THE YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA) OF GREATER GRAND RAPIDS

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

BeeneGarter

A DOEREN MAYHEW FIRM

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors
The Young Men's Christian Association (YMCA)
of Greater Grand Rapids
Grand Rapids, Michigan

Opinion

We have audited the accompanying financial statements of The YMCA of Greater Grand Rapids (YMCA), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the YMCA as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the YMCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Financial Statements

The financial statements of the YMCA as of and for the year ended December 31, 2020 were audited by Beene Garter LLP whose report dated May 11, 2021 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the YMCA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 YMCA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the YMCA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2022 on our consideration of the YMCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the YMCA's 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.

Beene Garter

Beene Garter
A Doeren Mayhew Firm
Grand Rapids, MI
April 29, 2022

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	**$ 5,122,699**	$ 2,837,777
Investments	**13,081,383**	6,752,084
Accounts and grants receivable, net of allowance for doubtful accounts of $95,320 and $282,464, respectively	**690,456**	590,113
Pledges receivable, net of allowance	**548,131**	240,335
Other assets	**651,878**	355,877
Property and equipment	**68,642,072**	70,603,290
Beneficial interests in perpetual trusts	**894,446**	827,131
TOTAL ASSETS	**$ 89,631,065**	$ 82,206,607
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	**$ 1,681,275**	$ 1,755,559
Deferred program and membership income	**886,208**	1,106,825
Note Payable	**1,000,000**	-
Obligations under interest rate swaps	**1,887,767**	3,634,794
Bonds payable, net of unamortized financing fees of $511,706 and $583,161, respectively	**38,229,294**	38,157,839
Capital leases	**79,017**	197,907
TOTAL LIABILITIES	**43,763,561**	44,852,924
Net Assets		
Without donor restrictions	**39,776,216**	33,723,580
With donor restrictions	**6,091,288**	3,630,103
TOTAL NET ASSETS	**45,867,504**	37,353,683
TOTAL LIABILITIES AND NET ASSETS	**$ 89,631,065**	$ 82,206,607

See accompanying notes

THE YMCA OF GREATER GRAND RAPIDS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support						
Contributions and grants	$ 3,747,212	$2,994,575	**$ 6,741,787**	$ 3,978,727	$ 1,191,063	**$ 5,169,790**
Paycheck Protection Program	3,602,115	-	**3,602,115**	-	-	**-**
Employee Retention Credit income	2,850,606	-	**2,850,606**	227,746	-	**227,746**
Membership fees	10,653,188	-	**10,653,188**	7,494,547	-	**7,494,547**
Childcare fees	3,787,378	-	**3,787,378**	4,097,979	-	**4,097,979**
Program fees	2,610,159	-	**2,610,159**	1,539,250	-	**1,539,250**
Miscellaneous income	60,160	-	**60,160**	57,285	-	**57,285**
Loss on disposal of property and equipment	(88,200)	-	**(88,200)**	(1,308)	-	**(1,308)**
Investment income	244,133	4,637	**248,770**	292,566	5,304	**297,870**
Interest rate swap adjustment	1,747,027	-	**1,747,027**	(1,664,257)	-	**(1,664,257)**
Change in beneficial interests in perpetual trusts	-	67,315	**67,315**	-	52,086	**52,086**
Net assets released from restrictions	605,342	(605,342)	**-**	966,496	(966,496)	**-**
Total Revenues, Gains, and Other Support	**29,819,120**	**2,461,185**	**32,280,305**	**16,989,031**	**281,957**	**17,270,988**
Expenses						
Program services						
Aquatic program	1,776,881	-	**1,776,881**	1,443,750	-	**1,443,750**
Camping program	1,053,559	-	**1,053,559**	1,008,978	-	**1,008,978**
Child care	8,978,225	-	**8,978,225**	9,461,634	-	**9,461,634**
Physical fitness and wellness	6,063,532	-	**6,063,532**	5,850,048	-	**5,850,048**
Healthy living	2,709,167	-	**2,709,167**	2,514,964	-	**2,514,964**
Total Program Services	**20,581,364**	**-**	**20,581,364**	**20,279,374**	**-**	**20,279,374**
Supporting services						
Management and general	2,829,260	-	**2,829,260**	3,244,165	-	**3,244,165**
Fundraising	355,860	-	**355,860**	348,905	-	**348,905**
Total Supporting Services	**3,185,120**	**-**	**3,185,120**	**3,593,070**	**-**	**3,593,070**
Total Expenses	**23,766,484**	**-**	**23,766,484**	**23,872,444**	**-**	**23,872,444**
INCREASE (DECREASE) IN NET ASSETS	**6,052,636**	**2,461,185**	**8,513,821**	**(6,883,413)**	**281,957**	**(6,601,456)**
NET ASSETS AT BEGINNING OF YEAR	33,723,580	3,630,103	**37,353,683**	40,606,993	3,348,146	**43,955,139**
NET ASSETS AT END OF YEAR	**$39,776,216**	**$6,091,288**	**$45,867,504**	**$33,723,580**	**$ 3,630,103**	**$ 37,353,683**

See accompanying notes

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THE YMCA OF GREATER GRAND RAPIDS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	PROGRAM SERVICES						SUPPORTING SERVICES		
	AQUATIC PROGRAMS	CAMPING PROGRAMS	CHILD CARE	PHYSICAL FITNESS & WELLNESS	HEALTHY LIVING	TOTAL	MANAGEMENT & GENERAL	FUND RAISING	TOTAL EXPENSES
SALARIES & WAGES	$ 871,421	$ 351,115	$ 3,769,997	$ 2,635,495	$ 1,709,157	$ 9,337,185	$ 1,338,797	$ 289,857	**$ 10,965,839**
EMPLOYEE BENEFITS	21,351	20,032	321,790	117,731	137,491	618,395	73,715	6,211	**698,321**
PAYROLL TAXES	68,916	26,235	281,187	195,160	140,869	712,367	89,160	16,243	**817,770**
CONTRACTED SERVICES	64,402	38,095	353,928	206,072	12,204	674,701	512,682	22,894	**1,210,277**
SUPPLIES	48,109	142,236	531,540	246,197	230,511	1,198,593	9,013	429	**1,208,035**
TELEPHONE	13,228	13,373	76,947	42,559	9,887	155,994	14,742	222	**170,958**
POSTAGE & SHIPPING	64	1,264	655	131	316	2,430	27,246	1,966	**31,642**
OCCUPANCY	227,159	136,772	1,347,202	786,517	89,542	2,587,192	203,589	-	**2,790,781**
EQUIPMENT	4,198	5,930	28,764	15,422	11,813	66,127	14,424	57	**80,608**
ADVERTISING & PRINTING	1,713	1,507	16,471	6,169	2,146	28,006	244,418	3,774	**276,198**
TRAVEL & EMPLOYEE EXPENSES	3,309	51,885	31,095	9,252	39,892	135,433	17,289	726	**153,448**
CONFERENCES & MEETINGS	6,315	2,571	26,677	6,456	19,637	61,656	8,667	808	**71,131**
BAD DEBT EXPENSE	-	-	-	-	-	-	(110,017)	-	**(110,017)**
ORGANIZATIONAL DUES & SUPPORT	20,304	18,880	106,852	69,038	29,604	244,678	17,367	530	**262,575**
AWARDS & GRANTS	(15,692)	(6,987)	(55,831)	(81,867)	217,631	57,254	(21,829)	(2,623)	**32,802**
FINANCING COSTS	151,221	17,615	747,450	768,968	1,187	1,686,441	22,531	-	**1,708,972**
INSURANCE	11,786	17,525	60,238	40,211	17,788	147,548	54,783	14,690	**217,021**
MISCELLANEOUS EXPENSES	79	60	406	49,763	43	50,351	2,082	1	**52,434**
DEPRECIATION & AMORTIZATION	278,835	212,433	1,330,756	949,491	39,448	2,810,963	195,615	-	**3,006,578**
INKIND EXPENSE	163	3,018	2,101	767	1	6,050	114,986	75	**121,111**
SPECIAL EVENT EXPENSE	-	-	-	-	-	-	-	56,271	**56,271**
TOTAL EXPENSE	**1,776,881**	**1,053,559**	**8,978,225**	**6,063,532**	**2,709,167**	**20,581,364**	**2,829,260**	**412,131**	**23,822,755**
LESS EXPENSES INCLUDED WITH REVENUES ON THE STATEMENT OF ACTIVITIES SPECIAL EVENT EXPENSES	-	-	-	-	-	**-**	-	(56,271)	**(56,271)**
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	**$ 1,776,881**	**$ 1,053,559**	**$ 8,978,225**	**$ 6,063,532**	**$ 2,709,167**	**$ 20,581,364**	**$ 2,829,260**	**$ 355,860**	**$ 23,766,484**

See accompanying notes

THE YMCA OF GREATER GRAND RAPIDS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	PROGRAM SERVICES						SUPPORTING SERVICES		
	AQUATIC PROGRAMS	CAMPING PROGRAMS	CHILD CARE	PHYSICAL FITNESS & WELLNESS	HEALTHY LIVING	TOTAL	MANAGEMENT & GENERAL	FUND RAISING	TOTAL EXPENSES
SALARIES & WAGES	$ 664,401	$ 356,879	$ 3,976,648	$ 2,339,391	$ 1,579,353	**$ 8,916,672**	$ 1,594,621	$ 294,969	**$ 10,806,262**
EMPLOYEE BENEFITS	55,830	58,046	462,136	244,871	147,541	**968,424**	175,397	12,902	**1,156,723**
PAYROLL TAXES	62,489	34,302	334,875	222,168	124,201	**778,035**	139,902	13,737	**931,674**
CONTRACTED SERVICES	55,781	25,911	396,426	223,589	20,733	**722,440**	317,724	2,928	**1,043,092**
SUPPLIES	30,396	114,434	412,347	201,830	213,075	**972,082**	18,588	185	**990,855**
TELEPHONE	10,223	13,811	75,165	42,972	12,800	**154,971**	20,407	1,060	**176,438**
POSTAGE & SHIPPING	234	1,449	1,428	927	1,673	**5,711**	11,742	1,056	**18,509**
OCCUPANCY	155,751	95,861	1,148,883	665,013	75,307	**2,140,815**	234,245	-	**2,375,060**
EQUIPMENT	5,155	4,802	31,676	19,998	8,216	**69,847**	15,021	36	**84,904**
ADVERTISING & PRINTING	1,639	2,052	15,108	7,203	3,860	**29,862**	284,501	1,449	**315,812**
TRAVEL & EMPLOYEE EXPENSES	1,742	49,018	35,237	10,942	45,024	**141,963**	17,226	498	**159,687**
CONFERENCES & MEETINGS	2,447	1,934	25,413	789	5,455	**36,038**	6,792	1,651	**44,481**
BAD DEBT EXPENSE	-	-	-	-	-	**-**	194,945	-	**194,945**
ORGANIZATIONAL DUES & SUPPORT	15,365	18,927	109,293	62,956	24,936	**231,477**	24,243	25	**255,745**
AWARDS & GRANTS	(5,408)	-	27,557	(32,356)	199,289	**189,082**	(149,516)	-	**39,566**
FINANCING COSTS	123,027	6,447	803,941	759,153	6,555	**1,699,123**	42,322	-	**1,741,445**
INSURANCE	9,042	6,319	59,260	36,640	15,752	**127,013**	48,377	9,261	**184,651**
MISCELLANEOUS EXPENSES	102	64	808	395	108	**1,477**	2,287	1	**3,765**
DEPRECIATION & AMORTIZATION	255,148	206,522	1,542,516	1,041,569	30,133	**3,075,888**	223,121	-	**3,299,009**
INKIND EXPENSE	386	12,200	2,917	1,998	953	**18,454**	22,220	9,147	**49,821**
SPECIAL EVENT EXPENSE	-	-	-	-	-	**-**	-	24,048	**24,048**
TOTAL EXPENSE	**1,443,750**	**1,008,978**	**9,461,634**	**5,850,048**	**2,514,964**	**20,279,374**	**3,244,165**	**372,953**	**23,896,492**
LESS EXPENSES INCLUDED WITH REVENUES ON THE STATEMENT OF ACTIVITIES									
SPECIAL EVENT EXPENSES	-	-	-	-	-	**-**	-	(24,048)	**(24,048)**
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	**$ 1,443,750**	**$ 1,008,978**	**$ 9,461,634**	**$ 5,850,048**	**$ 2,514,964**	**$ 20,279,374**	**$ 3,244,165**	**$ 348,905**	**$ 23,872,444**

See accompanying notes

Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Increase (decrease) in net assets	**$ 8,513,821**	$ (6,601,456)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	**3,006,578**	3,299,009
Amortization of financing fees included in interest expense	**71,455**	71,455
Interest rate swap adjustment	**(1,747,027)**	1,664,257
Contributions restricted for endowment and capital purposes	**(1,429,396)**	(388,354)
Provision for doubtful accounts and pledges receivable	**27,784**	194,946
Recovery of doubtful accounts	**(137,801)**	-
Loss on disposal of property and equipment	**88,200**	1,308
Net realized and unrealized loss (gain) on investments	**211,160**	(20,908)
Unrealized gain on beneficial interests in perpetual trusts	**(67,315)**	(52,086)
Changes in operating assets and liabilities		
Accounts receivable	**(128,127)**	(105,844)
Pledges receivable	**154,251**	268,912
Other assets	**(296,001)**	76,096
Accounts payable and accrued expenses	**(122,147)**	454,509
Deferred program and membership income	**(220,617)**	(415,977)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**7,924,818**	(1,554,133)
Cash Flows from Investing Activities		
Proceeds from sale of investments	**3,272,705**	5,103,086
Purchase of investments	**(9,813,164)**	(5,674,007)
Additions to property and equipment	**(1,086,697)**	(485,071)
Proceeds from sale of property and equipment	**1,000**	3,245
NET CASH USED BY INVESTING ACTIVITIES	**(7,626,156)**	(1,052,747)

See accompanying notes

Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Financing Activities		
Proceeds from note payable	**$ 1,000,000**	$ -
Principal payments on bonds payable	**-**	(733,000)
Payments on capital lease obligations	**(118,890)**	(192,233)
Proceeds from contributions restricted for endowment and capital purposes	**1,105,150**	491,437
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**1,986,260**	(433,796)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,284,922**	(3,040,676)
Cash and Cash Equivalents at Beginning of Year	**2,837,777**	5,878,453
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 5,122,699**	$ 2,837,777
Supplemental Information		
Cash paid for interest expense	**$ 1,319,472**	$ 1,354,278
Non-Cash Transactions		
Property and equipment included in accounts payable	**$ 78,503**	$ 30,640

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The YMCA of Greater Grand Rapids (YMCA) strives to be West Michigan's leading nonprofit strengthening communities through youth development, healthy living, and social responsibility. Through our seven branch locations, YMCA Camp Manitou-Lin, Child Development Centers and child care programs, and over 100 community program sites, the YMCA is committed to improving the health and well-being of children, individuals, and families throughout our community.

With a mission to put Christian principles into practice through programs that build a healthy spirit, mind, and body for all, our impact is felt when an individual makes a healthy choice, when a mentor inspires a child, and when a community comes together for the common good.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and on deposit as well as highly liquid investments purchased with a maturity of three months or less.

The YMCA places its cash with federally insured financial institutions. The YMCA had cash balances that exceeded the federally insured limits at December 31, 2021 and 2020 and throughout the year.

Cash restricted for long-term purposes was $966,887 and $326,467 at December 31, 2021 and 2020, respectively.

Investments

Investments are reported at fair value, as disclosed in Note 3. Investments received as donations are recorded initially at fair value on the date of receipt. Net investment income/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Fair Value Measurements and Disclosures

U.S. generally accepted accounting principles establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The YMCA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Accounts and Grants Receivable

Accounts receivable and fee for service grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Fee for service grant revenue is recognized under the terms of each grant, typically when expenditures are made or service is provided.

Pledges Receivable

Unconditional pledges receivable are recognized as revenue in the period the pledge is made and as assets, decreases of liabilities or expenses depending on the form of the benefits to be received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give.

Unconditional pledges expected to be collected in periods in excess of one year are recognized at the discounted net present value of the estimated future cash flows at the time the pledge is received using discount rates that approximate U.S. Treasury rates in effect at the time the pledge revenues are recognized. The change in the present value due to the passage of time is recognized as contribution revenue. Management annually reviews these assets to determine the net realizable value of the pledge. The discount to present value for long-term pledges receivable was not material to record for the years ended December 31, 2021 and 2020.

Property and Equipment and Depreciation

Property and equipment additions are recorded at cost or, if donated, at the fair market value on the date of the gift. Donations of property and equipment are recorded as support at estimated fair value at the time received. The YMCA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management annually reviews assets to determine whether carrying values have been impaired. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset’s fair value. No such losses were recognized during 2021 and 2020.

Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. The YMCA capitalizes, at cost, all expenditures for fixed assets in excess of $1,500, including bulk purchases. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range generally from 3 to 40 years, except for equipment acquired by federal grant funds, which is depreciated over the term of the grant.

Capitalized Interest

Interest costs related to borrowings necessary for the completion of new facilities are capitalized during the construction period, and are subsequently depreciated over the estimated useful life of the facility.

Financing Fees

Bond financing fees are capitalized and amortized over the life of the related bonds. Financing fees are shown as a reduction of the carrying amount of the debt. Amortization of the fees is reported as interest expense on the statement of activities.

Derivative Instruments

The YMCA uses derivatives to manage risks related to interest rate movements. Under FASB ASC 815-20, the YMCA assumes there is no hedge ineffectiveness and applies the simplified hedge accounting approach for all interest rate swaps meeting those criteria. In addition, the YMCA measures the swap using settlement value rather than fair value. Material gain or loss on the effective portion of the hedge is included in the statement of activities. The YMCA documents its risk management strategy and hedge effectiveness at the inception of and during the term of each hedge. The YMCA's interest rate risk management strategy is to stabilize cash flow requirements by maintaining interest rate swap contracts to convert variable-rate debt to a fixed rate. The YMCA does not use derivative instruments for speculative purposes.

Net Assets

The financial statements of the YMCA have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the YMCA to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for purposes as described in Note 9.

- Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. The YMCA reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor-restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

The YMCA recognizes revenue from contracts with customers through four primary revenue streams including membership fees, program fees, childcare fees and sales of goods. Fees are payable prior to the start of the applicable service period. Revenue is recognized evenly over the service period. Deferred program and membership income (contract liabilities) on the statement of financial position represents payments received from members for which the service period has not yet occurred. These revenues are recognized as earned over the life of the membership or program. The YMCA also records unearned revenues in the event of funds received from reimbursable grant agreements prior to the expenditure of grant funds. Revenue is recognized as funds are expended.

The following table summarizes the YMCA's disaggregated revenue based on timing of revenue recognition:

	2021	2020
Revenue recognized over time (fees for service)	**$ 16,596,391**	$ 12,937,112
Revenue recognized at a point in time (sale of goods)	**454,334**	194,664
Revenue from contracts with customers	**$ 17,050,725**	$ 13,131,776

Contributions

Contributions are reported as revenue when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until conditions on which they depend have been substantially met. Special events revenue of $221,616 and $149,852 net of direct expenses of $56,271 and $24,048 has been included in contributions and grants on the statement of activities for the years ended December 31, 2021 and 2020, respectively.

Employee Retention Credit

Under provisions of the CARES Act signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the YMCA was eligible for a refundable employee retention credit (ERC) subject to certain criteria. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and slightly expanded the qualified wage caps on these credits through the expiration date of September 30, 2021. Based on these additional provisions, the tax credit is equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter.

The YMCA recognized $2,850,606 and $227,746 of ERC during the years ended December 31, 2021 and 2020, respectively. For 2021, $2,850,606 is included in the statement of activities and changes in net assets. For 2020, $227,746 is included in the statement of activities and changes in net assets. ERCs claimed and not received prior to year-end in the amount of $227,746 are expected to be settled shortly and are included within accounts receivable in the statement of net position.

The accounting policy used for the ERC was the contribution model.

Donated Services

Each year numerous volunteers donate a significant amount of time supporting the YMCA's programs and activities. Management estimates that volunteers contributed approximately 9,800 and 13,000 hours of service during 2021 and 2020, respectively. These contributions, although clearly substantial, are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Internal Revenue Service has determined the YMCA is exempt from income taxes under provisions of Code Section 501(c)(3). In addition, the YMCA qualifies for charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Tax positions taken are assessed for uncertainty and a provision may be recorded if a tax position is not likely to be sustained upon examination.

Advertising

The YMCA expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2021 and 2020 were approximately $276,000 and $316,000, respectively.

Subsequent Events

Management has evaluated significant events or transactions occurring subsequent to December 31, 2021 for potential recognition or disclosure in these financial statements. The evaluation was performed through April 29, 2022 the date the financial statements were available for issuance. Subsequent event disclosures are provided in Note 5.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make 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 income and expenses during the reporting period. Actual results could differ from those estimates. It is at least reasonably possible that the estimates used in calculating the accounts receivable and pledge receivable allowances and deferred income could change over the course of the next year.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires organizations to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for annual periods beginning after December 15, 2021.

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326). The main provisions of this pronouncement include requiring financial assets to be presented at the net amount expected to be collected utilizing an allowance for credit losses. The ASU is effective for annual periods beginning after December 15, 2022.

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. Upon implementation of this guidance, contributed nonfinancial assets will be presented as a separate line item in the statement of activities. Added disclosures will provide information to describe the nature of the assets, how they are valued, the intended use, and donor restrictions attached to the gift (if any). The purpose of this update is to increase transparency. This ASU is effective for annual periods beginning after June 15, 2021. It will be implemented retrospectively.

Management is currently evaluating the impact this guidance will have on its financial statements.

NOTE 2 - LIQUIDITY

The YMCA's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2021	2020
Cash and cash equivalents	**$ 4,051,232**	$ 2,413,257
Accounts receivable	**690,456**	590,113
Pledges receivable	**131,641**	110,058
Investment spending-rate distributions	**284,046**	125,200
	$ 5,157,375	$ 3,238,628

As part of the YMCA's liquidity management plan, certain funds are invested according to a board approved investment policy which provides for a 3% distribution to supplement operations. These anticipated distributions are included above.

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows at December 31:

	2021			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	$ 502,816	$ 502,816	$ -	$ -
Equities				
Financial	1,222,475	1,222,475	-	-
Asset backed securities	57,291	57,291	-	-
Mutual Funds				
Financial Services	321,842	321,842	-	-
Exchange-Traded Products	2,299,097	2,299,097	-	-
Corporate Bonds	8,677,862	8,677,862	-	-
Total investments	13,081,383	13,081,383	-	-
Beneficial Interests in Perpetual Trusts	894,446	-	-	894,446
	$ 13,975,829	$ 13,081,383	$ -	$ 894,446

	2020			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	$ 1,381,318	$ 1,381,318	$ -	$ -
Equities				
Financial	49,312	49,312	-	-
Asset Backed Securities	278,900	278,900	-	-
Corporate Bonds	5,042,554	5,042,554	-	-
Total investments	6,752,084	6,752,084	-	-
Beneficial Interests in Perpetual Trusts	827,131	-	-	827,131
	$ 7,579,215	$ 6,752,084	$ -	$ 827,131

Fair values for investments are determined by reference to quoted market prices generated by market transactions. The beneficial interests in perpetual trusts are valued using other relevant information.

Following is a reconciliation of activity for assets measured at fair value based on significant unobservable (Level 3) information:

	2021	2020
Balance, beginning of year	**$ 827,131**	$ 775,045
Net unrealized gain on perpetual trusts	**67,315**	52,086
Balance, end of year	**$ 894,446**	$ 827,131

NOTE 4 - PLEDGES RECEIVABLE

Unconditional pledges receivable are summarized as follows at December 31:

	2021	2020
Receivable in less than one year	**$ 355,848**	$ 414,416
Receivable in one to five years	**289,535**	61,733
Less allowance for doubtful pledges	**(97,252)**	(235,814)
Net Unconditional Pledges Receivable	**$ 548,131**	$ 240,335

Pledges from the three largest donors comprise approximately 58% and 55% of gross pledges receivable at December 31, 2021 and 2020.

NOTE 5 - PROPERTY AND EQUIPMENT

Major classes of property and equipment at December 31 consist of the following:

	2021	2020
Land and land improvements	**$ 10,995,587**	$ 10,995,587
Buildings and leasehold improvements	**80,957,622**	80,711,986
Equipment	**13,717,703**	13,752,951
Artwork	**194,801**	194,801
Construction in progress	**1,689,971**	1,159,543
Total Property and Equipment	**107,555,684**	106,814,868
Less accumulated depreciation	**(38,913,612)**	(36,211,578)
Net Property and Equipment	**$ 68,642,072**	$ 70,603,290

Construction in progress relates to the expansion of a YMCA branch and IT upgrades that are ongoing as of December 31, 2021. An architectural contract for the expansion projects was $147,000 with $32,000 remaining as of December 31, 2021. Subsequent to year end, the construction contract was signed for approximately $1,828,000. The contract for IT upgrades was $228,000, with $179,000 remaining as of December 31, 2021. This contract does not include IT equipment.

NOTE 6 - NOTE PAYABLE

During 2021, the Y secured a $1,000,000 note payable with a local foundation. Interest accrues at 3%. Semi-annual interest only payments of $15,000 begin September 1, 2021 and continue through September 1, 2022. The annual maturities of the note are as follows:

Years ending December 31:

2022	$ -
2023	157,958
2024	167,578
2025	177,784
2026	191,721
Thereafter	304,959
	$ 1,000,000

NOTE 7 - BONDS PAYABLE

Bond obligations were issued through the Michigan Strategic Fund administered through a Master Trustee. The bonds were sold as multi-modal limited obligation revenue and revenue refunding bonds were purchased by two sophisticated investors. These investors merged in 2021. The bonds bear interest at variable rates and are secured by their respective pro-rata interests in a Master Indenture, which is secured by a mortgage on a majority of real property, personal property, and capital campaign pledge receivables. Principal and interest is payable in monthly installments throughout the life of the bonds. Due to disruptions associated with the COVID-19 pandemic, principal payments during a portion of 2020, as well as those scheduled for 2021 were deferred. Principal payments resume in January 2022.

Bonds payable at December 31 consist of the following:

	2021	2020
$25,000,000- 2016 multi-modal limited obligation revenue and revenue refunding bond issued with a variable interest rate margined upon a product of LIBOR (effective rate of 1.21% as December 31, 2021), due in monthly installments ranging from $73,500 to $132,012 through 2026	**$ 22,315,500**	$ 22,315,500
$9,225,000- 2016 multi-modal limited obligation revenue and revenue refunding bond issued with a variable interest rate margined upon a product of LIBOR (effective rate of 1.38% at December 31, 2021), due in monthly installments ranging from $27,000 to $48,375 through 2026	**8,244,000**	8,244,000
$8,828,500 - 2018 multi-modal limited obligation revenue and revenue refunding bond issued with a variable interest rate margined upon a product of LIBOR (effective rate of 1.38% at December 31, 2021), due in monthly installments ranging from $27,000 to $48,375 through 2026	**8,181,500**	8,181,500
	38,741,000	38,741,000
Less: Unamortized financing fees	**(511,706)**	(583,161)
	$ 38,229,294	$ 38,157,839

Future maturities of bonds payable are as follows:

Years ending December 31:

2022	$ 2,103,596
2023	2,414,144
2024	2,473,644
2025	2,028,116
2026	1,824,500
Thereafter	27,897,000
	$ 38,741,000

To hedge against interest rate risk of changes in variable interest rates, the YMCA entered into three interest rate swap contracts (the swaps) with the bank. The swaps have declining notional values matching the outstanding bond principal over time. The YMCA pays interest on the notional values at a synthetic fixed rate on the outstanding bond balance and receives interest on the notional values at the interest rates discussed above. The effect of the swaps is to convert the variable interest rate bonds to fixed-rate debt.

The carrying amount of the interest rate swap contracts are measured at contract value on a recurring basis and are considered Level 2 in the fair value hierarchy. The settlement amounts are estimated as the present value of expected future cash flows discounted at the rate in the swap contract. The YMCA believes the settlement amounts are the best representation of the fair value of the swap and has adjusted the carrying amount to the settlement amounts at December 31, 2021. During 2021 and 2020, the fair value of the liability under the swaps decreased by $1,747,027 and increased by $1,664,257, respectively, which has been reflected in the accompanying statements of activities. At December 31, 2021 and 2020, the fair value of the obligations under the interest rate swaps was $1,887,767 and $3,634,794, respectively.

The bond provisions contain covenants pertaining to the maintenance of liquidity, debt to fund balance (net asset) ratios, and cash flow coverage ratios.

NOTE 8 - CAPITAL LEASE OBLIGATIONS

The YMCA financed equipment under capital lease obligations with financing institutions. The equipment has been capitalized at $637,496 and accumulated depreciation was $405,302 and $279,134 at December 31, 2021 and 2020, respectively. The leases require total monthly payments of $11,666, with interest rates ranging from 3.48% to 12.10% expiring at various dates through January 2023.

Minimum future payments are as follows:

Years ending December 31:	
2022	78,936
2023	2,318
	81,254
Less amount representing interest	(2,237)
Present Value of Minimum Lease Payments	**$ 79,017**

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2021	2020
Capital expenditures for property and equipment	**$ 1,940,457**	$ 1,304,174
Support of specific program operations	**2,000,662**	1,040,824
Funds to be maintained permanently	**1,255,723**	457,974
Beneficial interest in perpetual trusts	**894,446**	827,131
	$ 6,091,288	$ 3,630,103

The YMCA released from restrictions $605,342 for program operations during 2021 and $958,611 for program operations and $7,885 for capital projects during 2020.

NOTE 10 - BOARD DESIGNATED NET ASSETS

The YMCA has approximately $11,767,000 and $5,737,000 board designated for capital improvements at December 31, 2021 and 2020. Annually, the board may designate a portion of operating surplus to add to the capital improvement fund. The board approves withdrawals from this fund for capital acquisitions, improvements, and debt consolidation. In addition, this fund is subject to a board approved investment policy and is invested on a long-term basis. The investment policy objective sets an annual 3% spending rate of the trailing twelve quarter average of the market values of its assets. This 3% spending rate is designated to support the operations of the YMCA.

NOTE 11 - ENDOWMENT FUND

The YMCA's long-term restricted investments that comprise its endowment consist of funds held at one financial institution, established by donors to support programs and operations of the YMCA.

The YMCA follows guidance provided by the Financial Accounting Standards Board (FASB) issued to determine the accounting treatment and disclosure of funds held in endowment and subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission and enacted by the State of Michigan in September 2009 that serves as a guideline for states to use in enacting legislation.

The beneficial interests disclosed in Note 12 are not legally subject to UPMIFA because the YMCA does not have the ability to control the investments and the spending policies of these assets.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the State Prudent Management of Institutional Funds Act (SPMIFA) requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies that resulted in the invasion of the principal balance for the years ended December 30, 2021 and 2020.

Spending Policy

The YMCA's spending policy helps to ensure the long-term growth of the endowment and that consistent and predictable distributions to programs supported by its endowment whiles seeking to maintain the purchasing power of the endowment assets. The spending policy is set at 3% of trailing twelve-quarter average of the market value of its assets. Funds are spent in accordance with the original donor intent.

Interpretation of Relevant Law

The YMCA has interpreted SPMIFA to require the preservation of the fair value of the original gift as of the gift date for funds with donor restrictions, absent explicit donor stipulations to the contrary. If the gift is restricted in perpetuity, the remaining portion of the endowment fund with donor restrictions that is not restricted in perpetuity 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 SPMIFA. In accordance with SPMIFA, the YMCA will consider the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

a) The duration and preservation of the fund
b) The purposes of the YMCA and the funds subject to donor restriction
c) General economic conditions
d) The possible effect of inflation and deflation
e) The expected total return from income and appreciation of investments
f) Other resources of the YMCA
g) The investment policies of the YMCA

Changes in the endowment net assets are as follows:

	With Donor Restrictions
Net Assets - January 1, 2020	**$ 452,670**
Increase in cash surrender value of life insurance	5,304
Net Assets - December 31, 2020	**457,974**
Contributions 2021	793,112
Increase in cash surrender value of life insurance	4,637
Net Assets - December 30, 2021	**$ 1,255,723**

NOTE 12 - BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The YMCA is the income beneficiary of several third party perpetual trusts administered by a bank. The aggregate market values of the trusts were $2,359,132 and $2,175,240 at December 31, 2021 and 2020, respectively. The YMCA's participation in the income of each trust ranges from 20% to 50%. The trusts are being maintained in perpetuity, so the assets will not be distributed to the YMCA. The YMCA will receive a perpetual cash flow of income from these trusts. The value of the beneficial interests in perpetual trusts is measured as the YMCA's share of the fair value of underlying assets. Distributions received from trusts are recorded as unrestricted investment income. Adjustments in the values of the beneficial interests are recorded as changes in permanently restricted net assets in the statement of activities.

NOTE 13 - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include Community Engagement, Corporate Membership and Program and Business Service Center. The Corporate Membership and Program category includes expenses such as salaries and benefits, national council support and general insurance. These expenses are allocated based on taking total program expense by category (Aquatic, Camping, Child Care, Physical Fitness & Wellness, Healthy Living) and dividing it by total program expense for the location. This percentage by category is then applied against the allocated expenses to spread the branch overhead expense to the programs. Management and general expenses include the following departments: Corporate, Marketing, Human Resources, Information Technology and Finance/Accounting. Fund Raising includes Financial Development. Selected executive salaries and benefits are allocated to the fundraising category based on historical patterns which was 12.6% in 2021 and 14% in 2020.

NOTE 14 - RETIREMENT PLAN

The YMCA participates in The YMCA Retirement Fund Retirement Plan (Plan), a defined contribution, money purchase retirement plan administered by the YMCA Retirement Fund (Fund). The Fund is a multi-employer plan that provides retirement benefits under Section 401(a) of the Internal Revenue Code (Code) to employees of Ys throughout the United States. The Plan covers substantially all full-time employees who attain age 21 and have two years of service with the YMCA. Contributions to the Plan by the YMCA were equal to 9% of employee compensation from January 2020 to June 2020, 1% from July 2020 to June 2021 and 4% from July 2021 to December 2021. Participants are fully vested in all Y contributions.

Retirement contributions totaled approximately $177,000 and $313,000 for the years ended December 31, 2021 and 2020, respectively. Additionally, the YMCA participates in The YMCA Retirement Fund Tax-Deferred Savings Plan which allows plan participants to make voluntary contributions on an after-tax or tax deferred basis under Section 403(b)(9) of the Code, subject to applicable Internal Revenue Service regulations.

NOTE 15 - RISKS AND UNCERTAINTIES

Investments, Including Beneficial Interests in Trusts

The YMCA holds investment securities and beneficial interests in certain trusts. Such investments are exposed to various risks such as fluctuation in interest rate, the securities market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Risks Related to Impact of Health Epidemic

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic significantly impacted the economic conditions in the U.S and globally throughout 2020 and 2021. While many industries have returned to normal operating conditions, there is still uncertainty around future outbreaks and related economic effects. The YMCA has been impacted by Michigan's Executive Orders, and related statewide restrictions. Management anticipates continued disruptions in the YMCA's operations; however, given the uncertainty of the lasting effect of this outbreak, the financial impact to the YMCA cannot be determined.

The operating loss suffered by the YMCA during 2021 is largely the result of the economic circumstances relating to the pandemic restrictions. Proceeds of $3,600,000 from the Payroll Protection Program provided a level of relief in 2021, along with receipt of $2,800,000 in Employee Retention Tax Credits and a $1,000,000 grant from a local foundation. These funding streams supported the cash flow position so that we can carry out the Y mission in 2021 and support an unrestricted deficit budget of $2,500,000 in 2022. The YMCA is working diligently in 2022 to continue to provide programs and services in a safe manner to members during the continued pandemic period and intends to make the necessary changes to these programs as members and constituents slowly return back to the Y.

Paycheck Protection Program Loan

In 2021, the YMCA secured a note payable with a bank and the U.S. Small Business Administration for $3,602,115. The note was obtained pursuant to the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and Economic Aid Act, with payment and maturity terms as defined in the Acts. Proceeds from the loan were used for qualifying expenses as defined under the Acts. The YMCA applied for forgiveness under the Paycheck Protection Program and received full forgiveness during 2021. The YMCA used the contributions model for recording the PPP loan. Accordingly, the YMCA recorded revenue of $3,602,115 within the statement of activities.

NOTE 16 - CONTINGENCIES AND COMMITMENTS

The YMCA participates in federally funded programs. The programs are subject to the single audit requirements of the Uniform Guidance. The single audit of the federal programs for December 31, 2021 has been conducted and the required reports have been issued. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the YMCA expects such amounts, if any, to be immaterial. Accordingly, no provision has been made for any liabilities that may arise from these circumstances.

In the normal course of its activities, the YMCA may become party to various legal actions. The YMCA purchases commercial insurance to cover substantially all conceivable losses. Management of the YMCA is of the opinion that the outcomes of such actions will not have a material effect on the financial position of the YMCA and, therefore, has not included a reserve for such losses in the accompanying financial statements.

The YMCA has entered into an operational software service agreement for five years with a third party vendor at approximately $325,000 per year. This agreement ends in 2025.

The YMCA has entered into an accounting software service agreement for five years with a third party vendor at approximately $23,000 per year. This agreement ends in 2025.

The YMCA has entered into a Human Resource Information System software service agreement for three years with a third party vendor at approximately $159,000 per year. This agreement ends in 2022.

NOTE 17 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.