change, net	52,377	80,204	132,581
Endowment net assets, ending	**$ 343,061**	**$ 602,747**	**$ 945,808**

Changes in endowment net assets for the year ended December 31, 2018:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning	$ 282,294	$ 539,856	$ 822,150
Contributons	25,000	11,770	36,770
Interest and dividends	8,074	15,745	23,819
Investment change, net	(30,996)	(57,162)	(88,158)
Endowment net assets, ending	**$ 284,372**	**$ 510,209**	**$ 794,581**

Funds with Deficiencies

From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor or FUPMIFA requires the YMCA to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2019 and 2018.

Return Objectives and Risk Parameters

The YMCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income to programs and operations supported by its endowment while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis. Endowment assets include those assets of donor-restricted funds that the YMCA must hold for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a competitive rate of return while assuming a moderate level of investment risk. The YMCA expects its endowment funds, over time, to provide a rate of return in excess of the original restricted principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

The investment objective is to achieve long-term growth of principal while recognizing the importance of preservation of capital. The YMCA recognizes that varying degrees of investment risk are generally rewarded with concomitant returns over the long-term. For donor funds that are intended for short-term duration, the investment objective is to preserve principal.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The YMCA has a spending policy for restricted endowment assets as stipulated in the donor's gift agreement. Accordingly, over the long-term, the YMCA expects the current spending policy to allow its endowments to grow.

18. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31,:

	2019	2018
Restricted cash for various programs with specific purpose restrictions	$ 86,436	$ 137,791
Restricted investments for various programs with specific purpose restrictions	602,747	510,209
Unconditional promises to give with specific time restrictions (NOTE 5)	5,000	4,815
Beneficial interests in irrevocable trusts with specific purpose/time restrictions (NOTE 6)	1,632,507	1,610,157
	$ 2,326,690	**$ 2,262,972**

19. COMMITMENTS AND CONTINGENCIES

Operating Agreements

On January 22, 1999, the YMCA and Bethesda Memorial Hospital, Inc. ("BMH") entered into several agreements whereby they joined in a collaborative effort to extend their commitments to provide fitness and wellness services to the community. As part of these agreements, the YMCA dedicated 3,500 square feet of the YMCA Boynton Facility to physical therapy. BMH leases this space and operates its various rehabilitation programs. The lease agreement for the 3,500 square feet is for a 25-year term, which commenced in December 2000. The YMCA manages and operates these programs and retains all revenues, incurs all expenses and assumes all liabilities associated with such programs. The first five years of the lease term were prepaid by BMH, which totaled $385,000. Rent for the remaining 20 years of the lease term is $1 per year. The YMCA is recognizing the prepaid rent on the straight-line basis over the 25-year lease term. During the years ended December 31, 2019 and 2018, the YMCA recognized approximately $15,000 of revenue related to this lease which is reflected within "Program and service fees" in the Consolidated Statements of Activities. The remaining unamortized portion, which is reflected within "Deferred revenue" in the Consolidated Statements of Financial Position as of December 31, 2019, and 2018 was approximately $93,000 and $108,000, respectively (NOTE 10).

On November 14, 2003, the YMCA entered into an agreement with BMH in which the YMCA dedicated 2,616 square feet for BMH to lease and establish a sports and back medicine program within the newly redeveloped Boca Raton facility. The lease agreement for the 2,616 square feet is for a 25-year term, which commenced on June 1, 2006. The total rent for the first five years was $329,995, which BMH paid to the YMCA in 5 equal installments of $65,999, with the first installment due on the date of commencement of the term and annually thereafter. Rent for the remaining 20 years of the lease term is $1 per year. The YMCA is recognizing the prepaid rent on the straight-line basis over the 25-year lease term. During the years ended December 31, 2019 and 2018 the YMCA recognized approximately $13,000 of revenue related to this lease which is reflected within "Program and service fees" in the Consolidated Statements of Activities. The remaining unamortized portion, which is reflected within "Deferred revenue" in the Consolidated Statements of Financial Position as of December 31, 2019, and 2018 was approximately $158,000 and $171,000, respectively (NOTE 10).

Operating Leases

The YMCA leases buses, fitness equipment, and office equipment under operating lease agreements expiring at various dates through October 2022.

19. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

Approximate minimum future rental payments under these non-cancelable lease agreements having initial or remaining terms in excess of one year as of December 31, 2019 are as follows:

Years ending December 31,		
2020	$	35,000
2021		32,000
2022		10,000
	$	**77,000**

Total expense under these operating leases for the years ended December 31, 2019 and 2018 was approximately $38,000 and $41,000, respectively.

Potential Litigation

The YMCA is exposed to various claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the YMCA's consolidated financial position or the consolidated results of its activities.

20. SUBSEQUENT EVENTS

Coronavirus Impact

Since January 2020, the coronavirus (COVID-19) outbreak has caused substantial disruption in international and U.S. economies and markets. The coronavirus and fear of further spread of the coronavirus has caused quarantines, cancellation of events and travel, business and school shutdowns, and an overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated the coronavirus outbreak a pandemic. The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted on March 27, 2020 in the United States. The YMCA received funding as a result of the CARES Act, which the YMCA is using to help fund continuing operations. The YMCA continues to assess the potential impacts of this legislation on its consolidated financial position and results of operations. As of the date these consolidated financial statements were available to be issued, management is evaluating the potential adverse effect this matter will have on its consolidated financial position, operations, and cash flows. While the ultimate outcome of this uncertainty is unknown at this time, it is reasonably possible the impact may be materially adverse.

Paycheck Protection Program

The YMCA received funds from the Paycheck Protection Program ("PPP") in the amount of approximately $1.3 million in April 2020. The YMCA will use the funds for payroll, rent, utilities, and other forgivable expenses. The loan begins accruing interest at a rate of 1.00% on the effective date. Seven months after the executed date, principal payments and accrued interest are due in equal installments over the remaining loan period. The loan matures in April 2022. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the YMCA retains employees during a specified period. Management estimates that a portion of the loan's funds will be eligible for forgiveness.

Small Business Administration Loan

On June 3, 2020, the YMCA entered into a loan agreement ("SBA Loan") with the U.S. Small Business Administration ("SBA") under the Small Business Act for $150,000. Installment payments of principal and interest will begin twelve months from the date of the SBA Loan. The balance of principal and interest will be payable 30 years from the date of the SBA Loan. Interest will accrue at the rate of 2.75% per annum. The YMCA will use the funds as working capital to alleviate economic injury caused by disaster occurring in the month of January 2020 and continuing thereafter.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees and Management
Young Men's Christian Association
of South Palm Beach County, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Young Men's Christian Association of South Palm Beach County, Inc. (the "YMCA"), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the YMCA's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the YMCA's internal control. Accordingly, we do not express an opinion on the effectiveness of the YMCA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the YMCA's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the YMCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the YMCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Morrison, Brown, Argiz & Farra

Boca Raton, Florida
September 23, 2020

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

Section I – Summary of Auditor's Results

Prime Time Palm Beach County, Inc. Contracts Program Specific Audit

Type of auditor's report issued:	Unmodified			
Internal control over programs:				
Material weakness(es) identified?	______	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	______	Yes	X	None Reported
Audit findings or questioned costs?	______	Yes	X	No

Section II – Findings and Responses – Consolidated Financial Statement Findings

CURRENT YEAR FINDINGS

None.

PRIOR YEAR FINDINGS

None.

Section III – Findings and Responses – Prime Time Palm Beach County, Inc. Contracts Program Specific Audit

CURRENT YEAR FINDINGS

No matters were reported.

PRIOR YEAR FINDINGS

No matters were reported.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH PALM BEACH COUNTY, INC.

SCHEDULE OF EXPENDITURES OF THE PRIME TIME PALM BEACH COUNTY, INC.
AGREEMENTS AND NOTES TO SCHEDULE OF EXPENDITURES
OF THE PRIME TIME PALM BEACH COUNTY, INC. AGREEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Program Name	Term	Amount	Expenditures
Sports and Wellness Enhancement	10/01/2018-09/30/2019	$ 265,295	$ 246,231
Sports and Wellness Enhancement	10/01/2019-09/30/2020	271,054	40,971
TOTAL		**$ 536,349**	**$ 287,202**

NOTE A. GENERAL

The Schedule of Expenditures of the Prime Time Palm Beach County, Inc. Agreements included herein represents all of Prime Time Palm Beach County agreements with the Young Men's Christian Association of South Palm Beach County, Inc. (the "YMCA") for the year ended December 31, 2019.

NOTE B. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of the Prime Time Palm Beach County, Inc. Agreements is presented using the accrual basis of accounting and includes expenses incurred by the YMCA during the year ended December 31, 2019.

Because this schedule presents only a selected portion of the operations of the YMCA, it is not intended and does not present the consolidated financial position, changes in net assets or cash flows of the YMCA.

NOTE C. BASIS OF PRESENTATION

The Prime Time Palm Beach County, Inc. Agreements included in the Schedule of Expenditures are operated on a cost reimbursement method of payment. Expenditures are reported in accordance with the contracted method of payment.