YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC.

Chairperson:	Todd Rangel
Chair-elect:	Lynn Harvey-Akan
Past Chair:	Phil Barnhill
Secretary:	Luanne Arrington
Treasurer:	Rick Lusk
President and Chief Executive Officer:	Rhonda Anderson

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.

Chairman:	Dennis Stearns
Member at Large:	Candace Cummings
Member at Large:	Dupont Kirven
Member at Large:	Ford Bowers
Member at Large:	Jim Lurz
Member at Large:	Rick Lusk
Member at Large:	Todd Rangel
Member at Large:	Lynn Harvey-Akan

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
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Independent Auditor's Report

To the Board of Directors
Young Men's Christian Association of Greensboro, Inc.
Greensboro, North Carolina

Opinion

We have audited the accompanying consolidated financial statements of Young Men's Christian Association of Greensboro, Inc. and the Young Men's Christian Association of Greensboro Endowment Fund, Inc. (nonprofit organization and endowment fund) (collectively the "Association"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of Young Men's Christian Association of Greensboro, Inc. and Young Men's Christian Association of Greensboro Endowment Fund, Inc. as of December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Young Men's Christian Association of Greensboro, Inc. and Young Men's Christian Association of Greensboro Endowment Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Men's Christian Association of Greensboro, Inc. and Young Men's Christian Association of Greensboro Endowment Fund, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Young Men's Christian Association of Greensboro, Inc. and Young Men's Christian Association of Greensboro Endowment Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Men's Christian Association of Greensboro, Inc. and Young Men's Christian Association of Greensboro Endowment Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Young Men's Christian Association of Greensboro, Inc. and the Young Men's Christian Association of Greensboro Endowment Fund, Inc.'s December 31, 2020 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects with the audited consolidated financial statements from which it has been derived.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
April 13, 2022

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Financial Position
December 31, 2021
(With Comparative Totals as of December 31, 2020)

Assets

	2021	2020
Current Assets:		
Cash and cash equivalents	**$ 9,213,107**	$ 6,408,447
Funds held for others	**3,983**	3,983
Investments	**8,056,208**	7,845,043
Current portion of unconditional promises to give, net	**122,314**	600,369
Other receivables	**133,432**	96,539
Prepaid expenses and other assets	**301,020**	166,552
Total Current Assets	**17,830,064**	15,120,933
Other Assets:		
Unconditional promises to give, less current portion	**86,216**	114,634
Property and equipment, net of accumulated depreciation	**36,362,124**	38,484,171
Rental real estate property, net of accumulated depreciation	**274,400**	288,800
Deposit on fixed assets	**-**	15,868
Total Other Assets	**36,722,740**	38,903,473
Total Assets	**$ 54,552,804**	$ 54,024,406

Liabilities and Net Assets

	2021	2020
Current Liabilities:		
Current maturities of long-term debt	**$ 1,489,217**	$ 1,489,651
Current maturities of obligations under capitalized leases	**177,423**	281,087
Accounts payable and accrued expenses	**409,575**	335,564
Deferred revenue	**647,392**	366,124
Funds held for others	**3,983**	3,983
Total Current Liabilities	**2,727,590**	2,476,409
Other Liabilities:		
Long-term debt, less current maturities	**6,977,984**	8,467,201
Obligations under capitalized leases, less current maturities	**50,443**	212,788
Fair value of interest rate swap payable	**76,395**	199,538
Total Other Liabilities	**7,104,822**	8,879,527
Total Liabilities	**9,832,412**	11,355,936
Net Assets:		
Assets without donor restrictions:		
Undesignated	**35,443,386**	33,738,065
Designated for reserves	**3,351,402**	3,401,394
Assets with donor restrictions	**5,925,604**	5,529,011
Total Net Assets	**44,720,392**	42,668,470
Total Liabilities and Net Assets	**$ 54,552,804**	$ 54,024,406

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support - Contributions:				
The United Way	$ 50,620	$ 49,227	$ 99,847	$ 119,432
Government grants	106,617	-	106,617	89,018
CARES Act Funding	3,714,377	-	3,714,377	1,610,221
Annual support	748,456	-	748,456	711,251
Contributions and private grants	213,272	309,838	523,110	1,477,500
Total Public Support	4,833,342	359,065	5,192,407	4,007,422
Revenue:				
Membership dues	5,390,716	-	5,390,716	5,689,427
Program and service fees	4,737,577	-	4,737,577	3,269,362
Vending and other food related	5,419	-	5,419	6,016
Rental of real estate and facilities, net	175,954	-	175,954	159,744
Merchandise sales	33,610	-	33,610	27,657
Investment income, net	711,908	334,667	1,046,575	767,471
Impairment loss on property and equipment	(357,764)		(357,764)	-
Loss on sale of property and equipment	(9,882)	-	(9,882)	(8,965)
Other events	31,272	-	31,272	21,859
Miscellaneous	9,141	-	9,141	9,946
Unrealized loss on investments, net	(287,856)	(5,464)	(293,320)	(71,280)
Total Revenue	10,440,095	329,203	10,769,298	9,871,237
Net Assets Released from Restrictions:				
Satisfaction of program restrictions	196,004	(196,004)	-	-
Satisfaction of time restrictions	58,536	(58,536)	-	-
Satisfaction of property acquisition restrictions	37,135	(37,135)	-	-
Total Net Assets Released from Restrictions	291,675	(291,675)	-	-
Total Public Support, Revenue, and Net Assets Released from Restrictions	15,565,112	396,593	15,961,705	13,878,659
Functional Expenses:				
Program Services:				
Adult	5,300,818	-	5,300,818	5,221,310
Child care	3,822,083	-	3,822,083	3,775,034
Youth	3,145,790	-	3,145,790	3,038,736
Total Program Services	12,268,691	-	12,268,691	12,035,080
Supporting Services:				
Management and general	1,412,821	-	1,412,821	1,417,352
Fund-raising	195,774	-	195,774	208,510
Total Supporting Services	1,608,595	-	1,608,595	1,625,862
Total Functional Expenses	13,877,286	-	13,877,286	13,660,942
Other Expenses:				
Payments to affiliated organizations	155,641	-	155,641	145,939
Total Expenses	14,032,927	-	14,032,927	13,806,881
Change in net assets from operating activities	1,532,185	396,593	1,928,778	71,778
Change in fair value of interest rate swap agreement	123,144	-	123,144	(85,782)
Changes in net assets	1,655,329	396,593	2,051,922	(14,004)
Net assets, beginning	37,139,459	5,529,011	42,668,470	42,682,474
Net assets, ending	$ 38,794,788	$ 5,925,604	$ 44,720,392	$ 42,668,470

See Notes to Consolidated Financial Statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021								
	Program Services				Supporting Services				
	Adult Programs	Child Care	Youth Programs	Total	Management and General	Fund-Raising	Total	TOTAL	2020 TOTAL
Salaries and wages	**$ 2,256,507**	**$ 1,675,624**	**$ 1,117,083**	**$ 5,049,214**	**$ 536,200**	**$ 122,950**	**$ 659,150**	**$ 5,708,364**	$ 5,889,235
Employee benefits	**268,179**	**199,142**	**132,761**	**600,082**	**63,725**	**10,212**	**73,937**	**674,019**	733,492
Payroll taxes	**67,099**	**49,827**	**33,218**	**150,144**	**15,945**	**11,250**	**27,195**	**177,339**	425,177
Total Salaries and Related Expenses	**2,591,785**	**1,924,593**	**1,283,062**	**5,799,440**	**615,870**	**144,412**	**760,282**	**6,559,722**	7,047,904
Professional fees	**69,563**	**42,636**	**44,880**	**157,079**	**67,319**	**-**	**67,319**	**224,398**	167,596
Supplies	**281,442**	**196,493**	**180,241**	**658,176**	**80,595**	**49,562**	**130,157**	**788,333**	643,920
Telephone	**22,118**	**15,442**	**14,165**	**51,725**	**6,328**	**-**	**6,328**	**58,053**	63,352
Postage and shipping	**3,263**	**2,278**	**2,090**	**7,631**	**934**	**-**	**934**	**8,565**	8,938
Occupancy	**76,781**	**53,605**	**49,172**	**179,558**	**21,966**	**-**	**21,966**	**201,524**	185,148
Printing and publication	**55,165**	**38,514**	**35,329**	**129,008**	**15,782**	**-**	**15,782**	**144,790**	118,645
Travel	**12,714**	**8,877**	**8,143**	**29,734**	**3,638**	**-**	**3,638**	**33,372**	29,249
Conferences, conventions and meetings	**21,355**	**14,910**	**13,677**	**49,942**	**6,110**	**350**	**6,460**	**56,402**	49,711
Interest and amortization	**117,105**	**81,758**	**74,996**	**273,859**	**33,502**	**-**	**33,502**	**307,361**	371,950
Bank service charges	**66,660**	**46,540**	**42,690**	**155,890**	**19,071**	**-**	**19,071**	**174,961**	139,215
Rental	**74,898**	**52,291**	**47,966**	**175,155**	**21,427**	**-**	**21,427**	**196,582**	200,389
Repairs and maintenance	**134,644**	**94,004**	**86,229**	**314,877**	**38,520**	**-**	**38,520**	**353,397**	206,107
Other events	**1,722**	**1,202**	**1,103**	**4,027**	**493**	**-**	**493**	**4,520**	3,687
Insurance	**102,714**	**71,710**	**65,779**	**240,203**	**29,385**	**-**	**29,385**	**269,588**	223,086
Depreciation	**764,008**	**533,402**	**489,286**	**1,786,696**	**218,575**	**-**	**218,575**	**2,005,271**	2,029,845
Utilities	**344,593**	**240,582**	**220,685**	**805,860**	**98,585**	**-**	**98,585**	**904,445**	791,709
Contracted services	**358,458**	**250,262**	**229,564**	**838,284**	**102,551**	**-**	**102,551**	**940,835**	834,282
Bad debt expense	**-**	**-**	**-**	**-**	**346**	**-**	**346**	**346**	43,394
Food and beverage	**105,739**	**64,500**	**66,245**	**236,484**	**27,862**	**-**	**27,862**	**264,346**	182,870
Scholarships	**82,242**	**78,815**	**181,618**	**342,675**	**-**	**-**	**-**	**342,675**	268,416
Dues	**7,778**	**5,431**	**4,982**	**18,191**	**2,225**	**1,450**	**3,675**	**21,866**	22,695
Training	**6,071**	**4,238**	**3,888**	**14,197**	**1,737**	**-**	**1,737**	**15,934**	28,834
Total Functional Expenses	**$ 5,300,818**	**$ 3,822,083**	**$ 3,145,790**	**$ 12,268,691**	**$ 1,412,821**	**$ 195,774**	**$ 1,608,595**	**$ 13,877,286**	$ 13,660,942

See Notes to Consolidated Financial Statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Cash Flows
Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021	2020
Cash flows from operating activities:		
Changes in net assets	**$ 2,051,922**	$ (14,004)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Allowance for uncollectible accounts	**(43,101)**	20,047
Discount on unconditional promises to give	**-**	(10,565)
Depreciation	**2,019,671**	2,044,245
Amortization	**16,576**	16,576
Impairment of property and equipment	**357,764**	-
Loss on sale of property and equipment	**10,437**	8,966
Investment income reinvested	**(148,838)**	(82,527)
Gain on sale of investments, net	**(738,280)**	(578,833)
Unrealized loss on investments, net	**293,321**	71,280
Change in fair value of interest rate swap	**(123,143)**	85,782
Forgiveness of Paycheck Protection Program loan	**(1,636,026)**	(1,236,800)
(Increase) decrease in:		
Unconditional promises to give	**549,574**	(190,334)
Other receivables	**(36,893)**	41,356
Prepaid expenses and other assets	**(134,468)**	127,097
Increase (decrease) in:		
Accounts payable and accrued expenses	**69,160**	(33,793)
Deferred revenue	**281,268**	(10,035)
Net cash provided by operating activities	**2,788,944**	258,458
Cash flows from investing activities:		
Purchase and construction of property and equipment	**(236,034)**	(538,719)
Proceeds from sale of property and equipment	**5,328**	42,500
Proceeds from sale of investments	**6,168,592**	4,997,736
Net investment cash transactions in endowment fund	**30,831**	(60,003)
Purchase of investments	**(5,816,791)**	(3,694,874)
Net cash provided by investing activities	**151,926**	746,640
Cash flows from financing activities:		
Payments on capitalized leases	**(266,009)**	(296,710)
Borrowings on Paycheck Protection Program loan	**1,636,026**	1,236,800
Payments on long-term debt	**(1,506,227)**	(1,502,664)
Net cash used in financing activities	**(136,210)**	(562,574)
Net increase in cash and cash equivalents	**2,804,660**	442,524
Cash and cash equivalents, beginning	**6,408,447**	5,965,923
Cash and cash equivalents, ending	**$ 9,213,107**	$ 6,408,447

See Notes to Consolidated Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Young Men's Christian Association of Greensboro, Inc. ("YMCA") is a not for profit organization incorporated in 1910 to establish, equip, maintain, conduct and operate various YMCA branches and to perform any acts reasonably incidental thereto in the greater Greensboro, Eden and Reidsville, North Carolina areas.

The Young Men's Christian Association of Greensboro Endowment Fund, Inc. ("Endowment Fund") was incorporated in 1994 as a support organization for the benefit of the YMCA to hold and invest permanently restricted net assets. This corporation states in its articles of incorporation that it is organized for and at all times shall operate exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the YMCA. The articles also state that the Endowment Fund shall be operated, supervised, or controlled by the YMCA, and that the Directors of the Endowment Fund shall be elected or appointed by the Board of Directors of the YMCA. Because of the oversight authority of the YMCA Board over the actions of the Endowment Fund, the two entities have been consolidated for financial statement presentation purposes.

The consolidated financial statements include the accounts of the YMCA and the Endowment Fund. All material intercompany transactions have been eliminated. The consolidated entities will be referred to as the "Association" for purposes of these consolidated financial statements.

A summary of the Association's significant accounting policies follow:

Financial Statement Presentation

The Association reports information regarding its financial position and activities using two classes of net assets, as follows:

Without donor restrictions: All revenue not restricted by donors, unrestricted contributions designated by the board and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

With donor restrictions: All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in donor restricted net assets. The investment income arising from endowment funds, if any, are accounted for in accordance with donor stipulations. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Comparative Financial Information

The financial statements include certain prior period summarized comparative information in totals but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of reporting the consolidated statements of cash flows, the Association considers all highly liquid investments, except those held by the Endowment Fund, purchased with maturities of three months or less to be cash equivalents.

Funds Held for Others

The Association administers various organizational funds. The funds are established by assets received as transfers from other organizations/clubs which specifies itself as the beneficiary of the fund.

Investments

Investments in marketable securities with readily determinable values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

Receivables

The Association records unconditional promises to give and other receivables at total unpaid balance, which approximates estimated fair value, less any allowance for doubtful accounts. The Association determines past due status of individual receivables based on the contractual terms of the original grant agreement or pledge commitment. The Association estimates its allowance for doubtful accounts based on a combination of factors, including historical loss experience and any anticipated effects related to current economic conditions, as well as management's knowledge of the current composition of receivables. Receivables that management believes to be ultimately not collectible are written off upon such determination.

Property and Equipment

The Association generally capitalizes expenditures of $2,500 or more for property and equipment whose life exceeds one year. Property and equipment are stated at cost or, in the case of donated assets, at estimated fair value at date of donation.

Depreciation, including amortization of capital lease assets, is provided for using the straight-line method over the shorter of its estimated useful lives of the assets or its related lease term.

Bond Issuance Costs

Bond issuance costs are being amortized on a straight-line basis over 20 years which approximates the effective interest rate method. Accumulated amortization amounted to $190,623. Estimated amortization for each of the next three years is $16,576. Bond issuance costs have been netted against long term debt in accordance with ASU 2015-03, "Interest Imputation of Interest".

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising, printing and publication costs are expensed as incurred. During the year, costs related to these activities totaled $144,790.

Revenue Recognition

The Association derives its revenues primarily from membership dues or program and service fees. Membership contracts consist of month-to-month or annual basis and they can cancel their membership at any time with a 30 day notice. Membership dues revenue is recognized on a monthly basis in which the Association provides access to the facilities. Membership dues paid under an annual contract will be recorded as deferred revenue and amortized each month as the revenue is earned. Program and service fee revenues consist of camps, sporting leagues, after school care, training sessions, etc., which are recognized upon completion of the related performance obligation and at an amount that represents the consideration paid to participate. The Association does not have a significant financing component as events are typically paid for in advance and are recognized as deferred revenue prior to completion of the performance obligation.

Due to the nature of the Association's business, there is typically no significant variable consideration, such as discounts, allowances, and returns. However, if variable consideration is deemed significant, variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience and known trends.

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Contributions receivable due beyond one year are stated at net present value of the estimated cash flows using a risk adjusted rate. Conditional contributions are recognized as revenues when the conditions have been met by the Association. Contributions are considered to be without donor restrictions unless specifically restricted by the donee for a specific period of time or purpose. Grants received by the Association are being accounted for as contributions since they do not include exchange transaction elements associated with those grants.

Endowment Fund

The Endowment Fund consists of various fixed income funds, equity funds, and cash equivalents established for a variety of purposes. The endowment consists of donor-restricted endowment funds as well as board designated endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Endowment Fund 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 maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet funding requirements while assuming a moderate level of investment risk.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

To satisfy its long-term rate-of-return objectives, the Endowment Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The endowment portfolio is invested across multiple asset classes with emphasis on equities and fixed income as well as alternative investments, real estate and a low level of exposure to money market cash instruments.

The Endowment Fund has a policy for appropriating for distribution each year approximately 5% of its endowment funds average market value plus or minus 1.5% over the 3 year trailing average market value of the Endowment Fund. In establishing this policy, the Endowment Fund considered the long-term expected return of the endowment. Accordingly, over the long-term the Endowment Fund expects the current spending policy to preserve the purchasing power of the endowment funds over time, and to provide a reasonably stable and predictive revenue stream for use in connection with the charitable purposes of the Association. The Board of Directors annually adopts a spending rate.

Donated Services and Materials

The Association occasionally benefits from the services of volunteers in various programs. The services donated are not identical to services the donor would usually charge a fee to provide; therefore, a monetary amount cannot be assigned to the value of these services. Significant donated materials are recorded at their fair value as a contribution and related purchase.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Association has evaluated events and transactions for potential recognition or disclosure through April 13, 2022, the date the consolidated financial statements were available to be issued.

Tax Status

The Association is classified as a public charity and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying consolidated financial statements. Contributions to the Association are tax deductible by the donor.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status (Continued)

It is the Association's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the consolidated financial statements. No material uncertain tax positions were identified for 2021. Currently, the statute of limitations remains open subsequent to and including 2017; however, no examinations are in process or anticipated. Any changes in the amount of a tax provision will be recognized in the period the change occurs.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of activities or net assets.

NOTE 2 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give amounts to be received in future periods are discounted to a present value using an interest rate of 5.0%.

Unconditional promises to give are as follows:

Amounts receivable less than one year	$ 122,314
Amounts receivable in one to five years	106,063
Total unconditional promises to give	228,377
Less - discount to present value for future pledges	(5,995)
Less - allowance for uncollectible pledges	(13,852)
	$ 208,530

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair values, the Association uses various methods including market, income and cost approaches. Based on these approaches, the Association often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Association is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 Inputs — Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 Inputs — Observable prices that are based on inputs not quoted on active markets, but corroborated by market data, discounted cash flow models or similar techniques.

Level 3 Inputs — Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The following summarizes the fair value measurements:

	Level 1	Level 2	Level 3	Total
Asset:				
Investments (See Note 4 for major categories)	$ 8,056,208	$ -	$ -	$ 8,056,208
Derivative - Interest rate swap agreement	$ -	$ (76,395)	$ -	$ (76,395)

NOTE 4 - INVESTMENTS

A breakdown of the investments held are as follows:

Description	Reported Value	Cost
Restricted cash	$ 143,785	$ 143,785
Equity securities	7,912,423	6,511,916
	$ 8,056,208	$ 6,655,701

Investment income consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Income:			
Dividends	$ 163,327	$ 61,513	$ 224,840
Capital gain distribution	-	96,745	96,745
Other interest	1,077	259	1,336
Capital gains on sales of securities	547,581	190,694	738,275
	711,985	349,211	1,061,196
Expenses: Investment fees	77	14,544	14,621
	$ 711,908	$ 334,667	$ 1,046,575

NOTE 5 - RENTAL REAL ESTATE PROPERTY

The Association owns and leases five residential properties that are leased on an annual basis. An unrelated management company is responsible for leasing and managing the properties. Property held for investment consists of the following:

Land	$ 44,000
Houses	396,000
	440,000
Less accumulated depreciation	165,600
	$ 274,400

The following summarizes the revenue and expenses at year end:

Rental income	$ 30,965
Expenses:	
Real estate taxes	6,182
Repairs and maintenance	4,228
Insurance	1,200
Depreciation	14,400
	26,010
Gain on new roof	556
Net income	$ 5,511

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land and improvements	$ 6,314,594
Buildings	48,713,704
Equipment	4,366,418
Software costs	127,729
Furniture, fixtures and office equipment	630,458
Transportation vehicles	305,778
Leasehold improvements	1,296,777
Construction in progress	64,192
	61,819,650
Less accumulated depreciation	25,457,526
	$ 36,362,124

The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. The Association conducts its long-lived asset impairment analyses in accordance with ASC 360-10-50, "Impairment or Disposal of Long-Lived Assets Held for Sale."

NOTE 6 - PROPERTY AND EQUIPMENT (Continued)

On September 28, 2021 the Board of Directors of the Association voted to cease the operations of the Western Rockingham location effective December 31, 2021 and make the building available for sale. The Association concluded this action to be a triggering event requiring assessment of impairment of long-lived assets related to Western Rockingham. As a result, the Association reviewed the Western Rockingham long-lived assets for impairment and recorded an impairment loss of $357,764. These assets were subsequently sold for $175,000 on March 1, 2022.

	NBV Pre-impairment	Impaired Value	Loss
Building	$ 464,501	$ 120,275	$ 344,226
Equipment	18,263	4,725	13,538
Land	50,000	50,000	-
Total	$ 532,764	$ 175,000	$ 357,764

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following:

Unsecured bank qualified loan payable to a financial institution calling for 240 equal monthly principal installments through the maturity date of November 2030. Interest is payable monthly at 82.646% of the 1-month LIBOR rate plus 1.4615% (the 1-month LIBOR rate was 0.10125%).	$ 6,923,373
Unsecured nonbank qualified loan payable to a financial institution. The bond accrues interest at 82.646% of the 1-month LIBOR plus 1.8231% per annum (the 1-month LIBOR rate was 0.10125%). The Association pays monthly principal payments ranging from $13,417 to $20,238 with the final payment due November 2034.	1,684,723
	8,608,096
Less bond issuance cost, net of accumulated amortization	140,895
	8,467,201
Less current maturities	1,489,217
	$ 6,977,984

The provisions of the bank qualified loan contains various financial covenants related to minimum levels of liquidity and net assets that the Association must maintain. The covenant also includes provisions related to borrowing leverage and other liquidity ratios. The Association was in compliance with all covenant provisions.

NOTE 7 - LONG-TERM DEBT (Continued)

Future maturities of long-term debt, net of bond issuance cost, for each of the next five years and thereafter are as follows:

2022	$ 1,489,217
2023	1,422,693
2024	649,671
2025	674,343
2026	698,789
Thereafter	3,532,488
	$ 8,467,201

NOTE 8 - DERIVATIVES

To reduce the impact of changes in interest rates on its variable rate bonds payable, the Association has entered into an interest rate swap agreement. Under the agreement, interest is payable at a fixed rate of 2.755% based on the outstanding balance of the bank qualified loan payable, and is effective through November 18, 2022. The annual gain or loss on the fair value of the swap agreement is reported as revenue or expense in the consolidated statement of activities and changes in net assets. The interest rate swap agreement had a notional principal amount of $6,923,373.

As a result of the Federal tax rate decrease effective January 1, 2018 and the YMCA electing not to amend the existing swap, the bond documents allowed the bank to adjust the LIBOR rate on the YMCA's debt. The unsecured bank qualified loan rate increased to 68% of LIBOR plus 1.2025% plus the Corporate Tax Rate Factor of 1.21538. Consequently, due to the change in the rate owed to the bank, the swap is no longer perfectly hedged.

The fair value of the interest rate swap agreement was derived from proprietary models as of a given date, supplied by the bank. The valuation is calculated on a mid market basis and does not include bid/offered spread that would be reflected in an actual price quotation. This model relies on certain assumptions regarding past, present, and future market conditions.

NOTE 9 - CAPITAL LEASE OBLIGATIONS

The Association has six capital lease agreements with varying expiration dates through 2024. Capitalized costs of $793,391 are included in equipment and the related accumulated depreciation is $527,828 as of December 31, 2021. The leases are payable to financial institutions in monthly installments totaling $22,521, including interest at approximately 4.71%. The capital leases are secured by the equipment leased.

Future minimum capital lease payments are as follows:

2022	$ 177,423
2023	55,972
2024	665
	234,060
Amount representing interest	(6,194)
Present value of lease obligations	$ 227,866

NOTE 10 - OPERATING LEASES

The Association leases office space, land and use of other program facilities under various operating lease agreements with varying expiration dates through 2025. The Association also rents equipment on an as needed basis for program use. Total rental expense was $398,106

Future minimum lease payments for these operating leases are as follows:

2022	$ 206,064
2023	210,733
2024	215,536
2025	30,444
	$ 662,777

The Association also leases its facilities to various organizations and individuals on a regular basis. Except as described below, these leasing transactions are normally short-term and on a case-by-case or month-to-month basis.

The Association rented portions of its Ragsdale facility under a non-cancelable lease agreement. The facility has a cost of $6,318,066 and accumulated depreciation of $2,737,394. Depreciation expense was $167,729 for the year. The agreement calls for monthly rents of $8,500 through February 2024. Rental income for the year totaled $170,999.

Future minimum rental income to be received under the sub-rental agreements is as follows:

2022	$ 102,000
2023	102,000
2024	17,000
	$ 221,000

NOTE 11 - DESIGNATED NET ASSETS

The Board of Directors has designated certain amounts of net assets without donor restrictions to be used for future activities, repairs and maintenance, and other purposes on a branch-by-branch basis. These reserves are funded by designated cash balances. The Board retains the right to undesignate these funds as they deem appropriate. The reserve cash balances was $1,760,045.

The Board of Directors has also designated $1,591,357 of net assets without donor restrictions to be set aside for future operations. These reserves have been funded by purchasing investments with a market value designed for this amount. The Board retains the right to undesignate these funds as they deem appropriate.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, consist of the following:

Subject to spending policy and appropriation:	
Investment in perpetuity (including amounts above original gift amount of $1,809,062), which, once appropriated, is expendable to support the operations of the YMCA	$ 3,079,270
Subject to the passage of time:	
For periods after December 31, 2021	208,530
Subject to expenditures for specified purpose:	
Building or equipment, improvements or repairs	2,177,298
Scholarships	94,895
Programs	337,024
	2,609,217
Subject to expenditure when a specified event occurs:	
Paid-up life insurance policy that will provide proceeds upon death of insured for operations of the YMCA	28,587
	$ 5,925,604

NOTE 13 - ENDOWMENT NET ASSETS

The Board of Directors of the Association has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") 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 classifies permanently restricted net assets as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Association 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 Association 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 investment; (6) other resources of the Association; and (7) the investment policies of the Association.

The Association's endowment is held with an investment bank and investment firms. Under the endowment agreement, the principal balance in the fund is permanently restricted to ensure that resources would be available to provide for future operations.

NOTE 13 - ENDOWMENT NET ASSETS (Continued)

The Association has the following donor-restricted endowment net assets:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ -	$ 2,837,627	$ 2,837,627
Investment return:			
Investment income	-	157,636	157,636
Net appreciation (realized and unrealized)	-	185,230	185,230
Investment fees	-	(14,546)	(14,546)
Total investment return	-	328,320	328,320
Appropriations	109,511	(109,511)	-
Expenditures	(109,511)	-	(109,511)
Contributions	-	22,834	22,834
End of year	$ -	$ 3,079,270	$ 3,079,270

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Association to retain as a fund of perpetual duration. There were no such deficiencies of this kind during the year.

NOTE 14 - COMMUNITY POOL

The Association, the City of Reidsville (the "City"), and Reidsville Community Pool Association ("RCPA") have entered into an agreement, whereas, the Association will operate and manage a community pool adjacent to the Association's Reidsville facility for the benefit of residents of the greater Reidsville area. Under the agreement, the Association receives a fee for the management of the pool. The management fee is intended to be a reimbursement for the cost of administrative overhead directly attributable to aquatic activities, and shall be based on a formula agreed upon by all parties. The agreement calls for the fee to be waived if the City continues to make its annual contribution for pool activities.

The agreement also calls for three percent of user fees to be deposited into a repair account and matched equally by both the Association and the City. Accumulated funds greater than $30,000 in this account may be disbursed at the discretion of RCPA for aquatic programs or services. Operating surpluses are to be deposited in the repair account or may be specifically designated by RCPA for other public purposes. At year end, the accumulated fund amounted to $16,614.

NOTE 14 - COMMUNITY POOL (Continued)

The following summarizes the revenue and expenses for the pool for the year:

Revenue:	
User fees	$ 17,482
City of Reidsville contribution	36,810
Pool rental	2,596
Other	2,000
Total revenue	58,888
Expenses:	
Payroll (including payroll taxes and benefits)	59,375
Permits	170
Supplies	3,749
Utilities	34,571
Maintenance	8,292
Other	8,990
Total expenses	115,147
Operating deficit	$ (56,259)

NOTE 15 - PENSION PLAN

The Association is a participant in a multi-employer National YMCA Retirement Fund Plan (the "Fund Plan") for all eligible employees. Employees are eligible if they are at least 21 years old and have worked at least 1,000 hours in any 2 twelve-month periods beginning on the employee's hire date. The Association has a two-year waiting period for enrollment and immediate vesting schedule. The Association's contributions to the Fund Plan are computed as a percentage of covered employees' annual salaries and the Association is not liable for any other amounts. Total retirement costs for the year totaled $293,397.

NOTE 16 - SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

During the year, the Association paid interest of $307,361.

During the year, the Association entered into the following non-cash investing transactions:

Purchase of property and equipment with accounts payable	$ 4,851

NOTE 17 - PAYCHECK PROTECTION PROGRAM PROCEEDS

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief and Economic Security ("CARES") Act that created up to $349 billion in forgivable loans ("Paycheck Protection Program") to businesses and not for profit organizations to pay employees during the COVID-19 pandemic. If the businesses and not for profit organizations used the Payroll Protection Program loan funds to cover payroll costs, mortgage interest, rent and utility costs over an 8 or 24 week period after the loan was made and maintained employee and compensation level, they can request forgiveness of the loan.

On April 17, 2020, the Association obtained $1,236,800 in Paycheck Protection Program loan proceeds. On April 30, 2021, the Association obtained a second Paycheck Protection Program loan for $1,636,026. During the year ended December 31, 2021 the SBA granted forgiveness of both loans in their entirety.

NOTE 18 - CONCENTRATIONS OF CREDIT RISK

The Association maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. In addition, all of the Association's borrowings are concentrated with a single financial institution.

The Association's investments potentially subject it to market risk and concentrations of credit risk. The Association maintains various types of investments that encompass many different companies with varied industry and geographical characteristics designed to limit exposure to any one industry, company or geographical location. However, as most of the Association's investments are traded in public markets, they are subject to general fluctuations in the market's overall performance. The Association retains investment managers who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Association invests.

NOTE 19 - ASSETS LIQUIDITY

The following reflects the Association's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date. Amounts not available include amounts set aside for reserves that could be drawn upon if the governing board approves that action.

Financial assets, at year end	$ 18,305,777
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with purpose or time restrictions	5,925,604
Assets held on behalf of others	3,983
Board designations for reserves	3,338,455
Financial assets available to meet cash needs for general expenditures within one year	$ 9,037,735