

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**



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**YMCA OF THE FOX CITIES AND ITS AFFILIATE
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YEARS ENDED DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
YMCA of the Fox Cities and its Affiliate
Appleton, Wisconsin

We have audited the accompanying consolidated financial statements of YMCA of the Fox Cities and its Affiliate, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
YMCA of the Fox Cities and its Affiliate

Opinion

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oshkosh, Wisconsin
February 2, 2021

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,138,130	\$ 7,095,202
Accounts Receivable	226,369	350,708
Grants Receivable	11,480	21,110
Pledges Receivable, Net	510,495	676,837
Prepaid Expenses and Supplies	209,124	188,847
Total Current Assets	<u>6,095,598</u>	<u>8,332,704</u>
PROPERTY AND EQUIPMENT, NET	33,440,995	32,196,799
INVESTMENTS	13,123,390	12,040,531
OTHER ASSETS		
Long-Term Pledges Receivable, Net	245,016	534,915
Other	24,980	33,407
Total Other Assets	<u>269,996</u>	<u>568,322</u>
Total Assets	<u><u>\$ 52,929,979</u></u>	<u><u>\$ 53,138,356</u></u>

See accompanying Notes to Consolidated Financial Statements.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2020 AND 2019**

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 407,270	\$ 1,121,692
Current Maturities of Long-Term Debt	200,000	600,047
Accrued Liabilities	409,820	1,032,359
Deferred Revenue	418,093	836,880
Total Current Liabilities	1,435,183	3,590,978
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities Above	1,714,940	1,305,000
Total Liabilities	3,150,123	4,895,978
NET ASSETS		
Without Donor Restrictions:		
Net Investment in Property and Equipment	31,551,035	30,325,159
Board Designated for Endowment:		
Appleton YMCA Endowment Trust	4,428,268	4,072,347
Neenah - Menasha YMCA Endowment Trust	4,654,276	4,310,758
Undesignated	4,440,007	3,927,432
Total Net Assets Without Donor Restrictions	45,073,586	42,635,696
With Donor Restrictions	4,706,270	5,606,682
Total Net Assets	49,779,856	48,242,378
Total Liabilities and Net Assets	\$ 52,929,979	\$ 53,138,356

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND PUBLIC SUPPORT						
Contributions	\$ 2,902,992	\$ 297,917	\$ 3,200,909	\$ 1,287,239	\$ 2,085,213	\$ 3,372,452
United Way	619,198	-	619,198	617,392	-	617,392
Grants	633,614	294,640	928,254	138,650	-	138,650
Fundraising, Net of Expenses	111,419	-	111,419	29,024	-	29,024
Net Assets Released from Restrictions	1,867,997	(1,867,997)	-	318,616	(318,616)	-
Program Fees	9,891,624	-	9,891,624	13,406,042	-	13,406,042
Membership	6,452,780	-	6,452,780	8,812,940	-	8,812,940
Net Investment Income	1,114,860	375,028	1,489,888	1,468,739	528,263	1,997,002
Other	394,948	-	394,948	468,863	-	468,863
Total Revenues, Gains, and Public Support	23,989,432	(900,412)	23,089,020	26,547,505	2,294,860	28,842,365
EXPENSES						
Program Services	17,340,774	-	17,340,774	22,120,680	-	22,120,680
Management and General	3,889,898	-	3,889,898	3,843,353	-	3,843,353
Fundraising	320,870	-	320,870	344,149	-	344,149
Total Expenses	21,551,542	-	21,551,542	26,308,182	-	26,308,182
CHANGE IN NET ASSETS	2,437,890	(900,412)	1,537,478	239,323	2,294,860	2,534,183
Net Assets - Beginning of Year	42,635,696	5,606,682	48,242,378	42,396,373	3,311,822	45,708,195
NET ASSETS - END OF YEAR	<u>\$ 45,073,586</u>	<u>\$ 4,706,270</u>	<u>\$ 49,779,856</u>	<u>\$ 42,635,696</u>	<u>\$ 5,606,682</u>	<u>\$ 48,242,378</u>

See accompanying Notes to Consolidated Financial Statements.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020				2019			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Wages and Benefits	\$ 11,003,670	\$ 2,616,065	\$ 272,615	\$ 13,892,350	\$ 14,079,233	\$ 2,198,569	\$ 272,702	\$ 16,550,504
Program Supplies	217,972	-	-	217,972	739,501	-	-	739,501
Food and Related Supplies	164,750	-	-	164,750	294,247	-	-	294,247
Supplies	325,947	4,055	3,440	333,442	446,440	10,942	285	457,667
Marketing and Postage	57,484	19,502	17,254	94,240	119,891	35,704	35,241	190,836
Training	19,552	15,449	346	35,347	43,564	99,825	3,508	146,897
Telephone	114,709	14,900	1,538	131,147	118,915	15,960	1,371	136,246
Occupancy	1,175,107	3,190	-	1,178,297	1,525,939	4,251	(85)	1,530,105
Repairs and Maintenance	1,088,141	2,700	-	1,090,841	1,301,232	438	-	1,301,670
Equipment	185,680	91,727	882	278,289	220,709	73,304	1,297	295,310
Contract Services	347,391	732,934	5,619	1,085,944	429,886	901,351	694	1,331,931
Insurance	65,360	2,821	-	68,181	80,578	3,101	-	83,679
Transportation	63,475	14,438	189	78,102	190,941	19,555	645	211,141
National Support	-	228,890	-	228,890	-	309,847	-	309,847
Miscellaneous	93,952	52,246	18,737	164,935	197,211	89,875	28,251	315,337
Depreciation and Amortization	2,417,584	90,981	250	2,508,815	2,332,393	80,631	240	2,413,264
Special Events	-	-	36,512	36,512	-	-	85,404	85,404
Total Expenses by Function	<u>17,340,774</u>	<u>3,889,898</u>	<u>357,382</u>	<u>21,588,054</u>	<u>22,120,680</u>	<u>3,843,353</u>	<u>429,553</u>	<u>26,393,586</u>
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:								
Special Events	-	-	(36,512)	(36,512)	-	-	(85,404)	(85,404)
Total Expenses Included in the Expenses Section on the Consolidated Statements of Activities	<u>\$ 17,340,774</u>	<u>\$ 3,889,898</u>	<u>\$ 320,870</u>	<u>\$ 21,551,542</u>	<u>\$ 22,120,680</u>	<u>\$ 3,843,353</u>	<u>\$ 344,149</u>	<u>\$ 26,308,182</u>

See accompanying Notes to Consolidated Financial Statements.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,537,478	\$ 2,534,183
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,508,815	2,413,264
Contributions Restricted for Capital Campaign	-	(1,445,086)
Gain on Sale of Property and Equipment	(129,468)	(2,388)
Net Realized and Unrealized Gains on Investments	(1,265,909)	(1,651,415)
Gain on Interest Rate Swap Agreement	-	(600)
(Increase) Decrease in Assets:		
Accounts Receivable	124,339	29,379
Grants Receivable	9,630	(3,679)
Pledges Receivable	(189,369)	27,288
Prepaid Expenses and Supplies	(20,277)	(24,202)
Increase (Decrease) in Liabilities:		
Accounts Payable	(103,920)	(8,788)
Accrued Liabilities	(622,539)	52,041
Deferred Revenue	(418,787)	57,378
Net Cash Provided by Operating Activities	1,429,993	1,977,375
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(4,411,394)	(1,482,433)
Proceeds from Sale of Property and Equipment	185,776	4,503
Purchases of Investments	(289,953)	(884,751)
Proceeds from Sale of Investments	473,003	512,613
Net Cash Used by Investing Activities	(4,042,568)	(1,850,068)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Capital Campaign	645,610	1,059,505
Proceeds from Long-Term Debt	1,200,000	-
Payments on Long-Term Debt	(1,190,107)	(1,197,090)
Net Cash Provided (Used) by Financing Activities	655,503	(137,585)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,957,072)	(10,278)
Cash and Cash Equivalents - Beginning of Year	7,095,202	7,105,480
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,138,130	\$ 7,095,202
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 30,049	\$ 62,510
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Additions to Property and Equipment Included in Accounts Payable	\$ 48,553	\$ 659,055

See accompanying Notes to Consolidated Financial Statements.

YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 PRINCIPAL ACTIVITY

YMCA of the Fox Cities (the Organization) is a nonprofit charitable association dedicated to building healthy spirit, mind, and body. Part of a worldwide movement, it puts Christian principles into practice through programs that promote good health, strong families, youth leadership, community development, and international understanding. The Organization is open to men, women, and children of all ages, incomes, abilities, races, and religions. It operates its programs in five locations and is available to residents of the Fox Cities, Wisconsin metropolitan area.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Organization and its affiliate, the Appleton YMCA Endowment Trust (the Affiliate). The Affiliate is a nonprofit organization controlled by the Organization. Its sole purpose is the support of the Organization. The fiscal year-end of the Affiliate is June 30; however, balances as of December 31 have been used in the consolidation. Significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated 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.

Cash and Cash Equivalents

The Organization and the Affiliate define cash and cash equivalents as highly liquid, short-term investments with a maturity, at the date of acquisition, of three months or less. Excluded from this definition are cash equivalents held for long-term purposes in investments.

Pledges Receivable

Unconditional promises to give made to the Organization and the Affiliate are recorded in the year the pledge is made. Amounts that are expected to be collected within one year are recorded at their net realizable value. Pledges expected to be collected in future years are recorded at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contributions revenue. An allowance for pledges receivable to give is determined based on experience.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are carried at the original invoice amount, less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 60 days. Interest is not charged on past due accounts receivable.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value at date of the gift, if donated. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for improvements and betterments that materially prolong the estimated useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property and equipment are depreciated using the straight-line method over their estimated useful lives. The principal depreciation rates are based upon the following estimated useful lives:

Land Improvements	15 Years
Buildings	10 to 30 Years
Equipment	3 to 7 Years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate 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 undiscounted net 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. Assets to be disposed of are reported at the lower of carrying amount or the fair value less cost to sell.

Investments

Investments are presented in the accompanying consolidated financial statements at fair value using methodologies described in Note 4 – Fair Value Measurements. Realized gains and losses on the sale of investments are reported based upon the specific identification method.

YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investment income is reported in the accompanying consolidated statements of activities as revenue without or with donor restrictions based upon donor-imposed restrictions or governing law.

Agency Accounts

Agency accounts consist of cash funds held under various agency relationships. These accounts, which included balances totaling \$48,624 and \$48,580 at December 31, 2020 and 2019, respectively, are included within accrued liabilities in the accompanying consolidated statements of financial position.

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 operation and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Tax-Exempt Status

The Organization and the Affiliate have received notification that they qualify as tax-exempt organizations under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and accordingly, are not subject to federal or state income taxes.

Taxes Collected and Remitted

The Organization presents taxes collected and remitted to governmental authorities on the net basis, excluding such amounts from revenue.

Revenue Recognition

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.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions restricted by donors are reported 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 consolidated statements of activities as Net Assets Released from Restrictions.

Program fees are recognized as revenue when the programs are held. Unearned program fees, which totaled \$346,376 and \$688,012 at December 31, 2020 and 2019, respectively, are reflected as deferred revenue on the consolidated statements of financial position. Revenue from program fees is recognized over time and totaled \$9,891,624 and \$13,406,042 during the years ended December 31, 2020 and 2019, respectively.

Memberships are renewed monthly, quarterly, semi-annually, or annually and include multiple distinct performance obligations, including access to the Organization's facilities and discounts on program fees during the membership period.

Unearned membership revenue, which totaled \$71,717 and \$148,868 at December 31, 2020 and 2019, respectively, is reflected as deferred revenue on the consolidated statements of financial position. Revenue from monthly, quarterly, semi-annual, and annual membership dues is recognized over time and totaled \$6,452,780 and \$8,812,940, during the years ended December 31, 2020 and 2019, respectively.

Donated Services and Assets

The Organization receives contributions of services for its programs. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation. There were no contributed services that were recognized as revenue for the years ended December 31, 2020 and 2019.

Donated assets are recorded at fair value at the date of donation or, if sold immediately after receipt, at the amount of sales proceeds received, which are considered a reasonable approximation of the fair value at the date of donation.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

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

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, while the remaining natural expense categories are allocated on the basis of estimates of time and effort.

Accounting Standards Update

In February 2016, the FASB issued ASU 2016-02, *Leases*, which is a comprehensive lease accounting standard that requires entities that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. The guidance is required to be applied by the Organization for the year ending December 31, 2022; however, early application is permitted. The Organization is currently evaluating the impact this guidance will have on its consolidated financial statements.

Subsequent Events

The Organization has evaluated subsequent events through February 2, 2021, the date the consolidated financial statements were available to be issued.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs, liabilities, and other obligations as they become due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 5,138,130	\$ 7,095,202
Accounts Receivable	226,369	350,708
Grants Receivable	11,480	21,110
Pledges Receivable	755,511	1,211,752
Investments	13,123,390	12,040,531
Endowment Spending-Rate Distributions and Appropriations	<u>468,818</u>	<u>397,603</u>
Total	19,723,698	21,116,906
Less: Agency Accounts	(48,624)	(48,580)
Less: Board-Designated Net Assets	(9,082,544)	(8,383,105)
Less: Donor Restricted Net Assets	<u>(4,706,270)</u>	<u>(5,606,682)</u>
Total Financial Assets Available for General Expenditure	<u>\$ 5,886,260</u>	<u>\$ 7,078,539</u>

Our 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. Donor-restricted endowment funds are not available for general expenditure.

The Organization's board-designated endowment of \$9,082,544 and \$8,383,105 at December 31, 2020 and 2019, respectively, is subject to an annual spending rate of 5% as described in Note 12. Although management does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Organization also maintains a line of credit in the amount of \$500,000, which could be drawn upon in the event of an anticipated liquidity need.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework of accounting standards. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The standards define levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology based on quoted prices for similar assets or liabilities or identical assets or liabilities in active markets, such as dealer or broker markets.

Level 3 – Inputs to the valuation methodology are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions, or are supported by little or no market activity.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Equity Securities and Mutual Funds

Equity securities and mutual funds are valued at the last sales price before year-end. There are no restrictions on the redemption of these funds.

Assets Held by the Community Foundation

Beneficial interest in assets held by Community Foundation represents amounts held at the Community Foundation for the Fox Valley Region (the Foundation) on the Organization's behalf. The Foundation invests the assets held in the fund. The Organization has used the fair value of its pro rata share of the investment pool held by the Foundation to determine the fair value of the beneficial interest. The unobservable inputs to the valuation are the underlying assets at the Foundation; therefore, these investments are classified as Level 3 assets within the fair value hierarchy.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets carried at fair value at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Equities	\$ 640,025	\$ -	\$ -	\$ 640,025
Mutual Funds	12,354,774	-	-	12,354,774
Assets Held by the Community Foundation	<u>-</u>	<u>-</u>	<u>8,249</u>	<u>8,249</u>
Assets Presented at Fair Value	<u>\$ 12,994,799</u>	<u>\$ -</u>	<u>\$ 8,249</u>	13,003,048
Cash Equivalents				<u>120,342</u>
Total				<u>\$ 13,123,390</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets carried at fair value at December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Equities	\$ 657,444	\$ -	\$ -	\$ 657,444
Mutual Funds	10,777,718	-	-	10,777,718
Assets Held by the Community Foundation	<u>-</u>	<u>-</u>	<u>8,104</u>	<u>8,104</u>
Assets Presented at Fair Value	<u>\$ 11,435,162</u>	<u>\$ -</u>	<u>\$ 8,104</u>	11,443,266
Cash Equivalents				<u>597,265</u>
Total				<u>\$ 12,040,531</u>

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Balance - Beginning of Year	\$ 8,104	\$ 6,915
Change in Assets Held by the Community Foundation	<u>145</u>	<u>1,189</u>
Balance - End of Year	<u>\$ 8,249</u>	<u>\$ 8,104</u>

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	2020	2019
Fox West YMCA Child Care Capital Campaign	\$ 543,522	\$ 1,042,455
GST Capital Campaign	1,200	187,752
Other	239,811	50,442
Total Pledges Receivable	<u>784,533</u>	<u>1,280,649</u>
Less: Discount to Present Value at 3.75%	<u>(23,587)</u>	<u>(56,125)</u>
Total	760,946	1,224,524
Less: Allowance for Uncollectible Amounts	<u>(5,435)</u>	<u>(12,772)</u>
Net Pledges Receivable	<u><u>\$ 755,511</u></u>	<u><u>\$ 1,211,752</u></u>
Amounts Due in:		
Less than One Year	\$ 510,495	\$ 676,837
One to Five Years	245,016	534,915
Net Pledges Receivable	<u><u>\$ 755,511</u></u>	<u><u>\$ 1,211,752</u></u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2020	2019
Land and Land Improvements	\$ 8,130,954	\$ 8,114,888
Buildings	54,746,699	51,063,365
Equipment	6,615,795	6,401,197
Construction in Progress	90,049	854,602
Total, at Cost	<u>69,583,497</u>	<u>66,434,052</u>
Less: Accumulated Depreciation	<u>(36,142,502)</u>	<u>(34,237,253)</u>
Net Property and Equipment	<u><u>\$ 33,440,995</u></u>	<u><u>\$ 32,196,799</u></u>

Total depreciation expense for the years ended December 31, 2020 and 2019 was \$2,500,388 and \$2,404,837, respectively.

NOTE 7 ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31:

	2020	2019
Payroll-Related Items	\$ 175,081	\$ 692,913
Sales Tax Payable	295	622
Agency Accounts	48,624	48,580
Health Claims	168,273	273,162
Property Tax and Other	17,547	17,082
Total Accrued Liabilities	<u><u>\$ 409,820</u></u>	<u><u>\$ 1,032,359</u></u>

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NOTE 8 DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Program	\$ 346,376	\$ 688,012
Membership	71,717	148,868
Total Deferred Revenue	<u>\$ 418,093</u>	<u>\$ 836,880</u>

NOTE 9 LINE OF CREDIT

The Organization has a \$500,000 line-of-credit financing agreement with BMO Harris Bank. Interest is payable at the one-month London Interbank Offered Rate (LIBOR) plus 2.25%. The line of credit is secured by all of the Organization's assets, has no specified due date, but is due on demand. There was no outstanding balance on the line of credit at December 31, 2020 and 2019.

NOTE 10 LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Promissory note due to Community First Credit Union secured by capital campaign pledges receivable; terms of the note required monthly interest payments at 2.5% at December 31, 2019, along with periodic principal payments, which were tied to the receipt of capital campaign pledges; retired during the year ended December 31, 2020.	\$ -	\$ 405,047
0% promissory note due to Community First Credit Union secured by certain real estate and a commercial security agreement; terms of the note require payment of all outstanding principal on August 27, 2022.	609,940	-
Promissory note due to the Village of Kimberly, Wisconsin; secured by a letter of credit at BMO Harris Bank and certain real estate; terms of the letter require annual principal payments in varying amounts on or before April 1 of each year through April 1, 2022; interest is payable monthly at varying rates (.16% and 1.81% at December 31, 2020 and 2019, respectively).	260,000	390,000

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
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NOTE 10 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2020</u>	<u>2019</u>
Promissory note due to the Town of Greenville, Wisconsin; secured by a letter of credit at BMO Harris Bank and certain real estate; terms of the letter require annual principal payments in varying amounts on or before September 1 of each year through September 1, 2032; interest is payable monthly at a variable rate (1.47% and 2.53% at December 31, 2020 and 2019, respectively).	\$ 1,045,000	\$ 1,110,000
Total	1,914,940	1,905,047
Less: Current Maturities	<u>(200,000)</u>	<u>(600,047)</u>
Long-Term Portion	<u>\$ 1,714,940</u>	<u>\$ 1,305,000</u>

Future principal requirements on long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 200,000
2022	809,940
2023	75,000
2024	80,000
2025	80,000
Thereafter	<u>670,000</u>
Total	<u>\$ 1,914,940</u>

Certain notes described above are subject to performance and financial covenants. Management believes the Organization was in compliance with the applicable covenants at December 31, 2020. Interest expense was \$28,367 and \$62,867 for the years ended December 31, 2020 and 2019, respectively.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Programs	\$ 433,862	\$ 159,325
Pledges Receivable, the Proceeds from which have been Restricted by Donors for Programs	50,000	-
Capital Campaign	-	1,746,593
Subject to the Passage of Time:		
Pledges Receivable that are not Restricted by Donors, but which are Unavailable for Expenditures Until Due	189,811	50,442
Endowments:		
Subject to Appropriation and Expenditure when a Specified Event Occurs:		
Restricted by Donors for Programs	655,535	339,695
Subject to Endowment Spending Policy and Appropriation - Investment in Perpetuity (Including Amounts Above Original Gift Amounts of \$2,798,699 in 2020 and 2019), Which Once Appropriated, is Expendable to Support:		
Bruce B. Purdy Nature Preserve Fund	1,876,991	1,810,556
The Making Waves Swim Program Fund	500,071	500,071
Bob Brown Safety Around the Water Fund	<u>1,000,000</u>	<u>1,000,000</u>
	<u>3,377,062</u>	<u>3,310,627</u>
Total Endowments	<u>4,032,597</u>	<u>3,650,322</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,706,270</u>	<u>\$ 5,606,682</u>

While held in perpetuity, the Bruce B. Purdy Nature Preserve Fund balance is subject to realized and unrealized gains and losses.

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

	<u>2020</u>	<u>2019</u>
Expiration of Time Restrictions	\$ 50,442	\$ 77,730
Satisfaction of Purpose Restrictions:		
Programs	70,962	240,886
Property and Equipment	<u>1,746,593</u>	<u>-</u>
Total Net Assets Released from Donor	<u>\$ 1,867,997</u>	<u>\$ 318,616</u>

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 12 ENDOWMENTS

The Organization's endowments consist of three funds established to support various purposes of the Organization, the Neenah Menasha Endowment Fund, the Appleton Endowment Fund, and the Bruce B Purdy Nature Preserve Fund. The endowments consist of funds intended to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2020, there were no such donor stipulations.

As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization 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 purpose of the Organization 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 Organization; and
7. The investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect principal values in terms of current dollars and, over the longer term, to increase principal values enough to offset the impact of inflation. Under an investment policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results benchmarked on appropriate market indices based on the level of investment risk.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters (Continued)

The Organization and the Affiliate expect the Neenah Menasha Endowment Fund, the Appleton Endowment Fund, and the Bruce B Purdy Nature Preserve Fund, over time, to provide an average rate of return of approximately 5% plus inflation. The review of investment performance shall occur not less than semi-annually. Actual returns in any given year will likely vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization and its Affiliate rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investment policies target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Asset allocations for each endowment are as follows:

Equity exposure should not exceed 85% of the total portfolio market value. Fixed income securities should not exceed 35% of the total portfolio market value, and cash reserves should not exceed 10% of the total portfolio. Hedge fund securities and other alternative assets may account for up to 20% of the total portfolio.

Spending Policy

The Organization has a spending policy of appropriating up to 5% for distribution each year determined by using a three-year moving average of the total portfolio market values on December 31 of the prior fiscal years, not to exceed the three-year investment return average percentage. A distribution greater than the spending policy can only be made if approved by a majority of the board of directors.

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amounts required to be maintained by donor or by law (underwater endowments). There were no underwater endowments as of December 31, 2020 and 2019.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
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NOTE 12 ENDOWMENTS (CONTINUED)

Endowment net assets by type of fund consisted of the following at December 31:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted:			
Original Donor-Restricted Gift Amount Required to be Maintained in Perpetuity by Donor	\$ -	\$ 2,798,699	\$ 2,798,699
Endowment Earnings Required to be Maintained in Perpetuity by Donor	-	578,363	578,363
Accumulated Investment Gains	-	655,535	655,535
Board Designated	9,082,544	-	9,082,544
Total Funds	<u>\$ 9,082,544</u>	<u>\$ 4,032,597</u>	<u>\$ 13,115,141</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted:			
Original Donor-Restricted Gift Amount Required to be Maintained in Perpetuity by Donor	\$ -	\$ 2,798,699	\$ 2,798,699
Endowment Earnings Required to be Maintained in Perpetuity by Donor	-	511,928	511,928
Accumulated Investment Gains	-	339,695	339,695
Board Designated	8,383,105	-	8,383,105
Total Funds	<u>\$ 8,383,105</u>	<u>\$ 3,650,322</u>	<u>\$ 12,033,427</u>

Changes in endowment net assets were as follows for the years ended December 31:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 8,383,105	\$ 3,650,322	\$ 12,033,427
Contributions	24,800	49,523	74,323
Investment Returns:			
Investment Income	181,200	83,887	265,087
Net Appreciation (Realized and Unrealized)	933,660	291,141	1,224,801
Total Investment Returns	1,114,860	375,028	1,489,888
Appropriation of Endowment:			
Assets for Expenditure	(440,221)	(42,276)	(482,497)
Endowment Net Assets - End of Year	<u>\$ 9,082,544</u>	<u>\$ 4,032,597</u>	<u>\$ 13,115,141</u>

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 ENDOWMENTS (CONTINUED)

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 7,297,566	\$ 2,712,498	\$ 10,010,064
Contributions	18,734	512,100	530,834
Investment Returns:			
Investment Income	262,660	91,111	353,771
Net Appreciation (Realized and Unrealized)	1,171,664	437,152	1,608,816
Total Investment Returns	<u>1,434,324</u>	<u>528,263</u>	<u>1,962,587</u>
Appropriation of Endowment:			
Assets for Expenditure	<u>(367,519)</u>	<u>(102,539)</u>	<u>(470,058)</u>
Endowment Net Assets - End of Year	<u>\$ 8,383,105</u>	<u>\$ 3,650,322</u>	<u>\$ 12,033,427</u>

NOTE 13 LEASE COMMITMENTS

The Organization leases certain office equipment under operating leases that expire at various dates through December 2023.

Future minimum rental payments under these leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 47,342
2022	35,017
2023	29,306
Total	<u>\$ 111,665</u>

Lease expense for the years ended December 31, 2020 and 2019 was \$50,098 and \$52,214, respectively.

NOTE 14 RETIREMENT PLAN

The Organization and the Affiliate participate in the National Young Men's Christian Association Retirement Plan and are contributing 12% of eligible salaries and hourly wages. Total contribution expense totaled \$805,191 and \$885,783 for the years ended December 31, 2020 and 2019, respectively.

YMCA OF THE FOX CITIES AND ITS AFFILIATE
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NOTE 15 UNEMPLOYMENT COMPENSATION DEPOSIT

The Organization is self-funded for state unemployment compensation purposes. In accordance with state laws and regulations, letters of credit in the amount of \$336,286 in favor of the Wisconsin unemployment reserve fund were maintained for the years ended December 31, 2020 and 2019.

NOTE 16 SELF-FUNDED INSURANCE

The Organization provides health, dental, and vision benefits to employees and their dependents through self-funded health plans. The plans are administered by a third party and maintain an excess loss policy of \$50,000 per employee per year, with an aggregate maximum limit of \$1,921,847 and \$885,463 as of December 31, 2020 and 2019, respectively.

Under its self-funded insurance plan, the Organization accrues an estimated liability based on claims filed subsequent to year-end and an additional amount for incurred but not yet reported claims based on prior experience. Accruals for such costs of \$168,273 and \$273,162 were included in accrued expenses at December 31, 2020 and 2019, respectively. Claims payments based on actual claims ultimately filed could differ materially from these estimates.

NOTE 17 COMMITMENTS AND CONTINGENCIES

The Organization entered into contracts totaling \$523,436 related to capital improvements. As of December 31, 2020, \$444,763 of the commitment had not yet been incurred.

NOTE 18 SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Generally accepted accounting principles require disclosure of information about certain significant estimates and current vulnerabilities due to certain concentrations. In addition to the allowance for uncollectible promises to give and the self-funded insurance liability discussed above, these matters included the following:

The Organization maintains cash balances at several institutions. Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2020 and 2019, the Organization had balances in excess of federally insured limits; however, management believes the risk of loss is low based on the quality of the entities holding these balances.

**YMCA OF THE FOX CITIES AND ITS AFFILIATE
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NOTE 19 RELATED PARTIES

The Organization purchased products and services totaling \$2,869,747 and \$923,040 during the years ended December 31, 2020 and 2019, respectively, from businesses represented by members of the board of directors. As of December 31, 2020 and 2019, the Organization had accounts payable due to a business represented by a member of the board of directors in the amount of \$-0- and \$431,714, respectively.