

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF
NORTHERN UTAH
(dba YMCA of NORTHERN UTAH)**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**Year Ended December 31, 2019
With Summarized Comparative Information for the
Year Ended December 31, 2018**

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CERTIFIED PUBLIC ACCOUNTANTS

YMCA of NORTHERN UTAH

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**CERTIFIED PUBLIC
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Young Men's Christian Association of Northern Utah
(dba YMCA of Northern Utah)

We have audited the accompanying financial statements of YMCA of Northern Utah (the YMCA) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities and functional expenses for the year ended December 31, 2019, and the statements of cash flows for the years ended December 31, 2019 and 2018 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 YMCA'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 YMCA'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 the YMCA as of December 31, 2019 and 2018 and the related statements of activities and functional expenses for the year ended December 31, 2019, and the statements of cash flows for the years ended December 31, 2019 and 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 4, 2020 on our consideration of YMCA of Northern Utah'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 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 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 YMCA of Northern Utah's internal control over financial reporting and compliance.

Other Matter

The prior year summarized comparative information has been derived from YMCA of Northern Utah's December 31, 2018 financial statements and, in our report dated May 10, 2019, we expressed an unmodified opinion on those financial statements.

ABMC, LLC

September 4, 2020

YMCA of NORTHERN UTAH
Statements of Financial Position
December 31, 2019 and 2018

| | 2019 | 2018 |
|--|--------------|--------------|
| ASSETS | | |
| <u>CURRENT ASSETS</u> | | |
| Cash and cash equivalents | \$ 752,931 | \$ 694,446 |
| Grants and accounts receivable, less allowance for doubtful accounts of \$16,354 and \$16,704, respectively | 473,075 | 489,745 |
| Contributions receivable | 12,650 | 3,618 |
| Prepaid expenses | 29,040 | 19,028 |
| Inventories | 5,069 | 7,296 |
| Investments | 63,050 | 6,848 |
| TOTAL CURRENT ASSETS | 1,335,815 | 1,220,981 |
| <u>NON-CURRENT ASSETS</u> | | |
| Interest in the Community Foundation of Utah | 63,062 | 54,324 |
| Property and equipment, net | 2,406,271 | 1,595,217 |
| Deposits | 7,623 | 3,400 |
| TOTAL NON-CURRENT ASSETS | 2,476,956 | 1,652,941 |
| TOTAL ASSETS | \$ 3,812,771 | \$ 2,873,922 |
| LIABILITIES AND NET ASSETS | | |
| <u>CURRENT LIABILITIES</u> | | |
| Accounts payable | \$ 60,187 | \$ 51,502 |
| Accrued expenses | 155,877 | 75,861 |
| Refundable program fees | 21,281 | 70,841 |
| TOTAL CURRENT LIABILITIES | 237,345 | 198,204 |
| <u>NON-CURRENT LIABILITIES</u> | | |
| Deferred rent | 838 | 10,563 |
| TOTAL LIABILITIES | 238,183 | 208,767 |
| <u>NET ASSETS</u> | | |
| Without donor restrictions: | | |
| Undesignated | 3,400,497 | 2,458,354 |
| Designated by the Board for future use | 5,000 | 5,000 |
| | 3,405,497 | 2,463,354 |
| With donor restrictions: | | |
| Purpose restrictions | 132,119 | 164,829 |
| Perpetual in nature | 33,354 | 33,354 |
| Time-restricted for future periods | 3,618 | 3,618 |
| | 169,091 | 201,801 |
| TOTAL NET ASSETS | 3,574,588 | 2,665,155 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 3,812,771 | \$ 2,873,922 |

The accompanying notes are an integral part of these financial statements

YMCA of NORTHERN UTAH
Statement of Activities
For the Year Ended December 31, 2019

| | 2019 | | 2018 | |
|--|----------------------------------|-------------------------------|---------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | (Summarized Info) |
| PUBLIC SUPPORT AND OTHER REVENUES | | | | |
| <u>PUBLIC SUPPORT</u> | | | | |
| Contributions and grants | \$ 381,302 | \$ 111,020 | \$ 492,322 | \$ 627,553 |
| Government grants | 2,067,178 | - | 2,067,178 | 2,152,443 |
| Program fees | 1,701,962 | - | 1,701,962 | 1,670,020 |
| Special events, net of direct donor benefits of \$16,484 and \$15,296, respectively | 2,917 | - | 2,917 | 23,549 |
| In-kind contributions | 2,045,133 | - | 2,045,133 | 1,023,222 |
| TOTAL PUBLIC SUPPORT | 6,198,492 | 111,020 | 6,309,512 | 5,496,787 |
| <u>OTHER REVENUES</u> | | | | |
| Miscellaneous revenue | 6,017 | - | 6,017 | 12,234 |
| Net investment return | 1,170 | 9,624 | 10,794 | (3,973) |
| TOTAL OTHER REVENUES | 7,187 | 9,624 | 16,811 | 8,261 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 153,354 | (153,354) | - | - |
| TOTAL PUBLIC SUPPORT AND OTHER REVENUES | 6,359,033 | (32,710) | 6,326,323 | 5,505,048 |
| EXPENSES | | | | |
| <u>PROGRAM SERVICES</u> | | | | |
| Program services | 4,516,457 | - | 4,516,457 | 4,860,091 |
| TOTAL PROGRAM SERVICES | 4,516,457 | - | 4,516,457 | 4,860,091 |
| <u>SUPPORTING SERVICES</u> | | | | |
| Management and general | 631,210 | - | 631,210 | 505,690 |
| Fundraising and development | 269,223 | - | 269,223 | 383,602 |
| TOTAL SUPPORTING SERVICES | 900,433 | - | 900,433 | 889,292 |
| TOTAL EXPENSES | 5,416,890 | - | 5,416,890 | 5,749,383 |
| CHANGES IN NET ASSETS | 942,143 | (32,710) | 909,433 | (244,335) |
| NET ASSETS, BEGINNING OF YEAR | 2,463,354 | 201,801 | 2,665,155 | 2,909,490 |
| NET ASSETS, END OF YEAR | \$ 3,405,497 | \$ 169,091 | \$ 3,574,588 | \$ 2,665,155 |

The accompanying notes are an integral part of these financial statements

YMCA of NORTHERN UTAH
Statement of Functional Expenses
For the Year Ended December 31, 2019

| | Supporting Services | | | Total | Total Expenses | (Summarized Info 2018) |
|--|----------------------|------------------------|-----------------------------|-------------------|---------------------|------------------------|
| | All Program Services | Management and General | Fundraising and Development | | | |
| PERSONNEL EXPENSES | | | | | | |
| Salaries and wages | \$ 2,153,624 | \$ 385,218 | \$ 167,371 | \$ 552,589 | \$ 2,706,213 | \$ 2,799,884 |
| Payroll taxes and benefits | 344,427 | 58,719 | 28,339 | 87,058 | 431,485 | 510,676 |
| TOTAL PERSONNEL EXPENSES | 2,498,051 | 443,937 | 195,710 | 639,647 | 3,137,698 | 3,310,560 |
| OTHER EXPENSES | | | | | | |
| Rent | 31,694 | 10,738 | 14,956 | 25,694 | 57,388 | 56,980 |
| Professional fees | 114,756 | 24,483 | 45,511 | 69,994 | 184,750 | 280,106 |
| Food | 178,470 | 4,560 | 6,210 | 10,770 | 189,240 | 318,596 |
| Supplies | 87,964 | - | - | - | 87,964 | 106,227 |
| Printing and advertising | 34,728 | 1,664 | 9,536 | 11,200 | 45,928 | 47,361 |
| Transportation | 74,771 | - | - | - | 74,771 | 56,824 |
| Office supplies | 10,039 | 2,100 | 1,635 | 3,735 | 13,774 | 17,291 |
| Telephone services | 16,812 | 4,387 | 668 | 5,055 | 21,867 | 22,831 |
| Utilities | 44,277 | - | - | - | 44,277 | 53,513 |
| Insurance | 32,065 | 2,126 | 1,792 | 3,918 | 35,983 | 34,486 |
| Postage | 4,934 | 612 | 861 | 1,473 | 6,407 | 15,762 |
| Travel | 17,012 | 8,178 | 3,295 | 11,473 | 28,485 | 25,412 |
| Seminar and meetings | 17,912 | 4,507 | 2,415 | 6,922 | 24,834 | 25,090 |
| Bank charges | 39,794 | 817 | 939 | 1,756 | 41,550 | 51,366 |
| Equestrian | 25,287 | - | - | - | 25,287 | 24,619 |
| Admission fees | 56,412 | - | - | - | 56,412 | 68,849 |
| Equipment | 4,576 | - | 120 | 120 | 4,696 | 6,712 |
| Repairs and maintenance | 37,939 | 90 | - | 90 | 38,029 | 26,624 |
| YUSA support | - | 55,968 | - | 55,968 | 55,968 | 50,716 |
| Licenses and permits | 8,405 | 728 | - | 728 | 9,133 | 9,074 |
| Awards and recognition | 3,028 | 2,380 | 807 | 3,187 | 6,215 | 10,601 |
| Dues | 1,535 | 1,130 | 1,152 | 2,282 | 3,817 | 6,479 |
| Miscellaneous | - | 900 | - | 900 | 900 | - |
| TOTAL OTHER EXPENSES | 842,410 | 125,368 | 89,897 | 215,265 | 1,057,675 | 1,315,519 |
| NON-CASH EXPENSES | | | | | | |
| In-kind: | | | | | | |
| Facilities use | 861,853 | - | - | - | 861,853 | 974,159 |
| Supplies and food | 54,558 | 58,203 | - | 58,203 | 112,761 | 23,287 |
| Other | 140,339 | - | 100 | 100 | 140,439 | 6,785 |
| Bad debts | - | 3,702 | - | 3,702 | 3,702 | 1,897 |
| Depreciation and amortization | 119,246 | - | - | - | 119,246 | 132,472 |
| TOTAL NON-CASH EXPENSES | 1,175,996 | 61,905 | 100 | 62,005 | 1,238,001 | 1,138,600 |
| TOTAL EXPENSES | 4,516,457 | 631,210 | 285,707 | 916,917 | 5,433,374 | 5,764,679 |
| Less expenses included with revenues on the statement of activities: | | | | | | |
| Cost of direct benefits to donors | - | - | (16,484) | - | (16,484) | (15,296) |
| | <u>\$ 4,516,457</u> | <u>\$ 631,210</u> | <u>\$ 269,223</u> | <u>\$ 916,917</u> | <u>\$ 5,416,890</u> | <u>\$ 5,749,383</u> |

The accompanying notes are an integral part of these financial statements

YMCA of NORTHERN UTAH
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 909,433 | \$ (244,335) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation and amortization | 119,246 | 132,472 |
| Bad debt | 3,702 | 1,897 |
| Loss on sale of asset | (3,040) | - |
| Realized and unrealized (gain) loss on investments: | | |
| Community Foundation of Utah | (8,738) | 3,439 |
| Other investments | (832) | 1,150 |
| Donation of investments | (985,450) | (18,991) |
| (Increase) decrease in operating assets: | | |
| Grants and accounts receivable | 12,968 | 154,841 |
| Contributions receivable | (9,032) | 2,168 |
| Prepaid expenses | (10,012) | 15,035 |
| Inventories | 2,227 | 1,374 |
| Deposits | (4,223) | 250 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 8,685 | (21,632) |
| Accrued expenses | 80,016 | 1,564 |
| Deferred revenue | (49,560) | 11,212 |
| Deferred rent | (9,725) | (8,847) |
| | <u>55,665</u> | <u>31,597</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (1,080) | (4,305) |
| Proceeds from sale of fixed assets | 3,900 | - |
| | <u>2,820</u> | <u>(4,305)</u> |
| NET CASH FLOWS USED FOR INVESTING ACTIVITIES | | |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | <u>-</u> | <u>-</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 58,485 | 27,292 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>694,446</u> | <u>667,154</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 752,931</u> | <u>\$ 694,446</u> |
| SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Assets acquired through in-kind contributions: | | |
| Donations of investments | \$ 55,370 | \$ - |
| Donations of property and equipment | \$ 930,080 | \$ 18,991 |

The accompanying notes are an integral part of these financial statements

YMCA of NORTHERN UTAH
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Policies

Nature of operations – The YMCA of Northern Utah (the YMCA) is committed to maintaining its programs and services, with an emphasis on Youth Development and a focus on academic support and character development. The YMCA's programs reflect a commitment to providing educational, family, and community support for ALL through Early Childhood Education, Before and After-school Programs, and Summer Camps (day and overnight).

The official mission of the YMCA is “to provide our communities with experiences that build strong kids, strong families, and strong communities.” It is driven by community need, guided by community volunteers, and open to all. In all programs, the YMCA builds values of caring, honesty, respect and responsibility. The National YMCA has three focus areas: 1-Youth Development, 2-Healthy Living, and 3-Social Responsibility. The YMCA of Northern Utah accomplishes its mission and vision, and incorporates the focus areas of the National YMCA through the following programs:

- *YMCA Summer Camps* include Summer Day Camps and Summer Resident Camps. Camp aims to give kids and teens the opportunity to learn new skills, participate in programs that develop character, and make new friends along the way. The YMCA does this by offering the range of camps available at resident camps, Camp Roger and Camp Mill Hollow, and Summer Day Camps offered in Salt Lake, Weber and Wasatch counties. Summer Camp is designed to keep kids and teens engaged throughout the summer to help prevent summer learning loss.
- *YMCA Before- and After-school Programs* and School Recess Camp. At these programs, youth learn the skills they need to succeed in school and in their future lives and careers. Programs are operated with a strengthened focus on encouraging and teaching youth the benefits of healthy habits, the value of academic achievement, positive leadership techniques, and other youth development topics. The objectives of these programs are to encourage and inspire academic achievement; improve learning, self-esteem, respect for others, physical and mental strength, and involvement in the arts; and teach youth what it means to be a role model, leader, and positive contributor to their community.
- In *YMCA Preschool Programs*, children participate in age-appropriate cognitive, language, social, emotional, physical, and motor development activities. Preschool students learn the academic and social skills they need to succeed when they enter kindergarten such as reading and math as well as the social and emotional aspects of learning and interacting in a classroom. The Preschool programs are designed to help close the academic achievement gap and get kids from all backgrounds ready to start kindergarten.
- The *YMCA Healthy Living Programs* promote fitness, lifestyles, and other healthy decisions for the well-being of individuals' bodies. All youth program sites are HEPA compliant and include physical activity and healthy meals and snacks. Adult Health & Wellness Programs Y Diabetes Prevention Program and Enhance Fitness are offered to help prevent the onset of type 2 diabetes and reduce the effects of arthritis in senior citizens. Healthy Living Programs are designed to meet individual needs and keep all members of our community active and healthy.

The YMCA believes that no family should be turned away for inability to pay, so scholarships and financial assistance are available in all of the YMCA programs.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

Prior year summarized comparative information – The financial statements include certain prior year summarized comparative information in total. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the YMCA's financial statements for the year ended December 31, 2018, from which the summarized comparative information was derived.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – The YMCA considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Grants and accounts receivable – Grants and accounts receivable are recorded at the invoiced amount and do not bear interest. An allowance for doubtful accounts is recorded when the YMCA determines, based on historical experience and collection efforts, that an account is uncollectible. The YMCA reviews its allowance for doubtful accounts periodically. Account balances are charged off after all means of collection have been exhausted and the potential for recovery is considered remote.

Contributions receivable – Contributions receivable, related to unconditional promises to give, that are to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, contributions receivable are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition.

The discount rate determined at the initial recognition of the contribution receivable is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the YMCA's past collection experience and its policies concerning the enforcement of contributions receivable, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of the discount is recorded as temporarily restricted contributions in the statement of activities. The YMCA uses the allowance method to determine uncollectible contributions. The allowance is based on historical experience and management's analysis of specific balances.

Inventories – Inventories are stated at the lower of cost or net realizable value, and consist of miscellaneous camp merchandise purchased for resale to camp participants. Cost is determined using the first-in, first-out method.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

Investments – Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Interest in the Community Foundation of Utah – Amounts reported as interest in the Community Foundation of Utah (CFU) represent the net cumulative transfers by the YMCA to the CFU, as well as earnings thereon. The CFU holds and invests the funds on behalf of the YMCA. The YMCA granted that CFU has variance power to modify any restriction or condition on the distribution of funds if, at the sole discretion of the CFU, the specified charitable purpose becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the CFU for the benefit of the YMCA and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statements of activities.

Property and equipment – The YMCA capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are stated at cost less accumulated depreciation and amortization, or if acquired by gift, at estimated fair market value at the date of the gift.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is recognized. Maintenance and repairs which neither materially add to the value of the property and equipment nor appreciably prolong its life are expensed as incurred.

Depreciation of property and equipment and amortization of software are computed using the straight-line method based on the shorter of the estimated useful lives or lease terms of the assets as follows:

| | <u>Estimated Useful Lives</u> |
|--------------------------------|-----------------------------------|
| Buildings | 10 – 40 years |
| Leasehold improvements | 15 – 25 years |
| Camp equipment | 5 – 10 years |
| Office furniture and equipment | 3 – 7 years |
| Vehicles | 5 years |
| Software | 3 years |

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges were recorded during the years ended December 31, 2019 and 2018.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

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

- *Net assets without donor restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.
- *Net assets with donor restrictions:* Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When applicable, 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 and revenue recognition – Revenue is recognized when earned. Camping fees, program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized 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 the conditions on which they depend have been substantially met.

Change in accounting principle

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers. Subsequently, FASB created Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, and Subtopic 340-40, Other Assets and Deferred Costs— Contracts with Customers. In 2019, the Company adopted this Standard, which requires a principle-based approach for determining revenue recognition. An entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, in accordance with the core principle by applying the following steps: 1) Identify the contract(s) with a customer; 2) Identify the performance obligations in the contract; 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations in the contract; and 5) Recognize revenue when (or as) the entity satisfies a performance obligation.

Management has determined that its current revenue recognition methodology is in line with the discussed above, and therefore, has not amended these financial statements for the year ended December 31, 2019.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

Public support and revenues – The YMCA derives its revenues from program fees, government contracts and grants, contributions and grants, and miscellaneous sources.

The YMCA conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable objective means exists to demonstrate otherwise, the fair market value of meals and entertainment provided at special events is measured at actual cost to the YMCA. The direct costs of the special events, which ultimately benefit the donor rather than the YMCA, are recorded as costs of direct donor benefits.

Grants and other contributions of cash and other assets are reported at fair value at the date the written promise to give is received. Conditional promises to give or indications of intentions to give are not reported until the condition(s) are met. Restricted gifts are recorded as revenue when cash is received or a written promise is given by a donor.

Refundable program fees and deferred rent – Refundable program fees consist of tuition payments and camp user deposits received during the current year for services to be provided by the YMCA in the next year.

In accordance with generally accepted accounting principles, the YMCA records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is credited or charged to “deferred rent,” which is reflected as a separate line item in the accompanying statements of financial position.

Donated services and in-kind contributions – Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received (Note 11).

Functional allocation of expenses – The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area to which they pertain. Indirect costs are charged to programs and supporting services based on estimates made by management taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the YMCA.

Income taxes – The YMCA of Northern Utah is organized as a Utah nonprofit corporation and has been recognized by the IRS as exempt from federal (and state) income taxes under Section 501(c)(3) of the Internal Revenue Code. The YMCA is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the YMCA is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Management has determined that the YMCA is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. The YMCA does not believe it has any material uncertain tax positions. The YMCA’s 2016 and future tax returns, though not currently under audit, are subject to examination by both the Internal Revenue Service and applicable state tax commissions.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial instruments and credit risk – The YMCA manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the YMCA has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the mission of the YMCA. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the YMCA.

Fair value measurements – FASB ASC 820, Fair Value Measurements and Disclosures, provides the 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- *Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the YMCA has the ability to access.
- *Level 2:* Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- *Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Advertising – Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2019 and 2018 was \$42,145 and \$40,666, respectively. Advertising expense is included in printing and advertising on the statement of functional expenses.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | |
|--|--------------|
| Cash and cash equivalents | \$ 752,931 |
| Investments and interest in the Community Foundation of Utah | 126,112 |
| Grants, accounts, and contributions receivable, net | 485,725 |
| | \$ 1,364,768 |

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use, when applicable. Donor-restricted endowment funds are not available for general expenditure.

As part of the liquidity management plan, management invests cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$5,000 as of December 31, 2019.

3. Contributions Receivable

Contributions receivable consisted of the following as of December 31, 2019 and 2018:

| | 2019 | 2018 |
|--------------------------------|-----------|----------|
| Amounts due in: | | |
| Less than one year | \$ 12,650 | \$ 3,618 |
| Total contributions receivable | \$ 12,650 | \$ 3,618 |

4. Investments

The YMCA's short-term investments are comprised of equity securities, all of which are classified as trading securities and are carried at their fair value based on the quoted market prices of the securities at December 31, 2019 and 2018. Net realized and unrealized gains and losses on trading securities are included in net investment return. For purpose of determining realized gains and losses, the cost of securities sold is based on specific identification.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that market fluctuations in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

4. Investments (Continued)

The composition of trading securities (classified as current assets) and the interest in Community Foundation of Utah (classified as long-term assets) that are measured at fair value are as follows at December 31, 2019 and 2018:

| | December 31, 2019 | | December 31, 2018 | |
|--|-------------------|-------------------|-------------------|------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Common stock | \$ 58,282 | \$ 61,489 | \$ 2,912 | \$ 5,448 |
| Cash and cash equivalents | 1,561 | 1,561 | 1,400 | 1,400 |
| Interest in Community Foundation of Utah | 33,354 | 63,062 | 33,354 | 54,324 |
| Total | <u>\$ 93,197</u> | <u>\$ 126,112</u> | <u>\$ 37,666</u> | <u>\$ 61,172</u> |

Net investment return for the years ended December 31, 2019 and 2018 consisted of the following:

| | 2019 | 2018 |
|----------------------------|------------------|-------------------|
| Interest and dividends | \$ 2,149 | \$ 2,561 |
| Net realized gain | 577 | 258 |
| Net unrealized gain (loss) | 8,068 | (6,792) |
| Net investment return | <u>\$ 10,794</u> | <u>\$ (3,973)</u> |

5. Property and Equipment

Property and equipment consisted of the following as of December 31, 2019 and 2018:

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Buildings | \$ 3,213,528 | \$ 2,288,528 |
| Leasehold improvements | 442,395 | 441,315 |
| Camp equipment | 84,461 | 84,461 |
| Office furniture and equipment | 150,075 | 144,995 |
| Vehicles | 67,721 | 76,325 |
| Software | 42,439 | 42,439 |
| Total | 4,000,619 | 3,078,063 |
| Less: accumulated depreciation and amortization | (1,594,348) | (1,482,846) |
| Total property and equipment | <u>\$ 2,406,271</u> | <u>\$ 1,595,217</u> |

Depreciation and amortization expense was \$119,246 and \$132,472 for the years ended December 31, 2019 and 2018, respectively.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

5. Property and Equipment (Continued)

During 2019, the YMCA received an in-kind donation from Granite School District consisting of approximately 15.44 acres of land, buildings, and improvements for the purpose of the YMCA operating an education center. The appraised value of the donation was \$925,000. The assets have been capitalized and are being depreciated over 30-years. The YMCA has obtained the necessary special use permits from the USDA Forest Service to own and operate this facility. See Note 8 for additional details.

During 2014, the YMCA entered into a similar collaboration agreement with Ogden City School District (Ogden) whereby the YMCA agreed to (1) pay ten dollars per year, and (2) construct a facility on land owned by Ogden. Construction began during 2014 and was completed in 2015. The agreement covers the period from January 2015 through December 2025. At the end of the ten-year term, this agreement may be automatically renewed in five-year increments; at the end of twenty-years, automatic renewals will be two-years each. After the initial ten-year time frame, either party may terminate the agreement by giving written notice of such termination 180 days prior to the next annual renewal date. If the agreement is terminated, Ogden has the option of purchasing the building, based upon a predetermined schedule. The net book value of the building was \$738,127 as of December 31, 2019 and is being depreciated over the 30-year expected term of the agreement, including expected renewals.

During 2008, the YMCA entered into a collaboration agreement with the Granite School District (Granite) whereby the YMCA agreed to (1) pay ten dollars per year, and (2) construct a facility on land owned by Granite for the purposes of providing academic enrichment and other activities. The agreement covers the period from June 2009 through May 2014, and automatically renews in one-year increments at the end of the initial term. Either party may terminate the agreement by giving written notice of such termination 180 days prior to the next annual renewal date. If the agreement is terminated, Granite has the option of purchasing the building, based upon a predetermined schedule. The net book value of the building was \$400,903 as of December 31, 2019 and is being depreciated over the 30-year expected term of the agreement, including expected renewals.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of cash, accounts receivable and unappropriated earnings on permanent endowments as of December 31, 2019 and 2018 that are available for the following purposes:

| | 2019 | 2018 |
|---|------------|------------|
| Subject to expenditure for specified purpose: | | |
| Extended school programs | \$ 50,370 | \$ 89,500 |
| Community Family Center | 40,000 | 57,000 |
| Resident Camps (with unappropriated endowment earnings) | 32,717 | 18,329 |
| | 123,087 | 164,829 |
| Subject to the passage of time: | | |
| Other contributions | 12,650 | 3,618 |
| | 12,650 | 3,618 |
| Endowments: | | |
| Camp Roger | 33,354 | 33,354 |
| | 33,354 | 33,354 |
| Total net assets with donor restrictions | \$ 169,091 | \$ 201,801 |

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

6. Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2019 and 2018:

| | 2019 | 2018 |
|---------------------------------------|------------|------------|
| Expiration of time restrictions | \$ 3,618 | \$ 1,508 |
| Satisfaction of purpose restrictions: | | |
| Extended School Programs | 68,000 | 80,250 |
| Community Family Center | 57,000 | 48,500 |
| Resident Camps | 24,736 | 26,972 |
| Fund development | - | 2,000 |
| Health and wellness | - | 5,000 |
| | 149,736 | 162,722 |
| | \$ 153,354 | \$ 164,230 |

7. Endowment

The YMCA's endowment includes both donor-restricted endowment and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The YMCA has contracted with the CFU to manage the endowment funds. The CFU participates in determining how funds should be invested and the distribution approval process.

Interpretation of relevant law - The Board of Directors of the YMCA has interpreted the Uniform Prudent Management of Institutional Funds Act law (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the YMCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

7. Endowment (Continued)

In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the YMCA and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the YMCA
- (7) The investment strategy of the YMCA

Endowment net asset composition, as held by the CFU, by type of fund as of December 31, 2019, consisted of the following:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|----------------------------|----------------------|
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | \$ - | \$ 33,354 | \$ 33,354 |
| Investment gains | - | 24,708 | 24,708 |
| Board-designated endowment funds | 5,000 | - | 5,000 |
| Total endowment funds | <u>\$ 5,000</u> | <u>\$ 58,062</u> | <u>\$ 63,062</u> |

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

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|----------------------------------|----------------------------|----------------------|
| Balance, beginning of year | \$ 5,000 | \$ 49,324 | \$ 54,324 |
| Return on investments: | | | |
| Investment income | - | 1,518 | 1,518 |
| Administrative fees | - | (886) | (886) |
| Net gain (realized and unrealized) | - | 8,106 | 8,106 |
| Total investment income | - | 8,738 | 8,738 |
| Balance, end of year | <u>\$ 5,000</u> | <u>\$ 58,062</u> | <u>\$ 63,062</u> |

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

7. Endowment (Continued)

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

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|----------------------------------|----------------------------|------------------|
| Balance, beginning of year | \$ 5,000 | \$ 52,763 | \$ 57,763 |
| Return on investments: | | | |
| Investment income | - | 2,238 | 2,238 |
| Administrative fees | - | (472) | (472) |
| Net gain (realized and unrealized) | - | (5,205) | (5,205) |
| Total investment income | - | (3,439) | (3,439) |
| Balance, end of year | <u>\$ 5,000</u> | <u>\$ 49,324</u> | <u>\$ 54,324</u> |

Funds with deficiencies – From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). There were no deficiencies reported as of December 31, 2019 and 2018.

Return objectives and risk parameters – The YMCA attempts to maximize long-term gains with an acceptable level of risk and to provide funding for special projects consistent with the mission of the YMCA or to act as an emergency funding source. Endowment assets include those assets of donor-restricted funds that the YMCA must hold in perpetuity or for donor-specified periods. The endowment assets are invested in a manner that is intended to maximize return with reasonable risk.

Strategies employed for achieving objectives - To satisfy its long-term rate-of-return objectives, the YMCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending policy and how the investment objective relates to spending policy – Distribution of endowment funds are approved by the Board of Directors and the CFU and made when deemed appropriate. Distributions from the endowment account will be made when other funding is not available and in accordance with the endowment purpose. This is consistent with the YMCA's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. There were no amounts appropriated for expenditures during the years ended December 31, 2019 and 2018.

8. Operating Leases

The YMCA leases its operating and office space for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates and provide for renewal options ranging from month-to-month arrangements to multiple years. In the normal course of business, it is expected that these leases will be renewed, amended, or replaced by new leases. The office space leases provide for contractual increases in future minimum annual rental payments, which are recorded as deferred rent (see note 1). Also, the agreements generally require the Company to pay executory costs (real estate taxes, insurance, and repairs). Lease expense totaled \$59,319 and \$62,518 during 2019 and 2018, respectively.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

8. Operating Leases (Continued)

Future minimum lease payments required under the operating lease agreements as of December 31, 2019, are as follows:

| <u>Years ended December 31,</u> | <u>Total</u> |
|-------------------------------------|--------------|
| 2020 | \$ 65,003 |
| 2021 | 64,597 |
| 2022 | 52,032 |
| 2023 | 58,126 |
| 2024 | 59,103 |
| Total future minimum lease payments | \$ 298,861 |

The YMCA also has agreements with various school districts for free use of facilities and the YMCA records in-kind rent expense equal to the fair market value for use of the facilities. Total rent expense was \$919,241 and \$983,621 for the years ended December 31, 2019 and 2018, respectively.

The YMCA renewed a 20-year special use permit with the USDA Forest Service to use land for Camp Roger in 2019. The permit fees due each year vary and are dependent upon the number of campers that attend Camp Roger each year. The amount paid under this agreement was \$3,179 and \$2,688 for the years ended December 31, 2019 and 2018, respectively.

The YMCA entered into a 20-year special use permit with the USDA Forest Service to use land for Mill Hollow in 2019. The permit fees due each year vary and are dependent upon the number of campers that attend Mill Hollow each year. The amount paid under this agreement was \$1,316 and \$3,618 for the years ended December 31, 2019 in 2018.

9. Retirement Plan

The YMCA participates in a defined contribution, individual account and money purchase retirement plan, which is administered by the Young Men's Christian Association Retirement Fund (YMCA Retirement Fund), a separate corporation organized under the laws of the state of New York.

The YMCA Retirement Fund is for the benefit of all eligible professional and nonprofessional staff of the YMCA who qualify under the participation requirements. Each participating employee may contribute monthly to the YMCA Retirement Fund. The YMCA is required to contribute monthly to the YMCA Retirement Fund regular payments equal to a percentage of each participating employee's monthly compensation. Currently, the percentage is 12.00%. The YMCA contributed \$115,977 and \$143,681 to the YMCA Retirement Fund on behalf of its employees during the years ended December 31, 2019 and 2018, respectively.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

10. In-Kind Donations

During the years ended December 31, 2019 and 2018, the YMCA received the following non-cash donations of materials, services and free use of facilities that have been reflected in the accompanying financial statements:

| | 2019 | 2018 |
|---|--------------|--------------|
| Facilities use expense | \$ 861,853 | \$ 974,159 |
| Food expense | 47,679 | 23,017 |
| Professional fees expense | 132,318 | - |
| Travel expense | - | 3,894 |
| Repairs and maintenance expense | 7,450 | 2,204 |
| Media and promotions | 671 | 687 |
| Other expenses | 65,082 | 270 |
| Property and vehicle donations (capitalized assets) | 930,080 | 18,991 |
| Total in-kind donations | \$ 2,045,133 | \$ 1,023,222 |

The use of facilities and land has been donated by various school districts in which the YMCA's extended school programs operate. Amounts have been recognized as revenues and expenses (or property and equipment) in the accompanying financial statements for the fair market value of the donated facilities. The noncash donations were made for the purpose of supporting and running the Camp Roger, extended school programs and the Community Family Center.

11. Concentrations

The YMCA maintains cash and cash equivalents balances in financial institution accounts, which at times may exceed the federally insured limits of \$250,000 set by the Federal Deposit Insurance Corporation. The YMCA has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances.

The YMCA receives significant support from government agencies. These government contracts and grants account for approximately 36% and 43% of public support and revenues for each of the years ended December 31, 2019 and 2018, respectively.

Grants and accounts receivable included six significant grants, which represented approximately 89% of the grants and accounts receivable balance as of December 31, 2019. As of December 31, 2018, there were two significant grants which represented approximately 52% of the grants and accounts receivable balance.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

12. Fair Value Measurements

The following tables summarize the YMCA's assets measured at fair value on a recurring basis as of December 31, 2019 and 2018:

| | December 31, 2019 | | December 31, 2018 | |
|---|-------------------|------------|-------------------|------------|
| | Cost | Fair Value | Cost | Fair Value |
| Common stock | \$ 58,282 | \$ 61,489 | \$ 2,912 | \$ 5,448 |
| Cash and cash equivalents | 1,561 | 1,561 | 1,400 | 1,400 |
| Interest in Community Foundation of Utah | 33,354 | 63,062 | 33,354 | 54,324 |
| Total | \$ 93,197 | \$ 126,112 | \$ 37,666 | \$ 61,172 |

The interest in the CFU is valued at the net asset value (NAV) as provided by the CFU. The NAV is used as a practical expedient to estimating fair value. The NAV is based on the fair value of the underlying investments. The practical expedient is not used when it is determined to be probable that the CFU will sell the investment for an amount different than the reported NAV.

In accordance with FASB ASC 820, the YMCA is required to disclose the nature and risks of the investments reported at NAV. The following tables summarize the nature and risk of these investments as of December 31, 2019 and 2018:

| | Assets at Fair Value as of December 31, 2019 | | | |
|---|--|---------|-----------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Common stock | \$ 61,489 | \$ - | \$ - | \$ 61,489 |
| Cash and cash equivalents | 1,561 | - | - | 1,561 |
| Interest in Community Foundation of Utah | - | - | 63,062 | 63,062 |
| Total | \$ 63,050 | \$ - | \$ 63,062 | \$ 126,112 |

| | Assets at Fair Value as of December 31, 2018 | | | |
|---|--|---------|-----------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Common stock | \$ 5,448 | \$ - | \$ - | \$ 5,448 |
| Cash and cash equivalents | 1,400 | - | - | 1,400 |
| Interest in Community Foundation of Utah | - | - | 54,324 | 54,324 |
| Total | \$ 6,848 | \$ - | \$ 54,324 | \$ 61,172 |

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

12. Fair Value Measurements (Continued)

The underlying investments of the interest in the CFU include mutual funds that seek long-term capital appreciation. Based on the uncertainty of the future date of redemption as redemptions are allowed on an annual basis, the YMCA has classified the interest in the CFU as a Level 3 financial instrument.

The following table presents information about recurring fair value measurements that use significant unobservable inputs (Level 3 measurements):

| | 2019 | 2018 |
|---|-----------|-----------|
| Beginning balance | \$ 54,324 | \$ 57,763 |
| Administrative expenses | (886) | (472) |
| Unrealized and realized gains (losses) and interest income | 9,624 | (2,967) |
| Ending balance | \$ 63,062 | \$ 54,324 |

13. Related Party Transactions

Annual dues are paid to YMCA of the USA, which were \$55,968 and \$50,716 for the years ended December 31, 2019 and 2018, respectively.

14. Subsequent Events

Essential business

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 21, 2020 the Governor of Utah declared a health emergency and issued an order to close all nonessential businesses until further notice. As a not-for-profit benefitting the community, The YMCA is deemed to be an essential business. Nonetheless, out of concern for our workers and pursuant to the government order, the YMCA has reduced the scope of its operations and where possible, certain workers are telecommuting from their homes. While the YMCA expects this matter to negatively impact its results of operations, cash flows and financial position, the related impact cannot be reasonably estimated at this time.

Paycheck protection program

In April 2020, the YMCA received loan proceeds in the amount of \$560,387 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period.

YMCA of NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

14. Subsequent Events (Continued)

Paycheck protection program (continued)

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot yet be determined, in whole or part, the amount of the loan forgiveness.

The YMCA has evaluated subsequent events through September 4, 2020, which is the date these financial statements were available to be issued.