
**YOUNG MEN'S CHRISTIAN ASSOCIATION
OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.**



**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended December 31, 2020 and 2019

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

**YOUNG MEN'S CHRISTIAN ASSOCIATION
OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.**

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Governors of
Young Men's Christian Association of Central and Northern Westchester, N.Y., Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Young Men's Christian Association of Central and Northern Westchester, N.Y., Inc. ("YMCA"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and change in net assets (deficit), functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YMCA as of December 31, 2020 and 2019, and the changes in its net (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth

Purchase, New York
July 26, 2021

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents (Notes 2F and 4) | \$ 372,712 | \$ 230,166 |
| Accounts receivable (Note 2E) | 337,823 | 518,663 |
| Investments (Notes 2G and 5) | 297,043 | 328,854 |
| Prepaid expenses | 12,717 | 22,753 |
| Property and equipment, net (Notes 2H and 7) | 3,260,788 | 1,537,454 |
| Property held for sale, net (Notes 2H and 8) | 2,597,461 | 2,597,461 |
| TOTAL ASSETS | \$ 6,878,544 | \$ 5,235,351 |
| LIABILITIES AND NET DEFICIT | | |
| Accounts payable | \$ 1,635,459 | \$ 901,049 |
| Accrued expenses (Note 9) | 54,267 | 139,530 |
| Deferred revenue (Note 2D) | - | 202,482 |
| Interest rate swap (Notes 2I and 13A) | 294,128 | 67,537 |
| Paycheck Protection Program loan (Note 10) | 624,663 | - |
| Notes payable (Note 11) | 154,848 | 32,767 |
| Line of credit (Note 12) | 100,000 | 100,000 |
| Mortgages payable (Notes 2L and 13) | 4,034,360 | 4,117,577 |
| Unfunded post retirement benefit obligation (Notes 2J and 14) | 53,955 | 65,798 |
| TOTAL LIABILITIES | 6,951,680 | 5,626,740 |
| COMMITMENTS AND CONTINGENCIES (NOTE 17) | | |
| Net (Deficit)/Assets: | | |
| Without donor restrictions (Note 2B) | (85,017) | (407,751) |
| With donor restrictions (Notes 2B and 15) | 11,881 | 16,362 |
| TOTAL NET DEFICIT | (73,136) | (391,389) |
| TOTAL LIABILITIES AND NET DEFICIT | \$ 6,878,544 | \$ 5,235,351 |

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | Year Ended December 31, 2020 | | | Year Ended December 31, 2019 | | |
|--|-------------------------------|----------------------------|--------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total 2020 | Without Donor Restrictions | With Donor Restrictions | Total 2019 |
| OPERATING REVENUE AND SUPPORT (NOTE 20): | | | | | | |
| Revenue | | | | | | |
| Program revenues | \$ 2,263,131 | \$ - | \$ 2,263,131 | \$ 3,484,446 | \$ - | \$ 3,484,446 |
| Membership dues | - | - | - | 114,453 | - | 114,453 |
| Residence rentals | - | - | - | 486,209 | - | 486,209 |
| Registration fees | 30,513 | - | 30,513 | 24,066 | - | 24,066 |
| Facility rental | 23,201 | - | 23,201 | 44,155 | - | 44,155 |
| Reimbursed expenses (Notes 2Q and 20) | 2,109,304 | - | 2,109,304 | 1,467,874 | - | 1,467,874 |
| Loss on disposal of property and equipment (Note 7) | (117,586) | - | (117,586) | - | - | - |
| Other | - | - | - | 29,328 | - | 29,328 |
| Total Revenue | <u>4,308,563</u> | <u>-</u> | <u>4,308,563</u> | <u>5,650,531</u> | <u>-</u> | <u>5,650,531</u> |
| Support | | | | | | |
| Contributions | 133,043 | 25,000 | 158,043 | 88,928 | 14,174 | 103,102 |
| Grants | 324,726 | 15,000 | 339,726 | 202,722 | 33,000 | 235,722 |
| Gifts in-kind (Note 2D) | 5,000 | - | 5,000 | - | - | - |
| Special events - net of cost of direct benefit to donors (\$-0- and \$26,635 for 2020 and 2019, respectively). | - | - | - | 29,377 | - | 29,377 |
| Net assets released from program restrictions (Note 15) | 44,481 | (44,481) | - | 65,713 | (65,713) | - |
| Total Support | <u>507,250</u> | <u>(4,481)</u> | <u>502,769</u> | <u>386,740</u> | <u>(18,539)</u> | <u>368,201</u> |
| TOTAL OPERATING REVENUE AND SUPPORT | <u>4,815,813</u> | <u>(4,481)</u> | <u>4,811,332</u> | <u>6,037,271</u> | <u>(18,539)</u> | <u>6,018,732</u> |
| FUNCTIONAL EXPENSES | | | | | | |
| Program services | 3,737,337 | - | 3,737,337 | 5,047,213 | - | 5,047,213 |
| Management and general | 489,208 | - | 489,208 | 544,357 | - | 544,357 |
| Fundraising | 98,383 | - | 98,383 | 123,722 | - | 123,722 |
| TOTAL FUNCTIONAL EXPENSES | <u>4,324,928</u> | <u>-</u> | <u>4,324,928</u> | <u>5,715,292</u> | <u>-</u> | <u>5,715,292</u> |
| EXCESS SURPLUS OF OPERATING REVENUE AND SUPPORT OVER FUNCTIONAL EXPENSES | <u>490,885</u> | <u>(4,481)</u> | <u>486,404</u> | <u>321,979</u> | <u>(18,539)</u> | <u>303,440</u> |
| NON-OPERATING INCOME/(EXPENSES) (NOTE 20) | | | | | | |
| Investment activity (Note 5) | 13,599 | - | 13,599 | 67,604 | - | 67,604 |
| Change in value of interest rate swap (Note 13A) | (226,591) | - | (226,591) | (202,439) | - | (202,439) |
| Postretirement benefit liability adjustment | 44,841 | - | 44,841 | 465,866 | - | 465,866 |
| TOTAL NON-OPERATING (EXPENSE) INCOME, NET | <u>(168,151)</u> | <u>-</u> | <u>(168,151)</u> | <u>331,031</u> | <u>-</u> | <u>331,031</u> |
| CHANGE IN TOTAL NET ASSETS | 322,734 | (4,481) | 318,253 | 653,010 | (18,539) | 634,471 |
| Net (deficit)/assets - beginning of year | <u>(407,751)</u> | <u>16,362</u> | <u>(391,389)</u> | <u>(1,060,761)</u> | <u>34,901</u> | <u>(1,025,860)</u> |
| NET (DEFICIT)/ASSETS END OF YEAR | <u>\$ (85,017)</u> | <u>\$ 11,881</u> | <u>\$ (73,136)</u> | <u>\$ (407,751)</u> | <u>\$ 16,362</u> | <u>\$ (391,389)</u> |

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(with Comparative Totals for December 31, 2019)

| Expenses | Program Services | | | Supporting Services | | | Total 2020 | Total 2019 |
|---|----------------------|--------------------|---------------------------|---------------------------|------------------|------------------------------|---------------------|---------------------|
| | Youth Development | Camp Activities | Total Program Services | Management and General | Fundraising | Total Supporting Services | | |
| Salaries | \$ 1,454,549 | \$ 331,830 | \$ 1,786,379 | \$ 225,909 | \$ 56,477 | \$ 282,386 | \$ 2,068,765 | \$ 2,712,833 |
| Employment benefits (Note 14) | 216,196 | 49,321 | 265,517 | 33,578 | 8,396 | 41,974 | 307,491 | 430,989 |
| Payroll taxes | 104,775 | 23,903 | 128,678 | 16,273 | 4,068 | 20,341 | 149,019 | 200,245 |
| Total salaries and related costs | 1,775,520 | 405,054 | 2,180,574 | 275,760 | 68,941 | 344,701 | 2,525,275 | 3,344,067 |
| Occupancy | 206,098 | 47,018 | 253,116 | 32,010 | 8,002 | 40,012 | 293,128 | 443,725 |
| Building and grounds | 138,710 | 34,764 | 173,474 | - | - | - | 173,474 | 255,986 |
| Facilities rental and meals | - | - | - | - | - | - | - | 26,635 |
| Professional fees | 294,859 | 67,267 | 362,126 | 70,795 | 11,449 | 82,244 | 444,370 | 498,135 |
| Supplies | 129,154 | 29,464 | 158,618 | 20,060 | 5,015 | 25,075 | 183,693 | 186,983 |
| Insurance | 160,944 | 34,941 | 195,885 | 28,240 | - | 28,240 | 224,125 | 212,277 |
| Equipment expenses | 76,843 | 17,530 | 94,373 | 11,934 | 2,984 | 14,918 | 109,291 | 191,390 |
| Travel and related costs | 5,697 | 1,300 | 6,997 | 885 | 221 | 1,106 | 8,103 | 129,461 |
| National dues | 24,785 | 5,655 | 30,440 | 3,849 | 962 | 4,811 | 35,251 | 104,483 |
| Telephone | 13,018 | 2,970 | 15,988 | 2,022 | 505 | 2,527 | 18,515 | 28,079 |
| Conference and training | 5,490 | 1,252 | 6,742 | 853 | 213 | 1,066 | 7,808 | 11,738 |
| Printing and advertising | 1,648 | 376 | 2,024 | 257 | 64 | 321 | 2,345 | 8,268 |
| Postage | 690 | 157 | 847 | 107 | 27 | 134 | 981 | 2,526 |
| Bad debt expense | - | - | - | 5,511 | - | 5,511 | 5,511 | - |
| Total expenses before depreciation and interest | 2,833,456 | 647,748 | 3,481,204 | 452,283 | 98,383 | 550,666 | 4,031,870 | 5,443,753 |
| Depreciation | 102,161 | 22,179 | 124,340 | 17,925 | - | 17,925 | 142,265 | 132,375 |
| Interest | 108,285 | 23,508 | 131,793 | 19,000 | - | 19,000 | 150,793 | 165,799 |
| Total depreciation and interest | 210,446 | 45,687 | 256,133 | 36,925 | - | 36,925 | 293,058 | 298,174 |
| Sub-total | 3,043,902 | 693,435 | 3,737,337 | 489,208 | 98,383 | 587,591 | 4,324,928 | 5,741,927 |
| Less: Special event direct expenses | - | - | - | - | - | - | - | (26,635) |
| TOTAL EXPENSES | \$ 3,043,902 | \$ 693,435 | \$ 3,737,337 | \$ 489,208 | \$ 98,383 | \$ 587,591 | \$ 4,324,928 | \$ 5,715,292 |

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Program Services | | | | Supporting Services | | | Total 2019 | |
|---|----------------------|-----------------------|-----------------------|--------------------|---------------------------|---------------------------|-------------------|-------------------|------------------------------|
| | Youth Development | Residence Services | Health Enhancement | Camp Activities | Total Program Services | Management and General | Fundraising | | Total Supporting Services |
| Expenses | | | | | | | | | |
| Salaries | \$ 1,600,571 | \$ 149,206 | \$ 214,314 | \$ 417,776 | \$ 2,381,867 | \$ 263,145 | \$ 67,821 | \$ 330,966 | \$ 2,712,833 |
| Employment benefits (Note 14) | 254,284 | 23,704 | 34,048 | 66,372 | 378,408 | 41,806 | 10,775 | 52,581 | 430,989 |
| Payroll taxes | 118,145 | 11,013 | 15,819 | 30,838 | 175,815 | 19,424 | 5,006 | 24,430 | 200,245 |
| Total salaries and related costs | 1,973,000 | 183,923 | 264,181 | 514,986 | 2,936,090 | 324,375 | 83,602 | 407,977 | 3,344,067 |
| Occupancy | 261,798 | 24,405 | 35,054 | 68,334 | 389,591 | 43,041 | 11,093 | 54,134 | 443,725 |
| Building and grounds | 151,032 | 24,319 | 30,974 | 49,661 | 255,986 | - | - | - | 255,986 |
| Facilities rental and meals | - | - | - | - | - | - | 26,635 | 26,635 | 26,635 |
| Professional fees | 293,900 | 27,397 | 39,353 | 76,713 | 437,363 | 48,319 | 12,453 | 60,772 | 498,135 |
| Supplies | 110,320 | 10,284 | 14,772 | 28,795 | 164,171 | 18,137 | 4,675 | 22,812 | 186,983 |
| Insurance | 128,428 | 10,826 | 15,708 | 30,568 | 185,530 | 26,747 | - | 26,747 | 212,277 |
| Equipment expenses | 112,920 | 10,526 | 15,120 | 29,474 | 168,040 | 18,565 | 4,785 | 23,350 | 191,390 |
| Travel and related costs | 76,382 | 7,120 | 10,227 | 19,937 | 113,666 | 12,558 | 3,237 | 15,795 | 129,461 |
| National dues | 61,645 | 5,747 | 8,254 | 16,090 | 91,736 | 10,135 | 2,612 | 12,747 | 104,483 |
| Telephone | 16,567 | 1,544 | 2,218 | 4,324 | 24,653 | 2,724 | 702 | 3,426 | 28,079 |
| Conference and training | 6,925 | 646 | 927 | 1,808 | 10,306 | 1,139 | 293 | 1,432 | 11,738 |
| Printing and advertising | 4,878 | 455 | 653 | 1,273 | 7,259 | 802 | 207 | 1,009 | 8,268 |
| Postage | 1,490 | 139 | 200 | 389 | 2,218 | 245 | 63 | 308 | 2,526 |
| Total expenses before depreciation and interest | 3,199,285 | 307,331 | 437,641 | 842,352 | 4,786,609 | 506,787 | 150,357 | 657,144 | 5,443,753 |
| Depreciation | 80,087 | 6,751 | 9,796 | 19,062 | 115,696 | 16,679 | - | 16,679 | 132,375 |
| Interest | 100,308 | 8,456 | 12,269 | 23,875 | 144,908 | 20,891 | - | 20,891 | 165,799 |
| Total depreciation and interest | 180,395 | 15,207 | 22,065 | 42,937 | 260,604 | 37,570 | - | 37,570 | 298,174 |
| Sub-total | 3,379,680 | 322,538 | 459,706 | 885,289 | 5,047,213 | 544,357 | 150,357 | 694,714 | 5,741,927 |
| Less: Special event direct expenses | - | - | - | - | - | - | (26,635) | (26,635) | (26,635) |
| TOTAL EXPENSES | \$ 3,379,680 | \$ 322,538 | \$ 459,706 | \$ 885,289 | \$ 5,047,213 | \$ 544,357 | \$ 123,722 | \$ 668,079 | \$ 5,715,292 |

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|---|--------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 318,253 | \$ 634,471 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 142,265 | 132,375 |
| Amortization of debt issuance costs | 8,665 | 8,665 |
| Bad debt expense | 5,511 | - |
| Unrealized loss (gain) on investments | 1,322 | (48,073) |
| Realized gain on sale of investments | (8,098) | (10,524) |
| Change in value of interest rate swap obligations | 226,591 | 202,439 |
| Loss on disposal of property and equipment | 117,586 | - |
| Subtotal | 812,095 | 919,353 |
| Changes in operating assets and liabilities: | | |
| (Increase) or decrease in assets: | | |
| Accounts receivable | 175,329 | (305,442) |
| Prepaid expenses | 10,036 | (11,389) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 734,410 | 124,487 |
| Accrued expenses | (85,263) | (14,578) |
| Deferred revenue | (202,482) | (13,108) |
| Unfunded post retirement benefit obligation | (11,843) | (480,233) |
| Net Cash Provided by Operating Activities | 1,432,282 | 219,090 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (1,983,185) | (105,906) |
| Purchase of investments | (40,523) | (109,061) |
| Proceeds from sale of investments | 79,110 | 207,178 |
| Net Cash Used in Investing Activities | (1,944,598) | (7,789) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from Paycheck Protection Program loan | 624,663 | - |
| Proceeds from note | 130,000 | - |
| Principal payments on notes | (7,919) | (7,919) |
| Principal payments on mortgages | (91,882) | (133,584) |
| Net Cash Provided by (Used in) Financing Activities | 654,862 | (141,503) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 142,546 | 69,798 |
| Cash and cash equivalents - beginning of year | 230,166 | 160,368 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 372,712 | \$ 230,166 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash paid during the year for interest | \$ 142,128 | \$ 157,134 |

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Young Men's Christian Association of Central and Northern Westchester, N.Y., Inc. ("YMCA") is a 501(c)(3) not-for-profit organization which provides health enhancement and child development programs along with dormitory residence services within Westchester and Putnam Counties, New York. YMCA's programs include physical education and recreation, child development, social welfare and summer camp. YMCA also provides affordable housing to low-income people. YMCA's programs are supported primarily by child-care and camp fees and individual and corporate support. Approximately 35% of YMCA's total operating revenues and support is derived from child-care; 11% is from camp revenues; 43% is from reimbursed expenses; 10% is from individual and corporate direct support of specific program-related expenses and other program-related dues, and the other 1% is from other program-related dues and fees.

The Internal Revenue Service has ruled that YMCA is a tax-exempt organization under the provision of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

On August 20, 2018, YMCA executed an agreement for the sale of the main building at 250 Mamaroneck Ave, White Plains, NY. The sale was finalized on February 25, 2021.

YMCA ended its membership and residential rental programs on June 30, 2019 and August 31, 2019, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Accounting*** - The financial statements of YMCA have been prepared on the accrual basis of accounting. YMCA adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- B. ***Basis of Presentation*** - YMCA's net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of YMCA and changes therein are classified and reported as follows:
- Without donor restrictions – This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available to support YMCA's operation over which the Board of Governors has discretionary control.
 - With donor restrictions – This represents net assets subject to donor-imposed restrictions that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as net assets released from restrictions. In addition, net assets with donor restrictions include resources subject to donor-imposed stipulations, requiring that the principal be maintained in perpetuity. YMCA did not have any net assets with the donor-imposed stipulations to be held in perpetuity as of December 31, 2020 and 2019.
- C. ***Revenue Recognition*** - Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished or the stipulated time period has elapsed, are reported as net assets released from restrictions.
- D. ***Contributions*** - Contributions, including unconditional promises to give (pledges), are accounted for under ASU 2018-08 and are reported as revenues in the period received or pledged. Contributions with purpose or time restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions, otherwise they are reported as increases in net assets with donor restrictions.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conditional contributions are recognized as revenues when the conditions on which they depend have been substantially met.

Contributed property, plant and equipment is recorded at fair value at the date of donation. If donors stipulate how the assets must be used, the contributions are recorded as net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills and that are provided by individuals possessing those skills which would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. YMCA received in-kind contributions of \$5,000 and \$0- for the years ended December 31, 2020 and 2019, respectively.

Membership Dues, Camp Revenue and Daycare Fees - Membership dues are recognized as income ratably over the membership term. Camp revenue and daycare fees are recorded as revenues in the period for which the fees relate. Dues and fees received by YMCA pertaining to programs and services of the following fiscal year are recorded as deferred revenues.

Foundation and Grants from Governmental Agencies – Foundation and government grant nonexchange transactions are accounted for under ASU 2018-08. Foundation and governmental grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return.

- E. **Allowance for Doubtful Accounts** - Management determines whether an allowance for doubtful accounts should be provided for accounts receivable. Such estimate is generally based on management's assessment of the aged basis of the funding source receivables, creditworthiness of its donors, current economic conditions, subsequent cash collections and historical information. As of December 31, 2020 and 2019, YMCA determined that no allowance was necessary for accounts receivable. All receivables are expected to be collected within one year.
- F. **Cash and Cash Equivalents** - YMCA considers all cash accounts, which are not subject to significant withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.
- G. **Investments and Fair Value Measurements** - Investments are stated at fair market value. Realized gains and losses are recorded at the time a security is sold. Unrealized holding gains and losses represent changes in the fair market value of the investments and are reported in the statements of activities. The estimated fair values of YMCA's short-term financial instruments, including cash equivalents, receivables, and payables arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The carrying amount of long-term debt approximates fair value because the interest rates fluctuate with market interest rates or the fixed rates are based on current rates offered to YMCA for debt with similar terms and maturities. The fair value of YMCA's investments in available-for-sale securities represents the estimated amount YMCA would receive if it were to sell the investments. See Note 6 for additional disclosure on fair value of investments.
- H. **Property and Equipment** - Property and equipment are recorded at cost, or, if donated, the fair market value at the date of the gift. YMCA follows the practice of capitalizing expenditures for buildings and building improvements, furniture and equipment having a cost of \$1,000 (depending upon the nature of the asset) or more and a useful life of greater than one year. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets ranging from 3 to 45 years. Depreciation expense for assets acquired under capital leases is included with depreciation expense on owned assets.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- I. **Derivative Financial Instruments** - YMCA makes limited use of derivative instruments for the purpose of managing interest rate risks. Interest rate swap agreements are used to convert YMCA's floating rate long-term debt to a fixed rate (Note 13). The differentials paid or received on interest rate swap agreements are accrued and recognized as adjustments to interest expense; gains and losses realized upon settlement of these agreements are deferred until the underlying hedged instrument is settled.
- J. **Unfunded Post Retirement Benefit Obligation** - YMCA: (a) recognizes in its statements of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measures a plan's assets and its obligations that determine its funded status as of the end of the fiscal year; and (c) recognizes changes in the funded status in the year in which the changes occur.
- K. **Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- L. **Debt Issuance Costs** - Debt issuance costs are presented as a direct deduction to the related mortgages payable and are being amortized using the straight-line method over 25 years, the amortization period of the related mortgage. Included in interest expense in the statements of functional expenses is amortization of debt issuance costs in the amount of \$8,665 for each of the years ended December 31, 2020 and 2019.
- M. **Functional Allocation of Expenses** - The cost of providing the various programs and the supporting services has been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and the supporting services in reasonable ratios determined by management.
- The expenses that are allocated include salaries, payroll taxes, employee benefits and processing services, which are based on the estimates of time spent and effort on direct administration or supervision of program and supporting services. Legal fees included in professional fees are allocated by estimates of time and costs of services received, as necessary. Occupancy, building and grounds, and professional fees are allocated based on salaries expense ratios as well as equipment expense, postage, supplies, national dues, and depreciation.
- N. **Advertising** - Advertising expenses are expensed as incurred and totaled \$2,339 and \$6,975 for the years ended December 31, 2020 and 2019, respectively.
- O. **Operating and Non-Operating Activities** - YMCA includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment returns, valuation changes to the interest rate swap agreement and other non-operating gains or losses are recognized as non-operating activities.
- P. **Income Taxes** - YMCA believes it has no uncertain tax positions as of December 31, 2020 and 2019 in accordance with Accounting Standards Codification ("ASC") Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- Q. **Service Fees, Reimbursed Expenses and Membership Dues** - YMCA receives revenue from contracted reimbursed net operating losses, membership dues and rent from its gym facility which are accounted for under ASU 2014-09. Revenue is reported at the amount that reflects the consideration to which YMCA expects to be entitled in exchange for providing the contracted services. For reimbursed net operating loss and gym facility rental, YMCA bills after the losses have been incurred (based on the contract for sale of the building), services are performed or has completed its portion of the contract. YMCA bills for membership in advance. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Performance obligations are determined based on the nature of the services provided by YMCA in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. All performance obligations relate to contracts with a duration of less than one year.

In addition, YMCA cancelled its membership and gym rentals effective June 30, 2019, and August 31, 2019, respectively. Therefore, there are no performance obligations or contract balances that are unsatisfied as of December 31, 2020 and 2019.

Program service fees consist of revenues for the following for the years ended December 31,

| | 2020 | 2019 | |
|-------------------------------|--------------|--------------|--|
| Reimbursed expenses | \$ 2,109,304 | \$ 1,467,874 | |
| Membership dues | - | 114,453 | |
| Registration fees | 30,513 | 24,066 | |
| Gym and other facility rental | - | 44,155 | |
| Facility rental | 23,201 | - | |
| | \$ 2,163,018 | \$ 1,650,548 | |

R. **Reclassifications** – Certain items in the December 31, 2019 financial statements have been reclassified to conform to the December 31, 2020 presentation. These classifications had no impact on the change in net assets for the year ended December 31, 2019.

NOTE 3 – AVAILABLE RESOURCES AND LIQUIDITY

Management monitors levels of available financial assets to anticipate cash requirements for general expenditures as obligations become due. As part of YMCA's liquidity management plan, cash in excess of daily requirements is invested in short-term investments, money market funds, corporate bonds, and common stock.

Financial assets as of December 31, 2020 available for general expenditure within one year of the statements of financial position date, without donor or other restrictions limiting their use, were as follows:

| | 2020 | | 2019 |
|--------------------------------|------------|----|-----------|
| Cash and cash equivalents | \$ 372,712 | \$ | 230,166 |
| Investments | 297,043 | | 328,854 |
| Accounts receivable | 337,823 | | 518,663 |
| | 1,007,578 | | 1,077,683 |
| Less purpose restricted amount | (11,881) | | (16,362) |
| | \$ 995,697 | \$ | 1,061,321 |

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31:

| | 2020 | | 2019 |
|--------------------|------------|----|---------|
| Cash at bank | \$ 323,916 | \$ | 226,471 |
| Money market funds | 48,796 | | 3,695 |
| | \$ 372,712 | \$ | 230,166 |

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 – INVESTMENTS

Financial assets carried at fair value at December 31, 2020, are classified in the fair value hierarchy as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
|-------------------------------------|-------------------|------------------|-------------------|
| ASSETS CARRIED AT FAIR VALUE | | | |
| Money market (Non-sweep) | \$ - | \$ 11,000 | \$ 11,000 |
| Equities | 234,669 | - | 234,669 |
| Corporate bonds | <u>-</u> | <u>51,374</u> | <u>51,374</u> |
| Total assets at fair value | <u>\$ 234,669</u> | <u>\$ 62,374</u> | <u>\$ 297,043</u> |

Financial assets carried at fair value at December 31, 2019, are classified in the fair value hierarchy as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
|-------------------------------------|-------------------|------------------|-------------------|
| ASSETS CARRIED AT FAIR VALUE | | | |
| Money market (Non-sweep) | \$ - | \$ 2,000 | \$ 2,000 |
| Equities | 240,030 | - | 240,030 |
| Corporate bonds | <u>-</u> | <u>86,824</u> | <u>86,824</u> |
| Total assets at fair value | <u>\$ 240,030</u> | <u>\$ 88,824</u> | <u>\$ 328,854</u> |

Investments are subject to market volatility that could substantially change the carrying value in the near term.

Investment activity consists of the following for the years ended December 31:

| | <u>2020</u> | <u>2019</u> |
|--------------------------|------------------|------------------|
| Dividends and interest | \$ 9,322 | \$ 11,964 |
| Realized gain | 8,098 | 10,524 |
| Unrealized (loss) gain | <u>(1,322)</u> | <u>48,073</u> |
| | 16,098 | 70,561 |
| Investment advisory fees | <u>(2,499)</u> | <u>(2,957)</u> |
| Total | <u>\$ 13,599</u> | <u>\$ 67,604</u> |

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

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NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, YMCA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible in its assessment of fair value. Investments in equities are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes in active exchange markets involving identical assets. Investments in money market (non-sweep) and corporate bonds are valued using quoted prices in inactive markets (Level 2).

Level 2 instrument valuations are obtained from similar assets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. There were no Level 3 investments as of December 31, 2020 and 2019.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

| | 2020 | 2019 |
|--------------------------------|--------------|--------------|
| Land | \$ 415,983 | \$ 415,983 |
| Buildings and improvements | 3,839,389 | 1,839,514 |
| Furniture and fixtures | 232,102 | 1,568,468 |
| Computer system | - | 141,788 |
| Vehicles | 36,168 | 193,721 |
| Construction in progress | - | 82,387 |
| | 4,523,642 | 4,241,861 |
| Less: Accumulated depreciation | (1,262,854) | (2,704,407) |
| | \$ 3,260,788 | \$ 1,537,454 |

Depreciation expense amounted to \$142,265 and \$132,375 for the years ended December 31, 2020 and 2019, respectively.

Prior year construction in progress relates to the build-out of new office and child-care space located at 148 Hamilton Ave, White Plains, NY. YMCA moved into the new location in November 2020.

For the year ended December 31, 2020 and in connection with the move to 148 Hamilton Ave, White Plains, NY, YMCA disposed of computer equipment, motor vehicles and furniture and fixtures with a cost of \$1,701,405 and accumulated depreciation of \$1,583,818.

NOTE 8 – PROPERTY HELD FOR SALE

Property held for sale consists of the following as of December 31:

| | 2020 | 2019 |
|------------------------------------|--------------|--------------|
| Land - White Plains, New York | \$ 244,996 | \$ 244,996 |
| Buildings - White Plains, New York | 10,906,746 | 10,906,746 |
| | 11,151,742 | 11,151,742 |
| Less: Accumulated depreciation | (8,554,281) | (8,554,281) |
| | \$ 2,597,461 | \$ 2,597,461 |

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
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NOTE 8 – PROPERTY HELD FOR SALE (Continued)

As a result of YMCA's decision in 2018 to reduce its liabilities and current mortgage obligations and to ensure the continued existence of YMCA, management entered into an agreement to sell the building located at 250 Mamaroneck Ave, White Plains, New York. The sale was finalized on February 25, 2021. See Note 20 to the financial statements.

NOTE 9 – ACCRUED EXPENSES

Accrued expenses consist of the following as of December 31:

| | 2020 | 2019 |
|--------------------------|-----------|------------|
| Accrued payroll | \$ 25,517 | \$ 91,810 |
| Accrued expenses - other | 28,750 | 47,720 |
| | \$ 54,267 | \$ 139,530 |

NOTE 10 – PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity's average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) \$10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum.

If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the eight-week or twenty-four week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to YMCA's employees. On April 20, 2020, YMCA applied for and obtained a loan in the amount of \$624,663 through an SBA authorized lender. In accounting for the terms of the PPP loan, YMCA is guided by ASC 470, *Debt*, and ASC 450-30, *Gain Contingency*. Accordingly, it recorded the proceeds of the PPP loan of \$624,663 as debt and it will derecognize the liability when the loan is paid off or it believes forgiveness is reasonably certain. YMCA believes that the possibility of loan forgiveness is to be regarded as a contingent gain and therefore will not recognize the gain until all uncertainty is removed.

On June 21, 2021, YMCA applied and received forgiveness for the PPP loan payable amount of \$624,663.

On December 27, 2020, the response to COVID-19, the federal government passed part 2 of the CARES Act. In March 2021, YMCA applied for and was granted a second draw loan of \$617,717. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity's average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) \$10 million. The term of the loan is five years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the sixty-month period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to YMCA's employees. YMCA will be obligated to repay total outstanding balance of amounts deemed not to be forgiven.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
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NOTE 11 – NOTES PAYABLE

Note payable consists of the following as of December 31:

| | 2020 | 2019 |
|----------------------------|------------|-----------|
| City of White Plains | \$ 24,848 | \$ 32,767 |
| Southern Land Company, LLC | 130,000 | - |
| | \$ 154,848 | \$ 32,767 |

During 2013, YMCA obtained a ten-year unsecured business loan in the amount of \$75,000. The loan is interest free and is payable in monthly installments of \$660. The principal balance outstanding is \$24,848 and \$32,767, at December 31, 2020 and 2019, respectively. The imputed interest calculated on the loan is immaterial to the financial statements and was not recorded.

In addition, on December 3, 2020, YMCA obtained a note from Southern Land Company, LLC in the maximum amount of \$300,000. The loan bears interest at 10% per annum and is due and payable on the earlier of March 1, 2021 (the "Maturity Date") and the time YMCA disposes of substantially all of its assets ("Liquidity Event"). As of December 31, 2020, YMCA had utilized \$130,000 of the maximum amount.

Both loans were repaid on February 25, 2021, as part of the sale of the main building at 250 Mamaroneck Ave, White Plains, NY.

NOTE 12 – LINE OF CREDIT

YMCA has a non-renewable line of credit with TD Bank, N.A. in the amount of \$100,000. The line of credit bears interest at The Wall Street Journal Prime Rate (current indicative rate of 3.25%) and is collateralized by (1) second priority mortgage on the property located at 250 Mamaroneck Ave, White Plains, NY, (2) second UCC-1 filing on business assets. YMCA was obligated for \$100,000 at both December 31, 2020 and 2019. The line of credit was repaid on February 25, 2021, as part of the sale of the main building at 250 Mamaroneck Ave, White Plains, NY.

NOTE 13 – MORTGAGES PAYABLE

Mortgages payable consists of the following as of December 31:

| | Amount Due | |
|---------------------------------|--------------|------------------|
| | 2020 | 2019 |
| <u>Mortgages Payable</u> | | |
| TD Bank, N.A. | \$ 3,948,900 | \$ 4,036,248 (A) |
| TD Bank, N.A. | 225,366 | 229,900 (B) |
| | 4,174,266 | 4,266,148 |
| Unamortized debt issuance costs | (139,906) | (148,571) |
| | \$ 4,034,360 | \$ 4,117,577 |

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
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NOTE 13 – MORTGAGES PAYABLE (Continued)

A. In January 2016, YMCA entered into a commercial mortgage agreement with TD Bank, N.A. for the principal sum of \$4,500,000. The loan bears interest at a variable rate of London Interbank Offered Rate "LIBOR" plus 1.50% per annum. Repayment of the loan is scheduled for 120 payments. The note matures on January 1, 2026, with a balloon payment of the outstanding principal due. The mortgage is collateralized by (1) first and second priority mortgage on the property located at 250 Mamaroneck Ave, White Plains, NY, (2) first priority UCC-1 filing on the furniture and fixtures of the commercial property.

In relation to the mortgage, YMCA entered into an agreement with TD Bank, N.A. where YMCA would swap the LIBOR, plus 1.5% variable interest rate liability. The agreement has a term of ten years. The notional amount under the swap decreases as principal payments are made on the note so the notional amount equals the principal outstanding balance.

The interest rate swap is designed to hedge the risk of changes in interest payments on the commercial mortgage, and thereby, affect cash flow. The purpose of the swap agreements is to establish a synthetic fixed rate. The synthetic fixed rate on the mortgages is 3.43% with fair values totaling \$(294,128) and \$(67,537) as of December 31, 2020 and 2019, respectively. Losses totaling \$(226,591) and \$(202,439) for the years ended December 31, 2020 and 2019, respectively, are recorded in the statements of activities.

The fair value of the interest rate swap agreement is based on inputs from current valuation information priced with observable market assumptions and appropriate valuation adjustments for credit risk. The valuation is based on Level 2 inputs at the close of business on the reporting date. See the fair value hierarchy in Note 6.

This mortgage was repaid on February 25, 2021, as part of the sale of the main building at 250 Mamaroneck Ave, White Plains, NY.

B. In October 2016, YMCA entered into a commercial mortgage with TD Bank, N.A. for the principal sum of \$250,000. The loan bears interest at a fixed rate of 3.78% per annum. Repayment of the loan is scheduled for 120 payments. The note matures on October 1, 2026, with a balloon payment of the outstanding principal due. The loan is collateralized by the property at 684 Peekskill Hollow Road, Putnam Valley, NY.

YMCA is required to maintain a debt service coverage ratio of not less than 1.25:1, tested annually. YMCA is in compliance with the required covenant as of December 31, 2020.

Future annual principal payments associated with this mortgage are as follows for the five years ending after December 31, 2020 and thereafter:

| | | |
|--|----|---------|
| 2021 | \$ | 9,672 |
| 2022 | | 7,448 |
| 2023 | | 7,734 |
| 2024 | | 8,032 |
| 2025 | | 8,341 |
| Thereafter | | 184,139 |
| Principal amount | | 225,366 |
| Less: unamortized debt issuance costs | | (1,065) |
| Mortgages payable less unamortized debt issuance costs | \$ | 224,301 |

Interest expense incurred with regard to mortgages payable and notes payable amounted to \$142,128 and \$157,134 for the years ended December 31, 2020 and 2019, respectively.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
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NOTE 14 – POST RETIREMENT BENEFIT OBLIGATION

YMCA provides medical and health benefits to eligible terminated and retired employees and their dependents on an employer subsidized basis. In July 2010, YMCA's Board of Directors amended the post retirement benefit plan (the "Plan") limiting employee eligibility to the four retirees who are currently receiving benefits. This Plan is unfunded.

The funded status of the Plan as of December 31 is as follows:

| | <u>2020</u> | <u>2019</u> |
|--|--------------------|---------------------|
| Projected benefit obligation | \$ 53,955 | \$ 65,798 |
| Fair value of Plan assets | <u>-</u> | <u>-</u> |
| Unfunded status | <u>\$ (53,955)</u> | <u>\$ (65,798)</u> |
| Accrued costs recognized in statements of financial position | <u>\$ (53,955)</u> | <u>\$ (65,798)</u> |
| Net post retirement benefit costs recognized in the statements of activities | <u>\$ 8,433</u> | <u>\$ (440,749)</u> |
| Amortization of amounts not previously recognized as a component of net periodic costs | <u>\$ 6,548</u> | <u>\$ (463,488)</u> |

Employer contributions expected to be paid during 2021 approximate \$17,000.

The table below reflects the amounts recognized within net assets without donor restrictions arising from the Plan at December 31 that have not yet been recognized in the net periodic benefit costs.

| | <u>2020</u> | <u>2019</u> |
|----------------|-------------------|-------------------|
| Actuarial loss | <u>\$ 100,415</u> | <u>\$ 106,170</u> |

The weighted assumptions used to determine benefit obligations and net period cost as of and for the years ended December 31 are as follows:

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|-------------|-------------|
| Benefit obligation: | | |
| Discount rate | 3.22% | 4.22% |
| Rate of health care costs increase | 10.00% | 10.00% |
| Periodic benefit cost: | | |
| Discount rate | 2.52% | 3.22% |
| Rate of health care costs increase | 10.00% | 10.00% |

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
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NOTE 14 – POST RETIREMENT BENEFIT OBLIGATIONS (Continued)

The following table shows estimated future benefit payments expected to be paid from the Plan for each of the following years ending after December 31, 2020:

| | | |
|--------------------------|----|--------|
| Year Ending December 31, | | |
| 2021 | \$ | 17,000 |
| 2022 | | 19,000 |
| 2023 | | 1,000 |
| 2024 | | 1,000 |
| 2025 | | 1,000 |
| 2026 - 2030 | | 5,000 |

The following represents health-care cost trend rate assumptions as of December 31:

| | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| Health care costs trend rate assumed for the following year | 10.00% | 10.00% |
| Rate at which the cost trend rate is assumed to decline (the ultimate trend rate) | 5.00% | 5.00% |
| Year that the rate reaches the ultimate trend rate | 2027 | 2026 |

Assumed health-care cost trend rates have a significant effect on the amounts reported for the Plan. A 1%-point change in assumed health-care trend rates would have the following effects in 2020:

| | <u>1% Point Increase</u> | <u>1% Point Decrease</u> |
|--|--------------------------|--------------------------|
| Total of service and interest costs components increase/(decrease) | \$ <u>105</u> | \$ <u>2,297</u> |
| Postretirement benefit obligation increase/(decrease) | \$ <u>3,250</u> | \$ <u>54,418</u> |

NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS

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

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|------------------|------------------|
| Program and purpose restricted | \$ <u>11,881</u> | \$ <u>16,362</u> |

Net assets were released from restrictions totaling \$44,481 and \$65,713 during the years ended December 31, 2020 and 2019, respectively, by incurring expenses in satisfaction of donor restrictions.

NOTE 16 – RETIREMENT PLAN

The YMCA National maintains a defined benefit contribution retirement plan (the "Retirement Plan") that is administered by the Young Men's Christian Association Retirement Fund, a separate entity. The Retirement Plan is available to all eligible employees of YMCA who qualify under the Retirement Plan's participation requirements. YMCA contributions recorded in the statements of activities were \$34,295 and \$112,424 for the years ended December 31, 2020 and 2019, respectively.

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NOTE 17 – COMMITMENTS AND CONTINGENCIES

A. YMCA leases equipment and space under operating lease agreements. Future commitments under these operating leases are due as follows:

| | <u>Equipment</u> |
|------------|------------------|
| 2021 | \$ 232,000 |
| 2022 | 233,000 |
| 2023 | 234,000 |
| 2024 | 233,000 |
| 2025 | 212,000 |
| Thereafter | 2,310,000 |
| | \$ 3,454,000 |

For the leases mentioned above, the total rental expense for the years ended December 31, 2020 and 2019 was approximately \$138,000 and \$190,000, respectively.

B. YMCA is a defendant in five legal actions that have occurred throughout the normal course of business as follows:

- A plaintiff is claiming injuries from an elevator in YMCA's building. The final outcome of this action cannot be determined at this time, and management is of the opinion that the ultimate liability would be approximately \$250,000. YMCA maintains adequate insurance coverage to ensure any resulting outcome would be fully covered.
- A plaintiff is claiming misconduct by an ex-employee during 2015. YMCA's insurance carrier has entered into a preliminary settlement agreement with the plaintiff's counsel to resolve this case in its entirety with a confidentiality order. Management is of the opinion that the ultimate liability, if any, from the final outcome of this matter will not have a material effect on YMCA's financial statements. Furthermore, YMCA maintains adequate insurance coverage to ensure that any resulting outcome would be fully covered.
- A plaintiff, an ex-employee that was terminated as part of a personnel reorganization, is claiming unfair dismissal by YMCA. The claim was settled in March 2021 for \$27,000. YMCA made a provision in the accompanying financial statements of \$25,000 representing its deductible on the insurance coverage.
- A plaintiff, a current employee of YMCA, is alleging race discrimination. The lawsuit is in its early stage and the final outcome of this action cannot be determined at this time. As such, no provision has been made in the accompanying financial statements.
- A plaintiff is claiming abuse at a camp run by the Mt. Vernon YMCA in the 1960's. YMCA is a successor in interest to the Mt. Vernon YMCA by way of merger occurring in 1987. The final outcome of this action and potential exposure to YMCA cannot be determined at this time. As such, no provision has been made in the accompanying financial statements.

NOTE 18 – RELATED PARTY TRANSACTION

YMCA is affiliated with the National Organization, YMCA of the USA, but is governed by its own Board of Governors. YMCA pays monthly fees to the National YMCA based on a percentage of its revenue. YMCA was successful in negotiating a reduction in the fees due to the National YMCA for the year ended December 31, 2020.

For the years ended December 31, 2020 and 2019, these fees totaled \$35,251 and \$104,483, respectively.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
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NOTE 19 – CONCENTRATION OF CREDIT RISKS

Cash and cash equivalents that potentially subject YMCA to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits of \$250,000 per institution. For the years ended December 31, 2020 and 2019, YMCA had cash with a financial institution that exceeded the FDIC insurance limits by approximately \$116,000 and \$41,000, respectively.

NOTE 20 – FINANCIAL CONDITION

YMCA has experienced significant decreases in net assets for the last five years and has a deficit at December 31, 2020. The Board and management continue to review all programs for financial viability and mission congruence. Management has evaluated its current operational functions and has implemented a break-even cash basis budget for the upcoming fiscal year. In addition, the Board and management have decided to sell the property located at 250 Mamaroneck Ave, White Plains, NY, to reduce liabilities and current mortgage obligations and, to ensure the continued existence of YMCA. The sale of the property was completed February 25, 2021, see Note 1.

For the years ended December 31, 2020 and 2019 and in relation to the sale of this property, the purchaser has advanced non-refundable amounts of \$2,109,304 and \$1,467,874, respectively to YMCA to cover operating losses.

NOTE 21 – COVID-19 PANDEMIC

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on YMCA's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, YMCA is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. YMCA's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States.

YMCA continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

NOTE 22 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognitions and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through July 26, 2021, the date the financial statements were available to be issued. See Notes 1, 8, 10, 11, 12, 13, 17 and 20.