

**YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE PALM BEACHES, INC.**

REPORT ON AUDITS OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

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Report of Independent Auditors

To the Board of Directors of
Young Men's Christian Association
of the Palm Beaches, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Young Men's Christian Association of the Palm Beaches, Inc. (YMCA) which comprise the statements of financial position as of December 31, 2020 and 2019 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YMCA as of December 31, 2020 and 2019, 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.

Templeton & Company, LLP

West Palm Beach, Florida
June 14, 2021



YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

**STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019**

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,542,502	\$ 464,677
Certificates of deposit	512,239	1,020,812
Accounts receivable	51,391	55,839
Unconditional promises to give	1,954	1,860
Prepaid expenses	<u>30,943</u>	<u>25,067</u>
Total current assets	2,139,029	1,568,255
Property and equipment, net	1,737,752	1,822,261
Other assets	<u>20,054</u>	<u>25,842</u>
Total assets	<u>\$ 3,896,835</u>	<u>\$ 3,416,358</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 16,248	\$ 47,880
Accrued expenses	22,556	13,437
Current maturity of long-term debt	<u>21,508</u>	<u>20,117</u>
Total current liabilities	60,312	81,434
Long term debt, net	<u>951,186</u>	<u>737,418</u>
Total liabilities	<u>1,011,498</u>	<u>818,852</u>
Net assets:		
Without donor restrictions	1,647,700	1,597,439
With donor restrictions	<u>1,237,637</u>	<u>1,000,067</u>
Total net assets	<u>2,885,337</u>	<u>2,597,506</u>
Total liabilities and net assets	<u>\$ 3,896,835</u>	<u>\$ 3,416,358</u>

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:						
Contributions	\$ 280,633	\$ 624,667	\$ 905,300	\$ 168,104	\$ 877,749	\$ 1,045,853
Program and other fees	884,853	-	884,853	837,354	-	837,354
Membership dues	252,991	-	252,991	457,653	-	457,653
Special events, net of direct expenses	134,987	-	134,987	196,277	-	196,277
Investment income	2,160	-	2,160	15,680	-	15,680
Other income	100,000	-	100,000	-	-	-
Net assets released from restrictions	387,097	(387,097)	-	275,527	(275,527)	-
Total revenues and other support	2,042,721	237,570	2,280,291	1,950,595	602,222	2,552,817
Expenses:						
Program services:						
Wellness	200,384	-	200,384	296,056	-	296,056
Aquatics	262,694	-	262,694	296,720	-	296,720
Sports and recreation	13,588	-	13,588	15,582	-	15,582
Skate Park	55,193	-	55,193	36,952	-	36,952
Camp	109,468	-	109,468	156,611	-	156,611
Childcare	847,923	-	847,923	692,030	-	692,030
Total program services	1,489,250	-	1,489,250	1,493,951	-	1,493,951
Supporting services:						
Management and general	423,912	-	423,912	439,659	-	439,659
Fund raising	79,298	-	79,298	87,363	-	87,363
Total expenses	1,992,460	-	1,992,460	2,020,973	-	2,020,973
Change in net assets	50,261	237,570	287,831	(70,378)	602,222	531,844
Net assets - beginning of year	1,597,439	1,000,067	2,597,506	1,667,817	397,845	2,065,662
Net assets - end of year	\$ 1,647,700	\$ 1,237,637	\$ 2,885,337	\$ 1,597,439	\$ 1,000,067	\$ 2,597,506

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Services						Supporting Services			Total Expenses	
	Wellness	Aquatics	Sports and Recreation	Skate Park	Camp	Child Care	Total	Management and General	Fund Raising		Total
Personnel costs:											
Salaries and payroll taxes	\$ 120,192	\$ 147,828	\$ 7,331	\$ 25,271	\$ 68,050	\$ 543,758	\$ 912,430	\$ 147,009	\$ 72,957	\$ 219,966	\$ 1,132,396
Benefits	7,640	14,940	372	2,987	3,954	64,648	94,541	16,304	6,260	22,564	117,105
Total personnel costs	127,832	162,768	7,703	28,258	72,004	608,406	1,006,971	163,313	79,217	242,530	1,249,501
Advertising and printing	7,815	10,371	530	2,186	-	443	21,345	965	-	965	22,310
Contract services	-	-	-	-	1,550	295	1,845	-	-	-	1,845
Depreciation	28,828	30,759	2,445	3,424	17,988	48,781	132,225	3,950	-	3,950	136,175
Employee development	782	782	33	178	283	2,501	4,559	-	-	-	4,559
Food and beverage	948	1,256	60	437	1,154	853	4,708	-	-	-	4,708
Insurance	2,234	6,963	558	796	7,550	30,935	49,036	18,347	-	18,347	67,383
Interest	1,531	2,008	104	414	-	46,355	50,412	-	-	-	50,412
Maintenance and repairs	11,874	20,452	576	13,535	751	29,245	76,433	18,085	-	18,085	94,518
National field support	2,555	5,339	270	706	2,797	5,899	17,566	1,156	-	1,156	18,722
Office and other	4,059	6,176	328	799	3,246	19,849	34,457	38,796	-	38,796	73,253
Professional fees	-	-	-	-	-	-	-	143,245	-	143,245	143,245
Program supplies	1,934	2,318	304	1,762	2,065	32,543	40,926	-	81	81	41,007
Rental expenses	-	-	-	-	-	250	250	3,406	-	3,406	3,656
Taxes and licenses	994	1,552	67	268	-	2,633	5,514	3,256	-	3,256	8,770
Telephone	-	-	-	-	-	3,028	3,028	7,112	-	7,112	10,140
Travel and conferences	56	227	4	15	80	70	452	1,364	-	1,364	1,816
Utilities	8,942	11,723	606	2,415	-	13,542	37,228	20,867	-	20,867	58,095
Vehicle expense	-	-	-	-	-	2,295	2,295	50	-	50	2,345
Total expenses	\$ 200,384	\$ 262,694	\$ 13,588	\$ 55,193	\$ 109,468	\$ 847,923	\$ 1,489,250	\$ 423,912	\$ 79,298	\$ 503,210	\$ 1,992,460

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Program Services						Supporting Services			Total Expenses	
	Wellness	Aquatics	Sports and Recreation	Skate Park	Camp	Child Care	Total	Management and General	Fund Raising		Total
Personnel costs:											
Salaries and payroll taxes	\$ 166,168	\$ 168,925	\$ 6,678	\$ 20,413	\$ 75,920	\$ 420,359	\$ 858,463	\$ 227,642	\$ 81,504	\$ 309,146	\$ 1,167,609
Benefits	16,785	18,181	380	3,711	4,527	50,136	93,720	38,636	4,145	42,781	136,501
Total personnel costs	182,953	187,106	7,058	24,124	80,447	470,495	952,183	266,278	85,649	351,927	1,304,110
Advertising and printing	9,216	9,211	484	1,222	2,801	327	23,261	840	-	840	24,101
Contract services	-	-	-	-	13,778	918	14,696	-	-	-	14,696
Depreciation	44,093	27,988	3,344	1,768	19,671	46,189	143,053	3,542	-	3,542	146,595
Employee development	692	1,713	23	55	289	1,603	4,375	14	-	14	4,389
Food and beverage	753	990	40	131	1,114	1,758	4,786	25	-	25	4,811
Insurance	3,886	9,591	855	1,031	10,578	36,026	61,967	20,967	-	20,967	82,934
Interest	990	989	52	119	259	39,254	41,663	-	-	-	41,663
Maintenance and repairs	18,034	22,505	772	2,197	3,965	25,110	72,583	18,522	-	18,522	91,105
National field support	4,941	7,558	513	801	3,938	10,445	28,196	-	-	-	28,196
Office and other	8,714	7,398	323	789	4,969	19,421	41,614	52,850	-	52,850	94,464
Professional fees	-	-	-	-	-	-	-	44,239	-	44,239	44,239
Program supplies	3,291	3,382	1,155	2,560	4,743	12,802	27,933	-	1,714	1,714	29,647
Rental expenses	1,700	1,700	89	204	5,437	386	9,516	-	-	-	9,516
Taxes and licenses	1,337	1,586	70	161	350	2,730	6,234	2,801	-	2,801	9,035
Telephone	-	-	-	-	-	3,141	3,141	7,329	-	7,329	10,470
Travel and conferences	1,489	1,042	49	112	419	1,993	5,104	2,960	-	2,960	8,064
Utilities	13,951	13,945	733	1,676	3,657	15,820	49,782	19,136	-	19,136	68,918
Vehicle expense	16	16	22	2	196	3,612	3,864	156	-	156	4,020
Total expenses	\$ 296,056	\$ 296,720	\$ 15,582	\$ 36,952	\$ 156,611	\$ 692,030	\$ 1,493,951	\$ 439,659	\$ 87,363	\$ 527,022	\$ 2,020,973

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 287,831	\$ 531,844
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	136,175	146,595
Amortization of debt issuance costs	2,410	2,410
Changes in operating assets and liabilities:		
Accounts receivable	4,448	(24,810)
Unconditional promises to give	(94)	508
Prepaid expenses	(5,876)	210
Other assets	5,788	(20,092)
Accounts payable	(31,632)	13,644
Accrued expenses	<u>9,119</u>	<u>2,816</u>
Net cash provided by operating activities	<u>408,169</u>	<u>653,125</u>
Cash flows from investing activities:		
Proceeds from (purchase of) of certificates of deposit	508,573	(515,551)
Acquisitions of property and equipment	<u>(51,666)</u>	<u>(53,112)</u>
Net cash provided by (used in) investing activities	<u>456,907</u>	<u>(568,663)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	232,970	-
Principal payments on long-term debt	<u>(20,221)</u>	<u>(22,933)</u>
Net cash provided by (used in) financing activities	<u>212,749</u>	<u>(22,933)</u>
Increase in cash and cash equivalents	1,077,825	61,529
Cash and cash equivalents at beginning of year	<u>464,677</u>	<u>403,148</u>
Cash and cash equivalents at end of year	<u>\$ 1,542,502</u>	<u>\$ 464,677</u>
Supplemental cash flow disclosure:		
Interest paid	<u>\$ 46,355</u>	<u>\$ 39,255</u>

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of Organization

The Young Men's Christian Association of the Palm Beaches, Inc. (YMCA or Organization) is a Florida not-for-profit entity, which was incorporated on December 30, 1946. The YMCA was organized to promote the spiritual, mental, social and physical welfare of all people, especially for residents of Palm Beach County, Florida. The YMCA is a member of the YMCA of the USA, a world-wide not-for-profit organization. Each member YMCA is autonomous.

Description of program services

The following are the descriptions of the program services provided by the YMCA:

Health and wellness- Provides aerobic instruction, rehabilitative programs, and a fitness facility for its members and guests. The fitness facility includes personal training weight training, aerobic machines and offers such programs as tae kwon do and yoga in addition to the traditional aerobic exercise classes.

Aquatics - Provides swim lessons for individuals from infants to senior citizens, specialized swim instruction for disabled individuals, aquatic safety, and lap swimming.

Sports and recreation - Provides group and youth sports training emphasizing teamwork and cooperation, developing good values, and allows young players to enjoy sports in a positive and fun environment. Programs provide basic instruction in team sports such as soccer, basketball, and t-ball. Also provided is a skate park for safe skating, scooting, and biking for youth and adults.

Camp – Provides day camp and Y summer camp recreational activities. Day Camp is provided for preschool and school aged children during the summer, winter and spring holidays, during which time children are exposed to the more creative activities than generally found during the school year. Y summer camp offers a time where they can develop new friendships, explore creativity, and experience new opportunities by engaging in team or individual sports, show their artistic side by participating in arts and crafts or dance, and join in field trips to parks and museums.

Family Life - Offers safe and affordable quality preschool education (VPK), child care, wrap-around, and aftercare for children. Childcare programs encourage a positive environment for youth to engage in developmentally appropriate activities to stimulate their growth intellectually, physically and socially.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions

Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the YMCA. The net assets may be used at the discretion of the YMCA's management and Board of Directors.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Summary of Significant Accounting Policies, Continued

Net assets, continued

Net assets with donor restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time period has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by releasing the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets restricted for acquisition of property or equipment (or less commonly the contribution of those assets directly) are reported as net assets with donor restrictions until the specified assets are placed in service by the Organization, unless the donor provided more specific directions about the period of its use.

Measure of operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the YMCA's ongoing programs and interest and dividends earned on investments. Non-operating activities are limited to other activities considered to be of a more unusual or infrequent nature.

Support and revenue recognition

The Organization recognizes revenue from grants and contracts in accordance with Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which the resource provider is receiving commensurate value in return for the resources transferred, (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies the guidance under ASC 606.

If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Revenue from grants and contracts is recognized when earned, that is, generally as the related costs are incurred under the terms of the grant or contract agreements. Amounts expended in advance of reimbursements, if any, are reported as government grants receivable.

Contributions, including unconditional promises (pledges) to give, are recognized as revenue in the period the contribution or promise is received or made. All contributions are available for unrestricted use unless specifically restricted by the donor.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Summary of Significant Accounting Policies, Continued

Support and revenue recognition, continued

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are received, or ownership of other assets is transferred to the Organization. Bequests are recorded as support at the time the Organization has an established right to the bequest and proceeds are measurable.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied at a point in time is generally recognized when services are provided and the Organization does not believe it is required to provide additional goods or service related to those services.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications.

The Organization reports donations of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained; the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated goods include contributions of noncash items. Donated services are reported as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The estimated amount of donated services rendered to the YMCA for the years ended December 31, 2020 and 2019 was \$120,471 and \$40,058, respectively, which is reported as contribution revenue and as management and general expenses in the statements of activities.

Many individuals volunteer their time and perform a variety of tasks that assist the YMCA with specific assistance programs, campaign solicitations, and various committee assignments, but such services are not recorded, because there is no objective basis available to measure the value of such services.

Cash and cash equivalents

Cash and cash equivalents are defined as short-term, highly-liquid investments that are both readily convertible to cash and having original maturities of three months or less. They include petty cash and checking accounts. The Organization maintains its cash and cash equivalents in bank accounts, which may exceed federally insured limits. The Organization has not experienced any losses on such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2020 and 2019, the Organization had accounts exceeding federally insured limits of approximately \$1,304,000 and \$788,000, respectively, including certificates of deposit.

Certificates of deposit

Certificates of deposit are reported at fair value and have original maturities of less than 12 months. The carrying value of certificates of deposit approximates fair value.

Accounts receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts when considered necessary. Management did not consider an allowance necessary at December 31, 2020 and 2019.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Summary of Significant Accounting Policies, Continued

Promises to give

Unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated property and equipment

Donations of property and equipment are reported as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

Absent donor stipulations regarding how long those donated assets must be maintained, the YMCA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The YMCA reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. There were no donations of property and equipment during the years ended December 31, 2020 and 2019.

Property and equipment

Property and equipment is stated at cost and is depreciated using the straight-line method over periods of 3 to 40 years. Additions and betterments which have an economic useful life that extends beyond 12 months and a cost of \$5,000 or more are capitalized.

Impairment of long-lived assets

The carrying value of the YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful, depreciable life may need to be changed. The YMCA considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value.

Fair value of financial instruments

Cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable, and accrued expenses are reflected in the financial statements at fair value because of the short-term maturity of these instruments.

Special events, net of direct expenses

The YMCA conducts special events for the purpose of raising money for annual operations. Special events are recorded when the event takes place. The YMCA had revenues of \$197,679 less related direct expenses of \$62,692 for the year ended December 31, 2020 and revenues of \$282,850 less related direct expenses of \$86,573 for the year ended December 31, 2019.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Summary of Significant Accounting Policies, Continued

Advertising

The YMCA generally uses print and online forms of advertising to promote its programs and community outreach events. Advertising costs are expensed as incurred. Advertising related expenses were \$22,310 and \$24,101 for the years ended December 31, 2020 and 2019, respectively, and are included in advertising and printing in the accompanying statements of functional expenses.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Income taxes

YMCA is a tax-exempt, not-for-profit corporation under Internal Revenue Code (IRC) Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. YMCA files tax returns in the U.S. federal jurisdiction and is no longer subject to U.S. federal tax examinations for years before 2017.

Functional allocation of expenses

The costs of providing the services YMCA offers are summarized on a functional basis in the accompanying statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied.

- Occupancy costs (depreciation, insurance, maintenance and repairs, and utilities) are allocated on a basis of the total costs for each program or supporting activity occupying each building space.
- Telephone, postage, supplies, equipment rental, and other expenses that cannot be directly identified are allocated on a basis of the total costs for each program or supporting activity.

Annually, or more often when new programs are added, the bases on which costs are allocated are evaluated.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of YMCA.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. YMCA generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Summary of Significant Accounting Policies, Continued

New accounting pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to increase transparency and comparability of accounting for lease transactions. The ASU will require all leases to be recognized on the balance sheet as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. In June 2020, the FASB issued ASU 2020-05, which deferred the effective date for one year. Therefore, the guidance is effective beginning January 1, 2022, with early application permitted. The Organization is currently evaluating the effects the update will have on its financial statements.

Note 3 – Availability and Liquidity

Financial assets available for general expenditures within one year of December 31, 2020 and 2019 are as follows:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 1,542,502	\$ 464,677
Certificates of deposit	512,239	1,020,812
Accounts receivable	51,391	55,839
Unconditional promises to give	1,954	1,860
Total financial assets	2,108,086	1,543,188
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	1,237,637	1,000,067
Less: net assets with purpose restrictions to be met within one year	(81,487)	(193,917)
	1,156,150	806,150
Amount available for general expenditures within one year	\$ 951,936	\$ 737,038

YMCA's goal is generally to maintain financial assets to meet its annual operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including cash equivalents. In addition, YMCA has a \$500,000 line of credit available to meet cash flow needs.

Note 4 – Property and Equipment

The following is a summary of property and equipment as of December 31, 2020 and 2019:

	2020	2019
Land and improvements	\$ 936,425	\$ 936,427
Buildings	3,158,134	3,158,135
Furniture and fixtures	116,106	94,304
Equipment	548,609	518,743
	4,759,274	4,707,609
Accumulated depreciation	(3,089,655)	(2,953,480)
	1,669,619	1,754,129
Construction in progress	68,133	68,132
	\$ 1,737,752	\$ 1,822,261

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 4 – Property and Equipment, Continued

Construction in progress represents costs incurred to construct a new skate park. Depreciation expense totaled \$136,175 and \$146,595, respectively, for the years ended December 31, 2020 and 2019.

Note 5 – Line of Credit

The YMCA has a working capital line of credit with a local bank to borrow up to a maximum amount of \$500,000. The maturity date is February 6, 2024. The YMCA's facilities at Congress Avenue in West Palm Beach, Florida have been pledged as collateral. In addition, all rents, leases, revenues, profits and all proceeds from sale or disposition have been assigned as collateral. The interest rate is variable with a minimum interest of 4.50% per annum and no more than the maximum rate allowed by applicable law. At December 31, 2020, the interest rate was 4.50% and there was no outstanding balance.

Note 6 – Long Term Debt

Mortgage Note Payable

In April 2014, the YMCA entered into a construction loan agreement for a total not to exceed \$890,000. During the construction period, payments of interest only were payable monthly. The permanent term was to commence November 1, 2014 for a period of 10-years until November 1, 2024. During the first 5-years of the permanent loan, the interest rate remained at 4.75% per annum. Commencing on December 1, 2014, monthly payments at the applicable rate plus principal payments based on a twenty-five year amortization schedule, payable monthly, are due in arrears on the first day of each month, until the maturity date, at which time all outstanding principal, and accrued interest shall be due and payable. On November 1, 2019, the interest rate was adjusted to a rate equal to the "Prime Rate," as defined, plus 1.25%. At December 31, 2020, the interest rate was 6%.

The YMCA's facilities at Congress Avenue in West Palm Beach, Florida have been pledged as collateral. In addition, all rents, leases, revenues, profits and all proceeds from sale or disposition have been assigned as collateral.

Amortization of the debt issuance costs is reported as interest expense in the statements of activities and statements of functional expenses and amounted to \$2,410 for each of the years ended December 31, 2020 and 2019.

Paycheck Protection Program Loan

During April 2020, the Organization applied and received a loan from an unrelated party lender pursuant to the Paycheck Protection Program (the PPP) under the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), enacted March 27, 2020, in the amount of \$232,970. The PPP Loan to the Organization is included in long-term debt and the related accrued interest in the amount of \$1,647 is included in accrued expenses in the Organization's statement of financial position as of December 31, 2020.

The PPP Loan, which is in the form of a promissory note (the Note) issued by the Organization, matures two years from the date of funding (April 16, 2022) and bears interest at a rate of 1.00% per annum, payable monthly, commencing approximately six months from the PPP Loan (issuance date April 9, 2020). The PPP Loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Proceeds from the PPP Loan are available to the borrower to fund designated expenses, including certain payroll costs, group health care benefits and other permitted expenses, including rent and interest on mortgages and other debt obligations incurred during the covered period which started on the date PPP Loan funds were received and ended 24 weeks after the funding date.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 6 – Long Term Debt, Continued

Paycheck Protection Program Loan, continued

The outstanding balance of long term debt at December 31, was as follows:

	<u>2020</u>	<u>2019</u>
Mortgage note payable	\$ 748,961	\$ 769,181
Paycheck Protection Program Loan	232,970	-
Less: Unamortized debt issuance costs	<u>(9,237)</u>	<u>(11,646)</u>
Total long term debt, net	972,694	757,535
Less: Current maturity	<u>(21,508)</u>	<u>(20,117)</u>
Long-term portion	<u>\$ 951,186</u>	<u>\$ 737,418</u>

The scheduled principal payments (excluding the PPP loan) due in each of the five years subsequent to December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 21,508
2022	22,854
2023	24,283
2024	<u>680,316</u>
Total	<u>\$ 748,961</u>

Subsequent to December 31, 2020, the Organization applied for and received full forgiveness of the PPP loan in the amount of \$232,970 plus accrued interest in the amount of \$2,215.

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Specific purpose:		
Capital campaign and improvements	\$ 1,156,150	\$ 806,150
Programs in future periods	<u>81,487</u>	<u>193,917</u>
Total	<u>\$ 1,237,637</u>	<u>\$ 1,000,067</u>

Note 8 – Net Assets Released from Restrictions

Net assets are released from donor restrictions by incurring costs or expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors. Net assets were released from restrictions for the years ended December 31, 2020 and 2019 for the following purpose:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions:		
Programs	<u>\$ 387,097</u>	<u>\$ 275,527</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PALM BEACHES, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 9 – Retirement Plan

Clerical and professional staff members who meet specified requirements participate in a defined contribution retirement plan administered by the YMCA Retirement Fund. Contributions totaling \$33,456 and \$59,500 for 2020 and 2019, respectively, are included in benefits in the statements of functional expenses. Such contributions were made to the YMCA Retirement Fund based on 12% of the participating employees salaries up to and including June 28, 2020, and revised to a 1% contribution rate for the remainder of the year. A 12% contribution rate was in effect for all of 2019.

Note 10 – Related Party Transactions

The YMCA paid \$17,934 and \$28,201 for the years ended December 31, 2020 and 2019, respectively, to the YMCA of the USA. The amounts are based on a percentage of certain revenue and support.

A company owned by a Board member provided equipment and maintenance to the YMCA for the years ended December 31, 2020 and 2019. The cost of the equipment and maintenance was \$13,860 and \$6,306, respectively.

Note 11 – Pending Sale of Property

During 2019, the YMCA Board of Directors approved a contract to sell the YMCA of the Palm Beaches Edwin W. Brown branch property located in West Palm Beach, Florida and relocate the operations of YMCA to another location in Palm Beach County, Florida. In October 2020, the buyer terminated the Purchase and Sale of Real Property Agreement dated March 26, 2019 by notice to seller dated October 25, 2020 (the "Termination Notice"). As a result, a non-refundable deposit of \$100,000 was released to YMCA and included as other income in the statement of activities for the year ended December 31, 2020. Notwithstanding the Termination Notice, buyer and seller agreed to reinstate the agreement as modified by the terms of an agreement dated December 28, 2020. The contract price is dependent upon approvals by the local government, and the closing is expected to occur after July 31, 2021.

Note 12 – Subsequent Events

On January 12, 2021, YMCA signed a lease agreement with Palm Beach County, Florida (the County) to lease approximately five (5) acres of undeveloped land to relocate the existing YMCA Branch to the land within Lake Lytal Park. The initial lease term is for fifty (50) years with one fifty (50) year extension option. YMCA shall reimburse the County up to 50% of the cost of design and permitting of infrastructure improvements, not to exceed a predetermined amount.

Management evaluated activity of YMCA subsequent to December 31, 2020 through June 14, 2021, the date the financial statements were available to be issued, for events that require recognition in the financial statements or disclosure in the notes thereto.