Young Men's Christian Association of Greater Richmond

Financial Statements and Supplemental Information

As of and for the Years Ended December 31, 2020 and 2019

And Report of Independent Auditor

Contents

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors of
Young Men's Christian Association
of Greater Richmond
Richmond, Virginia

We have audited the accompanying financial statements of Young Men's Christian Association of Greater Richmond (the "Association"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 the Association as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2021, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond, Virginia
June 10, 2021

Young Men's Christian Association of Greater Richmond

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	**$ 18,624,200**	$ 19,244,016
Prepaid expenses	**135,210**	226,216
Other receivables	**43,942**	452,564
Contributions receivable, net (Note 3)	**1,938,606**	7,750,109
Investments (Notes 4 and 5)	**9,333,699**	8,452,575
Land, buildings and equipment, net (Note 6)	**82,289,902**	75,646,238
	$ 112,365,559	$ 111,771,718
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 3,358,183**	$ 4,133,106
Deferred contributions and grants	**1,021,396**	-
Deferred membership and program fees	**425,966**	960,922
Debt (Note 7)	**34,989,247**	36,732,430
Total liabilities	**39,794,792**	41,826,458
Commitments (Note 8)		
Net assets (Notes 10, 11 and 12):		
Without donor restrictions:		
Board-designated	**17,177,860**	21,611,997
Undesignated	**45,965,605**	31,805,480
Total without donor restrictions	**63,143,465**	53,417,477
With donor restrictions:		
Subject to purpose restrictions	**2,187,905**	10,744,545
Subject to passage of time	**2,114,871**	1,074,993
Endowments	**5,124,526**	4,708,245
Total with donor restrictions	**9,427,302**	16,527,783
Total Net Assets	**72,570,767**	69,945,260
Total Liabilities and Net Assets	**$ 112,365,559**	$ 111,771,718

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

Young Men's Christian Association of Greater Richmond

Statements of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenues and public support:						
United Way Services	**$ 150,564**	**$ -**	**$ 150,564**	$ 202,919	$ -	$ 202,919
Contributions	**6,205,941**	**2,249,437**	**8,455,378**	2,940,083	1,995,103	4,935,186
Government Funding	**41,976**	**5,562,775**	**5,604,751**	572,602	-	572,602
Endowment contributions	**107,385**	**5,646**	**113,031**	10,497	28,303	38,800
Capital campaign contributions	**-**	**1,864,242**	**1,864,242**	-	11,186,691	11,186,691
Total public support	**6,505,866**	**9,682,100**	**16,187,966**	3,726,101	13,210,097	16,936,198
Membership fees	**15,775,757**	**-**	**15,775,757**	25,925,179	-	25,925,179
Program fees	**6,772,843**	**-**	**6,772,843**	15,234,845	-	15,234,845
Rental of facilities	**108,028**	**-**	**108,028**	150,796	-	150,796
Merchandise sales	**8,158**	**-**	**8,158**	45,860	-	45,860
Other income	**397,142**	**-**	**397,142**	67,439	-	67,439
Investment gain (loss) (Note 4)	**497,112**	**611,884**	**1,108,996**	610,208	801,852	1,412,060
Net assets released from restrictions (Note 11)	**17,394,465**	**(17,394,465)**	**-**	9,079,017	(9,079,017)	-
Total revenues and public support	**47,459,371**	**(7,100,481)**	**40,358,890**	54,839,445	4,932,932	59,772,377

(Continued)

Young Men's Christian Association of Greater Richmond

Statements of Activities (Continued)
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restriction	**With Donor Restriction**	**Total**	Without Donor Restriction	With Donor Restriction	Total
Expenses:						
Program services:						
Healthy living	**$ 15,521,818**	**$ -**	**$ 15,521,818**	$ 18,989,869	$ -	$ 18,989,869
Youth development	**11,722,801**	**-**	**11,722,801**	16,114,908	-	16,114,908
Social responsibility	**4,949,664**	**-**	**4,949,664**	6,617,655	-	6,617,655
Total program services	**32,194,283**	**-**	**32,194,283**	41,722,432	-	41,722,432
Supporting services:						
General administration	**4,022,999**	**-**	**4,022,999**	4,474,087	-	4,474,087
Fundraising	**1,533,100**	**-**	**1,533,100**	1,618,630	-	1,618,630
Total supporting services	**5,556,099**	**-**	**5,556,099**	6,092,717	-	6,092,717
Total expenses	**37,750,382**	**-**	**37,750,382**	47,815,149	-	47,815,149
Gain/(Loss) on sale of fixed assets	**8,315**	**-**	**8,315**	(18,860)	-	(18,860)
Change in net assets before other change	**9,717,304**	**(7,100,481)**	**2,616,823**	7,005,436	4,932,932	11,938,368
Amortization of prior service cost related to postretirement benefit obligation (Note 8)	**8,684**	**-**	**8,684**	19,775	-	19,775
Change in net assets	**9,725,988**	**(7,100,481)**	**2,625,507**	7,025,211	4,932,932	11,958,143
Net assets:						
Beginning	**53,417,477**	**16,527,783**	**69,945,260**	46,392,266	11,594,851	57,987,117
Ending	**$ 63,143,465**	**$ 9,427,302**	**$ 72,570,767**	$ 53,417,477	$ 16,527,783	$ 69,945,260

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

Young Men's Christian Association of Greater Richmond

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

		2020		2019
Cash flows from operating activities:				
Change in net assets	**$**	**2,625,507**	$	11,958,143
Adjustments to reconcile change in net assets				
to net cash provided by operating activities:				
Depreciation and amortization		**3,619,594**		3,476,345
Discount for net present value of pledges and provision				
for uncollectible contributions receivable, net		**14,339**		(35,160)
Realized gain on sale of investments		**(10,872)**		(7,746)
(Gain) loss on disposal of equipment and other assets		**(8,315)**		18,860
Unrealized gain on investments		**(789,763)**		(1,190,649)
Contributions restricted for construction		**(1,864,242)**		(11,186,691)
Contributions restricted for long-term investments		**(5,646)**		(28,303)
Interest expense deferrals on long-term debt		**233,414**		-
Changes in assets and liabilities:				
Prepaid expenses		**91,006**		11,284
Other receivables		**408,622**		(21,308)
Contributions receivable		**493,572**		(70,867)
Accounts payable and accrued expenses		**(282,669)**		(1,168,650)
Deferred contributions and grants		**1,021,396**		-
Deferred membership and program fees		**(534,956)**		(1,694)
Net cash provided by operating activities		**5,010,987**		1,753,564
Cash flows from investing activities:				
Proceeds from sales of investments		**4,953,927**		2,326,931
Proceeds from sales of equipment and other assets		**29,142**		119,683
Purchases of investments		**(5,030,759)**		(2,289,565)
Acquisition and construction of land, buildings and equipment		**(10,767,400)**		(7,883,748)
Net cash used in investing activities		**(10,815,090)**		(7,726,699)
Cash flows from financing activities:				
Proceeds from long-term debt		**-**		17,400,000
Proceeds from short-term debt		**-**		2,428,913
Principal payments on notes payable		**(1,967,190)**		(9,294,526)
Payments of debt issuance costs		**(17,400)**		(70,980)
Principal payments on capital lease obligations		**(946)**		(934)
Contributions restricted for construction		**7,165,342**		6,361,304
Contributions restricted for long-term investments		**4,481**		24,303
Net cash provided by financing activities		**5,184,287**		16,848,080
Net change in cash and cash equivalents		**(619,816)**		10,874,945
Cash and cash equivalents:				
Beginning		**19,244,016**		8,369,071
Ending	**$**	**18,624,200**	$	19,244,016
Supplemental disclosure of cash flow information:				
Cash payments for interest	**$**	**681,826**	$	759,581
Noncash investing and financing activities:				
Property and equipment included in accounts payable/accrued expenses	**$**	**83,850**	$	576,104
Interest expense deferrals on long-term debt		**233,414**		-

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

Young Men's Christian Association of Greater Richmond

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				Supporting Services			
	Healthy Living	Youth Development	Social Responsibility	Total	General Administration	Fund Raising	Total	Total
Salaries and Wages	$ 7,394,278	$ 5,690,549	$ 2,175,762	$ 15,260,589	$ 2,172,109	$ 1,027,679	$ 3,199,788	$ 18,460,377
Employee Benefits	538,950	463,142	194,745	1,196,837	201,325	87,667	288,992	1,485,829
Payroll Taxes and Workers' Compensation	654,842	502,434	192,897	1,350,173	188,202	77,372	265,574	1,615,747
	8,588,070	6,656,125	2,563,404	17,807,599	2,561,636	1,192,718	3,754,354	21,561,953
Professional Fees and Contract Services	499,963	353,832	162,729	1,016,524	577,058	47,560	624,618	1,641,142
Supplies	263,118	414,944	312,715	990,777	16,267	76,099	92,366	1,083,143
Telephone	109,008	89,689	43,645	242,342	57,099	-	57,099	299,441
Postage and Shipping	8,432	4,289	1,773	14,494	16,041	1,239	17,280	31,774
Occupancy	3,691,317	2,069,015	764,569	6,524,901	49,627	7,420	57,047	6,581,948
Transportation and Travel	21,677	127,889	44,237	193,803	10,869	505	11,374	205,177
Conferences and Training	46,945	105,324	50,949	203,218	50,245	3,107	53,352	256,570
Printing, Promotion and Publicity	94,840	74,059	34,267	203,166	537,782	49,469	587,251	790,417
National Support	108,215	151,164	56,243	315,622	37,132	18,566	55,698	371,320
Specific Assistance	-	-	217,106	217,106	-	-	-	217,106
Bad debt	204,578	154,507	65,237	424,322	-	90,375	90,375	514,697
Miscellaneous	196,620	246,326	94,183	537,129	16,558	22,413	38,971	576,100
	13,832,783	10,447,163	4,411,057	28,691,003	3,930,314	1,509,471	5,439,785	34,130,788
Depreciation and Amortization	1,689,035	1,275,638	538,607	3,503,280	92,685	23,629	116,314	3,619,594
	$ 15,521,818	$ 11,722,801	$ 4,949,664	$ 32,194,283	$ 4,022,999	$ 1,533,100	$ 5,556,099	$ 37,750,382

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

Young Men's Christian Association of Greater Richmond

Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services				Supporting Services			
	Healthy Living	Youth Development	Social Responsibility	Total	General Administration	Fund Raising	Total	Total
Salaries and Wages	$ 9,972,815	$ 7,573,777	$ 3,024,956	$ 20,571,548	$ 2,028,650	$ 993,891	$ 3,022,541	$ 23,594,089
Employee Benefits	881,251	790,967	336,728	2,008,946	309,352	152,174	461,526	2,470,472
Payroll Taxes and Workers' Compensation	892,273	671,451	268,751	1,832,475	170,014	74,444	244,458	2,076,933
	11,746,339	9,036,195	3,630,435	24,412,969	2,508,016	1,220,509	3,728,525	28,141,494
Professional Fees and Contract Services	454,722	333,554	187,530	975,806	625,071	131,457	756,528	1,732,334
Supplies	557,415	1,225,891	436,049	2,219,355	49,038	140,745	189,783	2,409,138
Telephone	113,888	106,395	45,183	265,466	52,297	-	52,297	317,763
Postage and Shipping	12,986	7,295	2,914	23,195	25,146	790	25,936	49,131
Occupancy	3,746,614	2,751,965	967,563	7,466,142	78,752	10,001	88,753	7,554,895
Transportation and Travel	69,257	333,782	118,390	521,429	27,661	7,184	34,845	556,274
Conferences and Training	183,823	308,597	155,979	648,399	238,573	22,512	261,085	909,484
Printing, Promotion and Publicity	197,313	188,246	72,067	457,626	701,635	13,397	715,032	1,172,658
National Support	115,854	174,542	64,278	354,674	41,727	20,863	62,590	417,264
Specific Assistance	-	-	298,479	298,479	-	-	-	298,479
Bad debt	23,807	20,203	8,296	52,306	-	10,000	10,000	62,306
Miscellaneous	243,761	334,891	99,372	678,024	28,311	11,249	39,560	717,584
	17,465,779	14,821,556	6,086,535	38,373,870	4,376,227	1,588,707	5,964,934	44,338,804
Depreciation and Amortization	1,524,090	1,293,352	531,120	3,348,562	97,860	29,923	127,783	3,476,345
	$ 18,989,869	$ 16,114,908	$ 6,617,655	$ 41,722,432	$ 4,474,087	$ 1,618,630	$ 6,092,717	$ 47,815,149

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

Note 1. Nature of Activities and Significant Accounting Policies

Mission and nature of activities: The mission of the Young Men's Christian Association of Greater Richmond (the "Association") is to put Christian principles into practice through programs that build healthy spirit, mind and body for all. The Association is a not-for-profit charitable organization, which promotes healthy living, youth development and social responsibility throughout the Richmond, Virginia metropolitan area and Petersburg, Virginia.

The significant accounting policies followed by the Association are described below:

Basis of accounting: The accompanying financial statements are presented on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. Unconditional public support is recognized when notification of the support is received by the Association.

Basis of presentation: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Financial Accounting Standards Board ("FASB") has established the Accounting Standards Codification ("ASC") as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. Resources are classified into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

> *Net Assets without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Association. These net assets may be used at the discretion of the Association's management and Board of Directors. The Association has chosen to provide further classification information about net assets without donor restrictions. The sub classifications are as follows:
>
>> *Board-Designated* – Comprised of funds set aside by the Board of Directors to be used for specific activities within general guidelines established by the Association.
>>
>> *Undesignated* – Represents the cumulative net assets without donor restrictions excluding those resources in board-designated.
>
> *Net Assets with Donor Restriction* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Contributions whose restrictions are satisfied in the same reporting period in which the contribution was received are reported as without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for operating or specific purposes, such as the Learn To Swim program and staff education.

Donor-imposed restrictions are released when restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which are resource was restricted has been fulfilled, or both.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions: Contributions and public support are recognized when cash, other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions receivable are carried at net present value less an estimate made for potentially uncollectible accounts based on a review of all outstanding amounts on a regular basis. Management determines the allowance by regularly evaluating individual donor receivables and considering a donor's payment history and current economic conditions. The allowance was $200,000 at December 31, 2020 and 2019. Contributions receivable are written off when deemed uncollectible. Recoveries of receivables are recorded when received.

The Association reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use or timing of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statements of activities. All contributions to be received within one year are considered to be available without restriction regarding use unless specifically restricted by the donor. Gifts of property and equipment are reported as without donor-imposed restrictions unless explicit donor stipulations specify how the donated assets must be used.

Government Grants: The Association receives grant funding from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing and other requirements. These program services range from childcare after school programs, day camp, family programs, and health and welfare related programs. Such Association government grants are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions.

Cash received on government grants prior to incurring allowable expenses are recorded as advances upon receipt.

Government grants receivable are recorded in grants receivable. All other contributions are recorded in grants or contributions receivable. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Government grants receivable are written off when deemed uncollectible receivables. Recoveries of receivables are recorded when received.

At December 31, 2020, the Association also had unexpended contributions and grants of approximately $1.0 million that have not been recognized pending fulfillment of conditions associated with the awards.

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

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributed services: Contributed services are recorded at their fair value if such services create or enhance non-financial assets, would have been purchased if not provided by contribution, require specialty skills and are provided by individuals possessing such specialized skills. A substantial number of volunteers contribute significant amounts of time and services to the Association's program operations, fund raising campaigns and boards and committees of the Association. Such contributed services do not meet the criteria for recognition of contributed services and are not reflected in the accompanying financial statements.

Membership and program fees: Membership and program fees are recognized as revenue over the membership or program period. Such fees received in advance are recorded as deferred membership and program fees. Annual maintenance fees are non-refundable and are recognized as revenue when received.

Cash and cash equivalents: For purposes of reporting cash flows, the Association considers all highly liquid debt instruments with maturity, when acquired, of three months or less, to be a cash equivalent. Cash and cash equivalents maintained in the investment account until suitable investments are purchased are considered investments.

Investments: Equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Interest and dividends realized gains and losses, and unrealized gains and losses are reported in the statement of activities as investment gain (loss). In calculating realized gains and losses, the cost of securities sold is determined by the specific-identification method. Investments received by gift are recorded at the fair value on the date received.

Financial risk: The Association places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers $250,000 for substantially all depository accounts. The Association from time to time may have amounts on deposit in excess of the insured limits. The Association had $18,494,306 and $18,904,166 in deposits that exceeded these insured amounts as of December 31, 2020 and 2019, respectively. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and temporary cash investments.

The Association invests in a professionally managed portfolio that contains various securities. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments, and the uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Land, buildings, and equipment: Land, buildings, and equipment are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Parking lots	5 – 20
Buildings and land improvements	15 – 39
Other recreational facilities	10 – 20
Furniture, equipment and vehicles	3 – 15

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Valuation of long-lived assets: Long-lived assets, such as buildings and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the accompanying statements of financial position and reported at the lower of the carrying amount or fair value less costs to sell.

Functional expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by functions. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and Wages, Employee Benefits, Payroll Taxes and Workers' Compensation, Occupancy and Depreciation	Time and effort

Income taxes: The Association has been recognized by the Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for charitable contribution deductions under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). As a nonprofit organization, the Association is subject to unrelated business income tax (UBIT), if applicable. The Association did not have any unrelated business income for the years ended December 31, 2020 and 2019.

Management evaluated the Association's positions and concluded that the Association had taken no uncertain tax positions that require adjustment to the financial statements to comply with the accounting standard on accounting for uncertainty in income taxes. The Association files an informational Form 990 in the U.S. federal jurisdiction.

Advertising: Advertising costs are expensed as incurred and totaled $644,778 and $982,472, for the years ended December 31, 2020 and 2019, respectively.

Reclassification: Certain prior year balances have been reclassified to conform with the current year presentation. These reclassifications did not have an impact on the change in net assets for the year ended December 31, 2019.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Recent accounting pronouncements: In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2022, with early adoption permitted. The Association is in the process of evaluating the impact of this new guidance.

FASB has issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction will increase transparency of contributions recognized. This standard will be effective for the Association during the year ended December 31, 2022. The Association is currently in the process of evaluation the impact of adoption of this ASU on the financial statements.

Note 2. Liquidity and Availability

The table below represents financial assets available for general expenditures within one year at December 31, 2020 and 2019:

Financial assets at year-end:	2020	2019
Cash and cash equivalents	$ 18,624,200	$ 19,244,016
Other receivables	43,942	452,564
Contributions receivable, net	1,938,606	7,750,109
Investments	9,333,699	8,452,575
Total financial assets at year-end	29,940,447	35,899,264
Less amounts not available to be used for general expenditures within one year:		
Board-designated endowment, net of annual spending rate	2,274,364	1,991,480
Board-designated reserves for operating, bond repayment, and capital projects	14,835,406	19,553,028
Restricted by donors for capital projects	3,237,199	6,787,674
Operating pledges subject to timing restrictions	119,611	131,950
Cumulative earnings on endowment, net of annual spending rate	2,006,334	1,596,537
Portion of donor-restricted endowment to be retained in perpetuity	2,943,337	2,937,691
Financial assets not available to be used within one year	25,416,251	32,998,360
Financial assets available to meet general expenditures within one year	$ 4,524,196	$ 2,900,904

The Association has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year. The Association considers general expenditures to include program expenses, supporting services, and any commitments or liabilities to be paid in the subsequent year.

The Board has designated a portion of its net assets without donor restrictions for strategic opportunities, debt service, capital reinvestment and contingencies. These remain available and may be spent at the discretion of the Board. The Board has also designated funds to be invested long-term as part of the association's endowment. Although management does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation) these amounts could be made available if necessary. These assets, limited to use, are more fully described in Note 10 and Note 11.

Per its Fiscal Management Policy, the Association operates annually on a balanced budget, where donor contributions, membership and program fees, and investment income equal its operating expenses. The Association has established and maintains funds to adhere to its external debt covenants, support its capital needs, and provide for contingencies in support of its Mission. These funds and its operating performance are reviewed on a monthly basis by Association management and its Fiscal Management Committee.

Additionally, the Association maintains a line of credit of $4,000,000, as discussed in more detail in Note 7. This facility had not been fully utilized as of December 31, 2020. As of December 31, 2019, the Association had maintained a line of credit of $750,000 which was extinguished in 2020.

Note 3. Contributions Receivable

Anticipated collections of contributions receivable at December 31, 2020 and 2019, are as follows:

	2020	2019
Within one year	$ 1,220,135	$ 7,122,588
One to five years	986,706	881,417
	2,206,841	8,004,005
Less		
Discounts for the time-value of money at 2.5% in 2020 and 2019	(68,235)	(53,896)
Allowance for uncollectible contributions receivable	(200,000)	(200,000)
	$ 1,938,606	$ 7,750,109

Included in the balances above are amounts of $446,540 and $376,974 at December 31, 2020 and 2019, respectively, which are due from members of the Board of Directors and members of management. For the years ended December 31, 2020 and 2019, there were approximately $499,309 and $388,255 in gift revenues from those directors and members, respectively.

Note 4. Investments

Investments are composed of the following at December 31, 2020 and 2019:

	2020	
	Cost	Fair Value
Common stocks	$ 4,205,538	$ 5,753,058
Corporate bonds	1,949,654	1,990,877
Other equity securities	648,345	694,713
Cash and cash equivalents	297,108	297,108
Cash surrender value of life insurance	309,583	597,943
	$ 7,410,228	$ 9,333,699

	2019	
	Cost	Fair Value
Common stocks	$ 3,993,064	$ 4,897,469
Corporate bonds	1,939,967	1,936,153
Other equity securities	726,245	746,818
Cash and cash equivalents	367,946	367,946
Cash surrender value of life insurance	296,583	504,189
	$ 7,323,805	$ 8,452,575

Components of investment gain/(loss) for the years ended December 31, 2020 and 2019, consist of the following:

	2020	2019
Realized gain	$ 13,071	$ 7,463
Unrealized gain	789,763	1,190,649
Investment income (net of fees)	306,162	213,948
	$ 1,108,996	$ 1,412,060

Note 5. Fair Value Measurements

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the Fair Value Measurement Topic of the ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities and listed derivatives. As required, the Association does not adjust the quoted price for these investments, even in situations where the Association holds a large position and a sale could reasonably impact the quoted price.

Level 2 Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include certain corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and general and limited partnership interests in corporate private equity and real estate funds, debt funds, and distressed debt.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Association's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

In determining the appropriate levels, the Association performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

Publicly traded securities, both equity and debt securities, are classified as Level 1 instruments because they comprise assets traded on public exchanges with readily determinable fair values and observable market-based inputs.

Cash values of life insurance policies are presented at fair value based on the amount available in cash upon cancellation of the insurance policy before maturity as of the reporting period. The fair value is determined by the insurer and represents the exit price from the perspective of the Association. However,

Note 5. Fair Value Measurements (Continued)

since the valuation is considered unobservable, the cash surrender value calculation is considered a Level 3 input.

The following tables summarize, by level within the fair value hierarchy, the assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 and 2019:

		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Common stocks	$ 5,753,058	$ 5,753,058	$ -	$ -
Corporate bonds	1,990,877	1,990,877	-	-
Other equity securities	694,713	694,713	-	-
Cash surrender value of life insurance	597,943	-	-	597,943
	$ 9,036,591	$ 8,438,648	$ -	$ 597,943
2019				
Assets				
Common stocks	$ 4,897,469	$ 4,897,469	$ -	$ -
Corporate bonds	1,936,153	1,764,592	171,561	-
Other equity securities	746,818	746,818	-	-
Cash surrender value of life insurance	504,189	-	-	504,189
	$ 8,084,629	$ 7,408,879	$ 171,561	$ 504,189

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended December 31, 2020 and 2019:

	Cash Surrender Value of Life Insurance	
	2020	2019
Balance, January 1	$ 504,189	$ 399,235
Increase/(decrease) in cash surrender value	93,754	104,954
Balance, December 31	$ 597,943	$ 504,189

Note 6. Land, Buildings and Equipment

Land, buildings and equipment as of December 31, 2020 and 2019, consist of the following:

	2020	2019
Land	$ 7,804,801	$ 7,804,801
Parking lots	2,869,519	2,869,519
Buildings and land improvements	112,356,686	96,665,308
Other recreational facilities	1,797,121	1,797,121
Furniture, equipment and vehicles, including assets under capital leases 2020 $6,408 and 2019 $6,408	11,828,964	11,553,749
Construction in progress	1,113,702	7,005,424
	137,770,793	127,695,922
Less accumulated depreciation, including amortization applicable to assets under capital leases 2020 $5,525 and 2019 $4,641	(55,480,891)	(52,049,684)
	$ 82,289,902	$ 75,646,238

Included in construction in progress above are amounts of $83,850 and $576,104 at December 31, 2020 and 2019, respectively, which are accrued in accounts payable and accrued expenses.

The Powhatan and Goochland facilities are constructed on leased land with initial terms of 50 and 99 years, respectively. Both leases contain provisions for extension of the initial terms.

Note 7. Debt

At December 31, 2020 and 2019, long-term debt consisted of the following:

	2020	2019
Note payable pursuant to loan agreement with the Economic Development Authority of the Town of Ashland, Virginia, dated May 2, 2016	$ 17,824,194	$ 18,474,963
Note payable pursuant to loan agreement with the Virginia Small Business Financing Authority dated December 1, 2019	16,515,670	17,400,000
Note payable to TowneBank	795,766	994,443
Capital lease obligations	959	1,905
	35,136,589	36,871,311
Less unamortized bond issuance costs	(147,342)	(138,881)
	$ 34,989,247	$ 36,732,430

Note payable pursuant to loan agreement with the Economic Development Authority of the Town of Ashland, Virginia, dated May 2, 2016: The Association entered into a transaction with TowneBank and the Economic Development Authority (EDA) of the Town of Ashland, Virginia in which the EDA issued its Health and Community Services Facilities Revenue and Refunding Bond (2016 Bond) in the amount of $20,726,690, to TowneBank (Bank). The Bank loaned the 2016 Bond proceeds to the EDA and the EDA in turn loaned the proceeds to the Association. The Association used the 2016 Bond proceeds to refund outstanding 2010 Bonds and to pay related bond issuance costs. The Association's obligations regarding the 2016 Bond are evidenced by a bond purchase and loan agreement between the Association, the EDA and the Bank and an unsecured note in the principal amount of the 2016 Bond.

The EDA assigned the unsecured note, and all principal and interest payments to be made pursuant thereto, to the Bank (except for certain fees and expenses of the EDA). Interest on the 2016 Bonds is excludable from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

Proceeds of the 2016 Bonds were applied as follows:

Refund note payable pursuant to loan agreement with the Economic Development Authority of the Town of Ashland, Virginia, dated November 23, 2010	$ 20,628,000
Issuance costs	98,690
	$ 20,726,690

Note 7. Debt (Continued)

Special covenants of the 2016 Bonds provide for an adjustment to the stated interest rate of the Bond in the event of an increase or decrease in the current maximum Federal corporate tax rate. The Yield Protection Provisions establish that such an adjustment will be made in order for TowneBank to maintain the same after-tax yield on the Bond as provided on the date of issuance.

With the approval of the Tax Cuts and Jobs Act, the maximum Federal corporate tax rate decreased from 35% to 31%, effective January 1, 2018. As a result of such decrease and in accordance with the terms of the Bond, effective May 1, 2018, the interest on the Bond increased to 2.64% from 2.18% as of December 31, 2017. The interest rate otherwise borne by the Bond shall be adjusted automatically as of the effective date of each change in the maximum Federal corporate tax rate.

In response to the COVID pandemic, the Bank agreed to a deferral of one quarterly principal and interest payment of $349,751, of which $120,251 of deferred interest was added to principal. Any remaining balance will be paid at the maturity of the note of December 1, 2036.

The Bank and the Association agreed to an amortization schedule that provides for quarterly principal payments.

Note payable pursuant to loan agreement with the Virginia Small Business Financing Authority, dated December 1, 2019: The Association entered into a transaction with TowneBank and the Virginia Small Business Financing Authority (VSBFA) in which the VSBFA issued its Health and Community Services Facilities Revenue and Refunding Bond (2019 Bond) in the amount of $17,400,000, to TowneBank (Bank). The Bank loaned the 2019 Bond proceeds to the VSBFA and the VSBFA in turn loaned the proceeds to the Association. The Association used the 2019 Bond proceeds to refund outstanding credit facilities and to pay related bond issuance costs. The remaining proceeds will be used to fund the renovation and expansion of Association facilities, including Manchester, Swift Creek and Petersburg. The Association's obligations regarding the 2019 Bond are evidenced by a bond purchase and loan agreement between the Association, the VSBFA and the Bank and an unsecured note in the principal amount of the 2019 Bond.

The VSBFA assigned the unsecured note, and all principal and interest payments to be made pursuant thereto, to the Bank. Interest on the 2019 Bonds is excludable from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

Note 7. Debt (Continued)

Proceeds of the 2019 Bond were applied as follows:

Refund non-revolving note payable pursuant to pledge loan agreement with Capital One, dated December 19, 2017	$ 1,346,791
Refund non-revolving line of credit pursuant to loan agreement with Capital One, dated December 19, 2017	3,000,521
Refund non-revolving note payable pursuant to loan agreement with TowneBank dated December 19, 2018	1,450,550
Refund revolving line of credit pursuant to loan agreement with Capital One, dated July 23, 2018	749,574
Deposit to project fund to be used for facility development projects	10,764,184
Issuance costs	88,380
	$ 17,400,000

In response to the COVID pandemic, the Bank agreed to a deferral of three-monthly interest payments totalling $106,140. The deferred interest was added to principal.

The 2019 Bonds have a revised scheduled maturity of March 1, 2039 and bear a fixed interest rate of 2.44% through December 1, 2033. The interest rate will reset to an agreed upon variable rate or fixed rate for the remainder of the term. The Bank and the Association agreed to an amortization schedule that provides for quarterly principal payments beginning in 2021.

Notes payable to TowneBank: In 2016, the Association borrowed $1,748,747 to consolidate notes payable to Wells Fargo Bank used to finance capital improvements to a branch facility into a single note payable to TowneBank (Bank). The note payable is unsecured, bears a fixed interest rate of 3.19% and is payable in monthly installments through December 1, 2023. In the event of prepayment or acceleration of amounts due, the note provides for potential additional compensation to the lending institution.

In response to the COVID pandemic, the Bank agreed to a deferral of three-monthly principal and interest payments of $75,885. The $7,023 of deferred interest was added to principal.

In 2018, the Association borrowed $1,450,000 payable to TowneBank to fund the acquisition of commercial property for the Atlee Station branch. The note payable was unsecured, had a 12-month term and bared a variable interest rate of one-month LIBOR plus 1.65%. On December 23, 2019, the note payable to TowneBank was paid off with proceeds from the 2019 Bonds.

Other credit facilities: In 2017, the Association established a $3,000,000 unsecured non-revolving pledge loan note with Capital One to provide construction financing to fund the renovation of the Northside and Petersburg branch locations. The outstanding principal balance of the pledge loan could not exceed the lesser of (a) the pledge loan committed amount, and (b) seventy five percent (75%) of the uncollected amount of all eligible project pledges. Borrowing on the pledge loan note had a 36-month term and bared variable interest at one-month LIBOR plus 1.25%. On December 23, 2019, the note payable to Capital One was paid off with proceeds from the 2019 bonds and the note payable was extinguished.

Note 7. Debt (Continued)

In 2017, the Association established a $3,000,000 unsecured non-revolving line of credit with Capital One to provide construction financing to fund the renovation of the Northside and Petersburg branch locations. Borrowing on the line of credit had a 36-month term and bared variable interest at one-month LIBOR plus 1.25%. On December 23, 2019, the line of credit with Capital One was paid off with proceeds from the 2019 Bonds and, per the covenants of the line of credit agreement, the line of credit was extinguished.

In 2018, the Association established a $750,000 unsecured, revolving line of credit with Capital One for general Association purposes. Borrowing on the line of credit has a 12-month term and bears a variable interest rate of one-month LIBOR plus 1.25% (3.05% at December 31, 2019). On December 23, 2019, the line of credit with Capital One was paid off with proceeds from the 2019 Bonds and has a zero balance as of December 31, 2019. The revolving line of credit had an expiration date of July 23, 2020 and was extinguished at that time.

In 2020, the Association established a $4,000,000 unsecured, revolving line of credit with TowneBank for Association operations. The initial maturity of the line of credit was December 30, 2020 with a variable interest rate of the Wall Street Journal Prime Rate, with a floor of 3.5%. There were no draws on the line of credit during 2020. The line of credit was subsequently extended to March 30, 2021 and then June 30, 2021.

The Association loan agreements contain various restrictive covenants, including limitations on additional indebtedness, the ability to encumber assets and revenues, and the maintenance of a minimum debt service coverage ratio. In addition, the loan agreements require the Association to deliver audited financial statements to the lending institutions within 180 days of the Association's year-end.

At December 31, 2020, long-term debt matures as follows:

Years Ending December 31:	
2021	$ 1,480,695
2022	2,015,172
2023	2,061,879
2024	1,806,940
2025	1,848,778
Thereafter	25,923,125
	35,136,589
Less unamortized bond issuance costs	(147,342)
	$ 34,989,247

Total interest expense incurred was $944,007 in 2020 and $772,400 in 2019. In 2020 and 2019, interest expense of $80,764 and $35,306, respectively, was capitalized.

Note 8. Commitments and Contingencies

Leases: The Association leases various facilities and equipment under operating leases with terms of one to ten years. Total rent expense was $1,220,490 in 2020 and $943,861 in 2019. The total minimum rental commitment at December 31, 2020, is due as follows:

Years ending December 31:	
2021	$ 1,062,487
2022	893,985
2023	759,736
2024	396,352
2025	372,483
Thereafter	741,257
	$ 4,226,300

Construction Contracts: The Board of Directors approved the construction of the renovation of the Manchester branch location in 2019. The Association has entered into contracts for construction services for this location. The estimated construction costs of the facilities are approximately $3,840,260 of which $415,240 has been paid as of December 31, 2020.

Pension plan: The Association participates in the YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in section 403(b)(9) of the code. Both Plans are sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with our agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the Association, and contributions to the Fund are historically 12% of covered employees' annual salaries. During the period from May 14, 2020 to December 31, 2020, the contributions to the fund were reduced from 12% to 1%. The total expense to the Association was $478,349 and $1,376,046 in 2020 and 2019, respectively. Contributions to the Fund were increased to 8% as of January 1, 2021.

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution to this plan.

Note 8. Commitments and Contingencies (Continued)

Postretirement benefit plan: Effective January 1, 2013, the Association adopted a postretirement medical benefit plan. The plan allows for the payment of $100 per month to a limited number of retirees who meet certain eligibility requirements. Upon plan initiation, the previously unrecognized prior service costs of $147,175 were recognized as a separate line item within changes in net assets without donor restriction. The amortization of prior service costs was $8,684 in 2020 and $19,775 in 2019. The accumulated postretirement benefit obligation under the plan included in accounts payable and accrued expenses was $341,791 at December 31, 2019. The postretirement medical benefit plan was terminated effective December 31, 2020 with no remaining obligation to be paid to participants.

Note 9. Related Parties

The Association conducts business with financial institutions and other service providers throughout the Richmond and Petersburg areas. Certain members of the Association's Board of Directors, volunteers and donors are employed by such entities.

Note 10. Board-Designated Net Assets

Certain net assets without donor restrictions at December 31, 2020 and 2019 have been designated by the Board of Directors for the following purposes:

	2020	2019
Capital Reinvestment Fund	$ 2,906,037	$ 2,222,361
Debt Service Fund	8,673,145	13,989,386
Contingency Fund	1,000,000	1,000,000
Opportunity Fund	2,256,224	2,341,281
Endowment Funds	2,342,454	2,058,969
Total board-designated net assets	$ 17,177,860	$ 21,611,997

The purpose of the capital reinvestment fund is to provide funds for major repairs of the Association's facilities. The fund is utilized for individual expenditures exceeding $10,000, and maintains a minimum balance of $1 million.

The purpose of the debt service fund is to provide funds to service the Association's debt obligations, facility and equipment leases, and other related financing costs. The goal of the fund is to accumulate and maintain an amount commensurate with annual principal and interest payments as well as payments under facility and equipment leases.

The contingency fund was established by the Association to provide resources to fund major emergency or short-term cash flow needs for unanticipated events that would necessitate the use of reserves to continue the operations and mission of the Association. The goal of the fund is to maintain a balance of $1 million which approximates one payroll.

Note 10. Board-Designated Net Assets (Continued)

The opportunity fund was established by the Association to accumulate savings from operations to fund specifically identified purchases, and to provide the Association with flexibility to finance purchases of long-term assets to support branch operations. The fund does not maintain a minimum balance requirement.

The board-designated quasi endowment was established by the Board of Directors and its purpose and use are more fully explained in Note 12.

In 2020, the Board approved the use of $1.5 million of one or more of the Board designated funds to be expended to guide the Association through the COVID-19 pandemic.

Note 11. Net Assets with Donor Restriction

	2020	2019
Subject to purpose restriction:		
Capital projects	$ 2,187,905	$ 10,744,545
Total subject to purpose restriction	2,187,905	10,744,545
Subject to time restriction:		
Operating contributions for future periods	2,114,871	1,074,993
Total subject to the passage of time	2,114,871	1,074,993
Endowments		
Cumulative earnings on endowment funds	2,181,189	1,770,554
Volunteer and employee training	58,508	57,508
Human Opportunity Program Endowment (H.O.P.E)	300,000	300,000
Art education program	3,000	3,000
Northside youth program	1,615,987	1,615,987
Learn To Swim program	56,980	56,980
Financial assistance	195,705	192,059
General purposes	638,282	638,282
Youth and Teen programs	74,875	73,875
Total endowments	5,124,526	4,708,245
Total net assets with donor restrictions	$ 9,427,302	$ 16,527,783

Net assets were released from donor restrictions by incurring expenses or the expiration of time satisfying restrictions specified by donors as follows for the years ending December 31:

	2020	2019
Satisfaction of purpose restriction	$ 10,447,276	$ 6,730,248
Satisfaction of time restriction	6,772,333	2,178,577
Appropriation for expenditure	174,856	170,192
Total net assets released from restrictions	$ 17,394,465	$ 9,079,017

Note 12. Endowment Funds

The Association's endowment consists of 34 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and board-designated endowment funds. As required by GAAP, 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 Association has interpreted the Commonwealth of Virginia enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association 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, including promises to give at fair value) 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 us in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

a. The duration and preservation of the fund
b. The purposes of the Association and the donor-restricted endowment fund
c. General economic conditions
d. The possible effects of inflation and deflation
e. The expected total return from income and the appreciation of investments
f. Other resources of the Association
g. The investment policies of the Association

Return objective and risk parameters: The Association's objective is to earn a reasonable, long-term, risk-adjusted total rate of return to support the designated programs. The Association recognizes and accepts that pursuing a reasonable rate of return involves risk and potential volatility. The generation of current income is a secondary consideration. The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Association has established a policy portfolio, or normal asset allocation. While the policy portfolio can be adjusted from time to time, it is designed to serve for long-term horizons based upon long-term expected returns.

Spending policy: Spending is first governed by donor stipulations associated with specific gifts with respect to both purpose and amount. Otherwise, the Association will appropriate for expenditure in its annual budget a maximum of 4% of the rolling average of the market value of the endowment assets over the preceding 12 quarters. There may be times when the Association may opt not to take the maximum spending rate but rather to reinvest some of the annual return. No distribution is permitted if the distribution would decrease the contributed principal of the respective component of the endowment fund.

Note 12. Endowment Funds (Continued)

Endowment net asset composition by type of fund as of December 31, 2020 and 2019 was as follows:

2020	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	$ 2,342,454	$ -	$ 2,342,454
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,943,337	2,943,337
Accumulated investment gains	-	2,181,189	2,181,189
Endowment net assets, December 31, 2020	$ 2,342,454	$ 5,124,526	$ 7,466,980

2019	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	$ 2,058,969	$ -	$ 2,058,969
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,937,691	2,937,691
Accumulated investment gains	-	1,770,554	1,770,554
Endowment net assets, December 31, 2019	$ 2,058,969	$ 4,708,245	$ 6,767,214

Note 12. Endowment Fund (Continued)

The Association had the following endowment-related activities for the years ended December 31, 2020 and 2019:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, December 31, 2018	$ 1,784,869	$ 4,073,924	$ 5,858,793
Investment return:			
Investment income (net of fees)	50,449	114,377	164,826
Net loss (realized and unrealized)	290,762	661,833	952,595
Total investment return	341,211	776,210	1,117,421
Additions	10,497	28,303	38,800
Appropriation of endowment assets for expenditure	(77,608)	(170,192)	(247,800)
Endowment net assets, December 31, 2019	2,058,969	4,708,245	6,767,214
Investment return:			
Investment income (net of fees)	64,280	143,487	207,767
Net gain (realized and unrealized)	191,224	442,004	633,228
Total investment return	255,504	585,491	840,995
Additions	107,385	5,646	113,031
Appropriation of endowment assets for expenditure	(79,404)	(174,856)	(254,260)
Endowment net assets, December 31, 2020	$ 2,342,454	$ 5,124,526	$ 7,466,980

Note 12. Endowment Fund (Continued)

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Association has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2020, the Association had no underwater endowments. At December 31, 2019, funds with original gift values of $78,026, fair values of $61,798 and deficiencies of $16,228 were reported in net assets with donor restrictions.

Note 13. Subsequent Events

The Association has performed an analysis of the activities and transactions subsequent to December 31, 2020, to determine the need for any adjustments to and/or disclosures with the audited financial statements for the year ended December 31, 2020. The Association has performed its analysis through June 10, 2021, the date the financial statements were available to be issued. The Association determined that the following subsequent event needs to be disclosed:

The COVID-19 outbreak in the United States has disrupted business operations for the Association, as federal, state, and local authorities mandated closures of fitness centers and daycare centers beginning in March 2020 through June 2020. As of June 10, 2021, a large portion of the Association's operations remain under Government Mandates limiting the full operations of the Association.

Business disruption is expected to continue through 2021, and the impact on operating results is likely to be more protracted. The Association has gained the approval from its Board of Directors to use up to $1.5 million in liquidity through June 30, 2021 to offset projected operating losses. In addition, the Board approved the acquisition of a $4 million line of credit, procured from TowneBank in 2020, which has a maturity date of June 30, 2021. TowneBank also agreed to the following loan deferrals for 2021: (1) the first quarterly principal payment of $233,270 related to the 2016 Bond and the first three-monthly principal payments totalling $69,539 related to the 2016 Note Payable. In March 2021, the Board approved the acquisition of a $5.4 million Paycheck Protection Program Loan through the Small Business Administration, via TowneBank.

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Young Men's Christian Association
of Greater Richmond
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Young Men's Association of Greater Richmond (the "Association"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Richmond, Virginia
June 10, 2021

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors of
Young Men's Christian Association
of Greater Richmond
Richmond, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Young Men's Christian Association's (the "Association") compliance with the types of compliance requirements described in the *OMB Uniform Guidance Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended December 31, 2020. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Association's major federal programs based on our audit of the types of compliance requirement referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Richmond, Virginia
June 10, 2021

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number (if applicable)	Federal Expenditures
Federal Financial Awards:			
U.S. Department of Treasury:			
Passed through Commonwealth of Virginia			
Passed through County of Henrico, Virginia			
COVID-19 - Coronavirus Relief Fund	21.019	06-602-1361	$ 414,919
Passed through Commonwealth of Virginia			
Passed through County of Chesterfield, Virginia			
COVID-19 - Coronavirus Relief Fund	21.019	06-602-1361	391,611
Passed through Commonwealth of Virginia			
Passed through City of Richmond, Virginia			
COVID-19 - Coronavirus Relief Fund	21.019	Not Applicable	415,988
Total U.S. Department of Treasury			**1,222,518**
U.S. Department of Health and Human Services:			
Passed through Commonwealth of Virginia			
COVID-19 - Child Care and Development Block Grant	93.575	Various	2,153,658
Passed through Commonwealth of Virginia			
Passed through County of Powhatan, Virginia			
Community Services Block Grant	93.569	Not Applicable	10,000
Total U.S. Department of Health and Human Services			**2,163,658**
U.S. Department of Housing and Urban Development			
Passed through County of Chesterfield, Virginia			
COVID-19 - Community Development Block Grant	14.218	06-602-1361	77,878
Passed through Commonwealth of Virginia			
Passed through City of Petersburg, Virginia			
Community Development Block Grant	14.228	52 6001502	2,317
Total U.S. Department of Housing and Urban Development			**80,195**
Total Federal Financial Awards			**3,466,371**

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all Federal assistance programs of the Young Men’s Christian Association of Greater Richmond (the “Association”).

Note 2. Basis of Accounting

The accompanying Schedule is presented on the accrual basis of accounting, whereby government grants are recognized when earned and expenses are recognized when incurred, which is described in Note 1 to the Association’s basic financial statements. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3. Use of Indirect Cost Rate

The Association did not elect to use the 10% de minimus cost rate.

Note 4. Subrecipients

The Association has not contracted or made awards to any subrecipients.

Section I – Summary of Auditor's Results

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
3. Material weaknesses in internal control disclosed by the audit of the financial statements: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major federal programs: **No**
6. Material weaknesses in internal control over major federal programs: **No**
7. The type of report issued on compliance for major federal programs: **Unmodified opinion**
8. Any audit findings which are required to be reported under the Uniform Guidance: **No**
9. The programs tested as major programs were:

CFDA Number	Name of Federal Program and Cluster
21.019	Coronavirus Relief Fund
93.575	Child Care and Development Block Grant

10. Dollar threshold used to distinguish between type A and type B programs: **$750,000**
11. The Association does not qualify as a low-risk auditee under Section 520 of Uniform Guidance.

Section II – Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None reported.

Section III – Findings and Questioned Costs Relating to Federal Awards

None reported.

Section IV – Status of Prior Year Findings

Not Applicable.