

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

For The Years Ended December 31, 2020 And 2019



WollackLewitz^{LLC}

Certified Public Accountants & Advisors

Old Saybrook | Madison
Connecticut

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

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INDEPENDENT AUDITOR'S REPORT

To The Board Of Directors
Valley Shore YMCA, Inc.
Westbrook, Connecticut

Report On The Financial Statements

We have audited the accompanying financial statements of **Valley Shore YMCA, Inc.** (A Nonprofit Organization) 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valley Shore YMCA, Inc. 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.

WallackLewitz

Certified Public Accountants
Old Saybrook, Connecticut

June 14, 2021

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Statements Of Financial Position

For The Years Ended December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash	\$ 404,045	\$ 141,773
Cash Held In Reserve For Temporarily Restricted Use	1,094,053	693,594
Accounts Receivable	11,862	27,514
Pledges Receivable	269,517	439,215
Marketable Securities	11,260	2,477
Deferred Expenses	20,108	22,845
<u>Total Current Assets</u>	<u>1,810,845</u>	<u>1,327,418</u>
<u>Property And Equipment, Net</u>	2,455,832	2,618,368
<u>Long Term Pledges Receivable, Net of Current Portion</u>	269,584	389,910
<u>Other Assets</u>	<u>33,053</u>	<u>12,225</u>
<u>TOTAL ASSETS</u>	<u>\$ 4,569,314</u>	<u>\$ 4,347,921</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 57,955	\$ 25,454
Accrued Expenses	20,066	64,577
Deferred Income	92,941	60,908
Custodial Account	22,023	16,126
Current Maturities Of Long-Term Debt	53,838	66,801
Current Maturities Of Capital Lease Obligations	22,894	33,393
<u>Total Current Liabilities</u>	<u>269,717</u>	<u>267,259</u>
<u>Long-Term Liabilities</u>		
Long-Term Debt, Net Of Current Portion	1,250,477	1,136,685
Capital Lease Obligations, Net Of Current Portion	-	14,390
<u>Total Long-Term Liabilities</u>	<u>1,250,477</u>	<u>1,151,075</u>
<u>Total Liabilities</u>	<u>1,520,194</u>	<u>1,418,334</u>
<u>Net Assets</u>		
Without Donor Restrictions		
Unrestricted	107,137	(5,521)
Invested in property, plant and equipment, net of mortgage	1,301,468	1,414,882
<u>Total Without Donor Restrictions</u>	<u>1,408,605</u>	<u>1,406,954</u>
With Donor Restrictions		
Restricted by purpose or time	1,640,515	1,522,633
Total with donor restrictions	1,640,515	1,522,633
<u>Total Net Assets</u>	<u>3,049,120</u>	<u>2,929,587</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 4,569,314</u>	<u>\$ 4,347,921</u>

See Accompanying Notes.

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

Statement Of Activities And Changes In Net Assets

For The Years Ended December 31, 2020 And 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Operating Activities</u>						
<u>Public Support</u>						
Contributions	\$ 132,945	\$ 259,872	\$ 392,817	\$ 64,483	\$ 647,092	\$ 711,575
Government Grants And Contracts	301,295	-	301,295	67,539	-	67,539
Special Events, Net Of Expenses	51,169	-	51,169	78,099	-	78,099
Net Assets Released From Restrictions	141,990	(141,990)	-	46,874	(46,874)	-
<u>Total Public Support</u>	<u>627,399</u>	<u>117,882</u>	<u>745,281</u>	<u>256,995</u>	<u>600,218</u>	<u>857,213</u>
<u>Revenue</u>						
Membership Fees, Net Of Assistance	765,983	-	765,983	1,386,618	-	1,386,618
Program Fees, Net Of Assistance	466,283	-	466,283	938,435	-	938,435
Investment Income	5,352	-	5,352	7,193	-	7,193
Other Revenue	3,151	-	3,151	25,050	-	25,050
<u>Total Revenue</u>	<u>1,240,769</u>	<u>-</u>	<u>1,240,769</u>	<u>2,357,296</u>	<u>-</u>	<u>2,357,296</u>
<u>Total Public Support And Revenue</u>	<u>1,868,168</u>	<u>117,882</u>	<u>1,986,050</u>	<u>2,614,291</u>	<u>600,218</u>	<u>3,214,509</u>
<u>Expenses</u>						
<u>Program Services</u>						
Youth Development	414,893	-	414,893	783,128	-	783,128
Healthy Living	1,183,355	-	1,183,355	1,502,496	-	1,502,496
Social Responsibility	21,444	-	21,444	34,647	-	34,647
<u>Total Program Services</u>	<u>1,619,692</u>	<u>-</u>	<u>1,619,692</u>	<u>2,320,271</u>	<u>-</u>	<u>2,320,271</u>
<u>Support Services</u>						
Management And General Fundraising	169,709	-	169,709	179,789	-	179,789
	77,116	-	77,116	145,018	-	145,018
<u>Total Support Services</u>	<u>246,825</u>	<u>-</u>	<u>246,825</u>	<u>324,807</u>	<u>-</u>	<u>324,807</u>
<u>Total Expenses</u>	<u>1,866,517</u>	<u>-</u>	<u>1,866,517</u>	<u>2,645,078</u>	<u>-</u>	<u>2,645,078</u>
<u>Changes In Net Assets</u>						
<u>From Operations</u>	1,651	117,882	119,533	(30,787)	600,218	569,431
<u>Net Assets At Beginning Of Year</u>	<u>1,406,954</u>	<u>1,522,633</u>	<u>2,929,587</u>	<u>1,437,741</u>	<u>922,415</u>	<u>2,360,156</u>
<u>Net Assets At End Of Year</u>	<u>\$ 1,408,605</u>	<u>\$ 1,640,515</u>	<u>\$ 3,049,120</u>	<u>\$ 1,406,954</u>	<u>\$ 1,522,633</u>	<u>\$ 2,929,587</u>

See Accompanying Notes.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Statement Of Functional Expenses

For The Year Ended December 31, 2020

	<u>Program Services</u>				<u>Support Services</u>			
	<u>Youth Development</u>	<u>Healthy Living</u>	<u>Social Responsibility</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Totals</u>
<u>Personnel Costs</u>								
Salaries And Wages	\$ 238,219	\$ 459,060	\$ 3,464	\$ 700,743	\$ 69,345	\$ 54,678	\$ 124,023	\$ 824,766
Payroll Taxes And Employee Benefits	42,905	104,307	417	147,629	36,626	10,670	47,296	194,925
<u>Total Personnel Costs</u>	<u>281,124</u>	<u>563,367</u>	<u>3,881</u>	<u>848,372</u>	<u>105,971</u>	<u>65,348</u>	<u>171,319</u>	<u>1,019,691</u>
<u>Non-Personnel Costs</u>								
Contracted Services	13,621	21,899	34	35,554	19,086	9,589	28,675	64,229
Program, Janitorial And Office Supplies	13,193	38,793	5,507	57,493	4,496	805	5,301	62,794
Telephone	2,994	6,063	32	9,089	701	701	1,402	10,491
Postage And Shipping	-	-	-	-	2,066	-	2,066	2,066
Licenses And Permits	2,906	7,045	62	10,013	8	8	16	10,029
Office Equipment And Maintenance	-	-	-	-	18,104	-	18,104	18,104
Printing And Advertising	6,227	16,591	42	22,860	3,078	561	3,639	26,499
Travel, Meetings And Training	959	603	-	1,562	1,768	672	2,440	4,002
National YMCA Support And Other Dues	4,431	9,869	-	14,300	5,054	2,215	7,269	21,569
Bank And Credit Card Processing Fees	5,691	12,676	-	18,367	4,656	2,846	7,502	25,869
Insurance	10,886	61,276	1,477	73,639	369	369	738	74,377
Miscellaneous	-	-	-	-	1,422	-	1,422	1,422
Bad Debt Expense	-	7,037	-	7,037	-	(8,600)	(8,600)	(1,563)
Interest Expense	6,859	40,665	980	48,504	369	245	614	49,118
Rent	-	-	-	-	-	-	-	-
Repairs And Maintenance	11,670	75,362	1,667	88,699	417	417	834	89,533
Utilities	20,316	120,445	2,903	143,664	725	725	1,450	145,114
<u>Total Non-Personnel Costs</u>	<u>99,753</u>	<u>418,324</u>	<u>12,704</u>	<u>530,781</u>	<u>62,319</u>	<u>10,553</u>	<u>72,872</u>	<u>603,653</u>
<u>Depreciation And Amortization</u>	<u>34,016</u>	<u>201,664</u>	<u>4,859</u>	<u>240,539</u>	<u>1,419</u>	<u>1,215</u>	<u>2,634</u>	<u>243,173</u>
<u>Total Expenses</u>	<u>\$ 414,893</u>	<u>\$ 1,183,355</u>	<u>\$ 21,444</u>	<u>\$ 1,619,692</u>	<u>\$ 169,709</u>	<u>\$ 77,116</u>	<u>\$ 246,825</u>	<u>\$ 1,866,517</u>

See Accompanying Notes.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Statement Of Functional Expenses

For The Year Ended December 31, 2019

	Program Services			Support Services				
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management And General	Fundraising	Total Support Services	Totals
<u>Personnel Costs</u>								
Salaries And Wages	\$ 478,628	\$ 648,763	\$ 11,731	\$ 1,139,122	\$ 72,678	\$ 90,970	\$ 163,648	\$ 1,302,770
Payroll Taxes And Employee Benefits	62,330	133,166	1,701	197,197	38,890	12,208	51,098	248,295
<u>Total Personnel Costs</u>	540,958	781,929	13,432	1,336,319	111,568	103,178	214,746	1,551,065
<u>Non-Personnel Costs</u>								
Contracted Services	16,164	22,893	443	39,500	18,190	18,015	36,205	75,705
Program, Janitorial And Office Supplies	54,989	51,421	6,499	112,909	8,168	2,230	10,398	123,307
Telephone	4,097	5,889	143	10,129	664	773	1,437	11,566
Postage And Shipping	-	-	-	-	3,654	-	3,654	3,654
Licenses And Permits	5,283	6,947	108	12,338	10	10	20	12,358
Office Equipment And Maintenance	-	-	-	-	21,902	-	21,902	21,902
Printing And Advertising	19,461	22,518	77	42,056	3,020	539	3,559	45,615
Travel, Meetings And Training	13,616	3,315	1	16,932	6,112	2,005	8,117	25,049
National YMCA Support And Other Dues	12,647	25,715	422	38,784	2,965	3,372	6,337	45,121
Bank And Credit Card Processing Fees	11,672	23,734	389	35,795	-	3,113	3,113	38,908
Insurance	9,636	57,130	1,377	68,143	344	344	688	68,831
Miscellaneous	-	-	-	-	-	-	-	-
Bad Debt Expense	307	6,760	-	7,067	49	8,500	8,549	15,616
Interest Expense	9,291	55,081	1,327	65,699	332	332	664	66,363
Rent	12,000	-	-	12,000	-	-	-	12,000
Repairs And Maintenance	13,157	84,342	1,879	99,378	470	470	940	100,318
Utilities	25,345	150,254	3,621	179,220	905	905	1,810	181,030
<u>Total Non-Personnel Costs</u>	207,665	515,999	16,286	739,950	66,785	40,608	107,393	847,343
<u>Depreciation And Amortization</u>	34,505	204,568	4,929	244,002	1,436	1,232	2,668	246,670
<u>Total Expenses</u>	\$ 783,128	\$ 1,502,496	\$ 34,647	\$ 2,320,271	\$ 179,789	\$ 145,018	\$ 324,807	\$ 2,645,078

See Accompanying Notes.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Statements Of Cash Flows

For The Years Ended December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities – Source (Use)</u>		
Increase (Decrease) In Net Assets	\$ 119,533	\$ 569,431
<u>Adjustments To Reconcile Change In Net Assets</u>		
<u>To Net Change In Cash From Operating Activities</u>		
Depreciation	242,969	246,467
Amortization Of Other Assets	204	204
Unrealized Loss (Gain) On Marketable Securities	(1,396)	(1,088)
Contributions Restricted For Capital Assets	(224,984)	(383,172)
Changes In Assets And Liabilities:		
Accounts Receivable	15,652	4,163
Pledges Receivable	290,024	(268,903)
Other Assets	(21,032)	(4,703)
Deferred Expenses	2,737	(854)
Accounts Payable	32,501	(3,965)
Accrued Expenses	(44,511)	7,832
Deferred Income	32,033	3,770
Custodial Accounts	5,897	2,343
<u>Net Cash Provided (Used) By Operating Activities</u>	<u>449,627</u>	<u>171,525</u>
<u>Cash Flows From Investing Activities – Source (Use)</u>		
Purchase Of Property And Equipment	(80,433)	(114,157)
Purchase Of Investments	(58,793)	(33,624)
Proceeds From Sale Of Investments	51,406	34,686
<u>Net Cash Provided (Used) By Investing Activities</u>	<u>(87,820)</u>	<u>(113,095)</u>
<u>Cash Flows From Financing Activities – Source (Use)</u>		
Contributions Restricted For Capital Assets	224,984	383,172
Proceeds from borrowings on long-term debt	150,000	-
Payments Of Long-Term Debt	(49,171)	(68,939)
Payments Of Property Lease Obligations	(24,889)	(31,779)
<u>Net Cash Provided (Used) By Financing Activities</u>	<u>300,924</u>	<u>282,454</u>
<u>Net Change In Cash And Equivalents</u>	662,731	340,884
<u>Cash At Beginning Of Year</u>	<u>835,367</u>	<u>494,483</u>
<u>Cash At End Of Year</u>	<u>\$ 1,498,098</u>	<u>\$ 835,367</u>

See Accompanying Notes.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

1) Summary Of Significant Accounting Policies

Nature Of Operations - The mission of the Valley Shore YMCA, Inc. (YMCA) is to develop and encourage the growth of all individuals in spirit, mind and body in an atmosphere of mutual respect. The YMCA is a charitable community service organization that includes men, women and children of all ages, abilities, income, race and religions. Founded in 1917, our YMCA is dedicated to building strong kids, strong families and strong communities by putting principles into practice through programs that promote healthy living, youth development, and social responsibility.

Our YMCA serves a ten-town region within the Connecticut Valley-Shore area. The principal place of operations serving as headquarters is the facility in Westbrook. Our YMCA serves over 7,000 members and revenue is derived from membership fees, program fees, contributed income, rental income and earnings on investments.

As part of our mission our programs are accessible, affordable and open to all faiths, backgrounds, abilities and income levels. We provide financial assistance to people who otherwise may not have been able to afford to participate.

Program Activities

- **Youth Development** - Our YMCA is committed to nurturing the potential of every child and teen. We believe that all kids deserve the opportunity to discover who they are and what they can achieve. That is why we help young people cultivate the values, skills and relationships that lead to positive behaviors, better health and educational achievement. Our YMCA programs, such as child-care, before and after school care, day and specialty camp programs, youth sports, youth swim programs and other youth programming offer a range of experiences that enrich cognitive, social, physical and emotional growth.
- **Healthy Living** - The YMCA is a leading voice on health and well-being. We bring families closer together, encourage good health and foster connections through fitness, sports, fun and shared interests. As a result, people in our community are receiving the support, guidance and resources they need to achieve greater health in spirit, mind and body. This is particularly important as our nation struggles with an obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment. Healthy living programs include group adult classes, chronic disease programs, wellness workshops, swim and fitness programs, weight loss programs, triathlon and running groups, and other recreation activities and social groups.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

1) Summary Of Significant Accounting Policies (Continued)

Program Activities (Continued)

- **Social Responsibility** - Our YMCA believes in giving back and supporting our neighbors. We have been listening and responding to our community's most critical social needs. YMCA programs, such as the YMCA Community Garden, teaching CPR, First Aid and Life Saving Classes, Backpack Collection Drive, Senior Forum and community group access to share our facility are examples of how we deliver training, resources and support that empower our neighbors to effect change, bridge gaps and overcome obstacles. We engage YMCA members, participants and volunteers in activities that strengthen our community and pave the way for future generations to thrive.

Basis Of Accounting - The financial statements of the YMCA have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Basis Of Presentation - The YMCA records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes there in are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions.
- **Net Assets With Donor Restrictions** - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

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

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent matters at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

1) Summary Of Significant Accounting Policies (Continued)

Public Support

Contributions And Pledges – The YMCA receives contributions to support operating activities and capital projects. These contributions can be from individuals, foundations, corporations, or trusts. The YMCA records contributions receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. The YMCA discounts multi-year pledges that are expected to be collected after one year using a risk adjusted discount rate. Multi-year pledges are recorded at fair value at the date of the pledge.

Government Grants and Contracts - The YMCA periodically may receive grant and contract funding from state government 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. In 2020 and 2019, these programs included a state grant for the creation of space to serve children and federal and state grants to fund operation due to economic conditions related to the Covid 19 pandemic. Such YMCA's government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred.

Government grants and contracts receivable are recorded in pledges receivables. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

At December 31, 2020 and 2019, the YMCA had no government contributions and grants outstanding that have not been recognized.

In-Kind Contributions - The YMCA recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. The YMCA did not receive such contributed service for the years ended December 31, 2020 and 2019, respectively.

The YMCA receives services from many volunteers who give significant amounts of their time to the programs of the YMCA. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

1) Summary Of Significant Accounting Policies (Continued)

Contributions of assets other than cash are recorded at estimated fair value.

Revenue Recognition - The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees.

Because the YMCA's performance obligations relate to contracts with a duration of less than one year, the YMCA has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

Membership Dues And Program Fees - Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs. Members join for varying lengths of time and may cancel with notice. Members generally pay a onetime joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to free classes, programs and activities, and discounts to fee-based programs. The YMCA offers a variety of programs including family, child-care, day camp, fitness, aquatics, and health services. Fee-based programs are available to the public. Program fees for short duration programs of two months or less, such as aquatics classes, are typically paid in advance at the time of registration. Program fees for longer duration programs, such as fee-based childcare, are usually paid monthly in advance. Cancellation provisions vary by program, but most transactions are cancellable with 15 to 30 days' notice. Refunds may be available for services not provided. Financial assistance is available to members and program participants. Such financial assistance is reflected as a reduction of gross membership dues and program fees.

Membership dues and program fees are recognized ratably over the period the membership or program service is provided on a straight-line basis in an amount that reflects the consideration the YMCA expects to be entitled to in exchange for those services. All the YMCA's revenue from contracts with customers are from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Membership joining fees are recognized when joining.

Membership dues and program fees paid to the YMCA in advance represent contract liabilities and are recorded as other deferred revenue. Amounts billed but unpaid are contract assets and recorded as accounts receivables.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

1) Summary Of Significant Accounting Policies (Continued)

Accounts Receivable – The YMCA extends credit to third party payers of child development and other programs in the normal course of operations which are due within 30 days of the date of service. The YMCA also extends credit to its members enrolling in certain programs, such as summer and day camp, which are due in full prior to the start of the program. The YMCA's accounts receivable represents an unconditional right to consideration from its contracts with customers. Receivables are recorded at estimated fair value at the time of origination and are reflected in the statements of financial position net of allowances for doubtful accounts. The allowance for doubtful accounts is determined by a monthly review of account balances, including the age of the balance and historical collection experience. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

Functional Allocation Of Expenses - Expenses are charged directly to program, management or fundraising in general categories based on specific identification. Indirect expenses have been allocated based on facility square footage usages and other estimates made by management.

Advertising - The YMCA uses advertising to promote its programs among the communities it serves. Advertising costs are expensed as incurred.

Income Taxes - The YMCA has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (IRC), as an organization described in Section 501(c)(3), except for income taxes pertaining to unrelated business income.

The Financial Accounting Standards Board (FASB) guidance requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements. Interest and penalties would be recognized as tax expense, however, there is no interest or penalties recognized in the statements of activities. The tax years after 2017 are still open to audit for both federal and state purposes.

Cash And Cash Equivalents - The YMCA considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash allocated to the investment portfolio as part of the YMCA's investment strategy is reported as investments.

Concentration Of Credit Risk - The YMCA maintains cash balances at certain financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation. The YMCA has not experienced any losses in such accounts. The YMCA monitors the financial stability of financial institutions regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

1) Summary Of Significant Accounting Policies (Continued)

Investments - Investments are reported at fair value and are based primarily on quoted market prices or estimated fair value.

Inventories - Inventories consisting of merchandise for resale are carried at the lower of cost or market on a first-in, first-out basis.

Property, Plant And Equipment - Investment in property, plant, and equipment is stated at cost less accumulated depreciation or at fair value if donated. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets, ranging from three to forty years. Assets acquired that are deemed to be of a permanent and lasting nature with a cost exceeding \$1,000 are capitalized at cost. Maintenance or minor additions are expensed as incurred. The cost of the capitalized assets that have been retired, impaired, or otherwise disposed are removed from the capital account.

Deferred Revenue - Membership dues and program fees that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which they apply.

2) Liquidity And Availability

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

Cash And Cash Equivalent	\$404,045
Accounts Receivable	11,862
Operating Investments	2,409
Promises To Give	12,299
	<u>\$430,615</u>

The YMCA also maintains a line of credit in the amount of \$50,000, which could be drawn upon in the event of an unanticipated liquidity need.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

3) Pledges Receivable

Pledges receivable represent amounts due from donors for multiyear unconditional pledges. Pledges receivable are shown net of a discount on future collections. Collection on these pledges are estimated to be received as follows:

	<u>2020</u>	<u>2019</u>
Pledges Receivable For General Operations	\$ 12,299	\$ 47,107
Pledges Receivable For Capital Campaign	546,770	834,610
Total Pledges Receivable	559,069	881,717
Less Discount For Net Present Value At The Rate Of 0.36% in 2020 And 1.69% in 2019	3,568	27,592
Less Allowance Of Uncollectible Pledges	16,400	25,000
Total Pledges Receivable, Net	539,101	829,125
Less Current Portion	269,517	439,215
Long Term Pledges Receivable, Net	<u>\$269,584</u>	<u>\$389,910</u>

In addition, the YMCA has received conditional promises of \$525,000 as of December 31, 2020 relating to matching gifts which is subject to a condition of the YMCA receiving funds from other parties. The YMCA recognizes conditional promises when the conditions on which they depend are substantially met. As such, these amounts have not been recognized as of December 31, 2020.

4) Property, Plant and Equipment

Property, plant, and equipment at December 31, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Land And Improvements	\$ 117,968	\$ 117,968
Buildings And Building Improvements	6,305,475	6,225,042
Equipment And Furnishings	673,768	676,908
Total Investment In Property, Plant, And Equipment	7,097,211	7,019,918
Less Accumulated Depreciation	4,641,379	4,401,550
Net Investment In Property, Plant, And Equipment	<u>\$2,455,832</u>	<u>\$2,618,368</u>

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

5) Long-Term Debt

Long-term debt as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Mortgage payable to bank, with interest at a rate of 5% per annum (interest rate adjusted at 5-year intervals – next adjustment date in 2023) in monthly installments to February 2033; collateralized by land, building and personal property located on Spencer Plains Road in Westbrook, CT net of unamortized deferred financing costs of \$2,455.	\$1,151,909	\$1,203,486
Economic Injury Disaster Loan from the U.S. Small Business Administration, with an interest rate of 2.75% per annum with deferred interest of \$2,406 as of December 31, 2020 payable over a term of 30 years with repayment amount of \$641 per month beginning May 2022 with general security agreement of business assets.	<u>152,406</u>	<u>–</u>
Total Long-Term Debt	1,304,315	1,203,486
Less: Current Maturities of Long-Term Debt	<u>58,838</u>	<u>66,801</u>
Long-Term Debt Net of Current Portion	<u>\$1,250,477</u>	<u>\$1,136,685</u>

Future annual maturities of the notes are as follows:

2021	\$ 53,838
2022	75,411
2023	79,243
2024	83,270
2025	87,503
Thereafter	<u>925,050</u>
Total	<u>\$1,304,315</u>

The secured mortgage loan agreement contains certain restrictive financial and nonfinancial covenants, including limitations on additional indebtedness and timely review of financial statements and tax returns.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

6) Revolving Line Of Credit

The YMCA has a \$50,000 line of credit with Webster Bank to be drawn upon as needed, with an interest rate of Webster prime rate plus 2%. No amounts were outstanding at December 31, 2020 or 2019. The line of credit expires in October 2021 and is renewable at the discretion of the bank.

7) Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Net Assets With Donor Restrictions:		
Restricted For		
Programs		
Youth Development	\$ 22,388	\$ 11,732
Social Responsibility	3,074	2,561
Capital Expenditure	24,843	96,299
Capital Campaign Development	1,590,210	1,412,041
Total Net Assets With Donor Restrictions	<u>\$1,640,515</u>	<u>\$1,522,633</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of events specified by the donors, or by a change in the restrictions specified by the donor. Those amounts released from restrictions during the years ended December 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Programs		
Youth Development	\$ 12,344	\$ 16,955
Healthy Living	5,600	2,550
Social Responsibility	5,757	6,239
Capital Expenditure	80,433	-
Capital Campaign Development	37,856	21,130
Total Donor Restricted Net Assets Released From Restrictions	<u>\$141,990</u>	<u>\$ 46,874</u>

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

8) Special Events

As part of its fundraising efforts, the YMCA holds periodic special events. Revenue for special events is recognized in the period in which the event is held. Direct expenses associated with special events are netted against such revenue as follows:

	<u>2020</u>	<u>2019</u>
Special Event Revenue	\$63,283	\$102,047
Special Event Direct Expenses	(12,114)	(23,948)
Special Event Revenue, Net Of Expenses	<u>\$51,169</u>	<u>\$ 78,099</u>

9) Financial Assistance Provided

The YMCA provides financial assistance, through contributions and other fundraising, to help defray the costs of membership and program and other fees for individuals with need. Membership dues and program fees are recorded net of such assistance in the accompanying statements of activities. Such amounts were as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Membership Dues	\$834,847	\$1,516,009
Less: Financial Assistance Provided	(68,864)	(129,391)
Membership Dues, Net Of Assistance	<u>\$765,983</u>	<u>\$1,386,618</u>
Program Fees	\$474,794	\$ 958,922
Less: Financial Assistance Provided	(8,511)	(20,487)
Program Fees, Net Of Assistance	<u>\$466,283</u>	<u>\$ 938,435</u>

10) Defined Contribution Plan

The YMCA 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 through-out 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.

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Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

10) Defined Contribution Plan (Continued)

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 YMCA. Total contributions charged to retirement costs aggregated \$20,094 and \$44,094 for the years ended December 31, 2020 and 2019, respectively.

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.

11) Related Parties

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the U.S.A. for the year ended December 31, 2020 and 2019, were \$20,140 and \$42,156, respectively.

12) Lease Commitments

Capital Leases - The YMCA has entered into various capital lease agreements for fitness equipment. The outstanding balance of these capital lease obligations at December 31, 2020 and 2019, was \$22,894 and \$47,783, respectively. Future minimum payments required under these agreements as of December 31, 2020 are as follows:

2021	<u>\$22,894</u>
Total Minimum Lease Payments	23,563
Amount Representing Interest	<u>(669)</u>
Present Value Of Net Minimum Lease Payments	<u>\$22,894</u>

The following is a summary of property held under capital leases:

Equipment	\$97,193
Accumulated Depreciation	<u>(97,193)</u>
Net Equipment Held Under Capital Lease	<u>\$ 0</u>

Leased Equipment - YMCA has an operating lease covering copier equipment to March 2021 and an operating lease on a postage meter to April 2024. Future minimum lease obligations under operating leases as of December 31, 2020, are as follows:

2021	\$ 9,315
2022	4,984
2023	653
2024	217
2025	<u>217</u>
	<u>\$15,386</u>

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

12) Lease Commitments (Continued)

Rent expense for equipment under operating leases was approximately \$8,375 and \$8,655 for the years ended December 31, 2020 and 2019, respectively.

The Organization leased certain property from the Yale Outdoor Center in 2019 to operate a day camp program in East Lyme. The leases were seasonal leases for specific summer weeks. Rent expense was \$12,000 during the year ended December 31, 2019. The camp program in East Lyme was not held in summer 2020 due to COVID-19 pandemic.

13) Commitments And Contingencies

In the normal course of business, various legal actions and claims are pending or may be instituted or asserted in the future against the YMCA. Management evaluates risks and keeps them to an acceptable level through various methods including the purchase of commercial insurance. Management believes the YMCA does not have any significant claims or other litigation which the ultimate resolution would have a material financial impact.

The YMCA self-insures employee unemployment compensation claims. If an employee becomes entitled to unemployment compensation, the YMCA is obligated to reimburse the State of Connecticut for any benefits paid to such employees. Unemployment claims amounted to over \$100,000 in 2020 due to the COVID-19 pandemic and employee layoffs during a shutdown period. The federal government reimbursed the State of Connecticut for half of such charges and thus the YMCA had a large remaining deposit as of December 31, 2020. As of December 31, 2020 and 2019, the YMCA had a deposit of \$30,853 and \$7,366, respectively and which is included in deferred expenses.

The Board of Directors agreed to pursue a Capital Campaign to raise contributions in order to substantially renovate its facilities in Westbrook. In 2020 and 2019 funds were being expended as part of the prefunding process and included such items as feasibility studies, fundraising consultants and building schematics considered normal and best practices for undertaking a fundraising campaign of the size and scope envisioned. Funds contributed are recorded with donor restrictions and funds are released from restriction when utilized specifically for the Capital Campaign process.

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Notes To The Financial Statements

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14) COVID

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Later on March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. Measures taken by federal, state and local officials to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of nonessential services have triggered significant disruptions to businesses, resulted in an economic slowdown.

On March 16, 2020, Governor Ned Lamont ordered the closure of the physical location gyms and fitness centers. As such, the Organization was closed on March 16, 2020. The Organization was allowed to re-open in limited capacity on June 20, 2020 and has remained at limited capacity since. The YMCA primarily provides in-person programming; thus, the outbreak of COVID-19 adversely impacted the ability of the YMCA to conduct its operations and/or the cost of operations.

The global outbreak of COVID-19 continues to rapidly evolve, and the ultimate impact of the pandemic is highly uncertain. While the Organization expects that the COVID-19 outbreak may adversely impact the YMCA's fiscal year 2021 results, the YMCA cannot at this time accurately predict the full extent to which the COVID-19 outbreak will affect the YMCA's finances and operations. Adverse consequences of the COVID-19 or any other similar outbreaks in the future may include a decline in demand for in-person programming, increased operating costs, and/or a decline in revenues and contributions resulting from fewer programs due to social distancing mandates. The YMCA continues to monitor developments and the directives of federal, state and local officials to determine what additional precautions and procedures need to be implemented by the YMCA.

15) Unusual Items

In May 2020, the YMCA was granted a loan from Webster Bank in the amount of \$282,500, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The PPP loan was in the form of a Note dated April 17, 2020 maturing 4/17/22 and bearing an interest rate of 1% per annum. Funds for the loan were used for payroll costs, mortgage interest, utilities incurred before October 6, 2020. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The YMCA is accounting for the loan as a conditional contribution under ASC 958-605. The YMCA submitted an application for full forgiveness on November 20, 2020 and substantially met all the conditions of the contingent contribution in 2020. The forgiveness application was approved by the Small business Administration on January 25, 2021.

VALLEY SHORE YMCA, INC.
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Notes To The Financial Statements

For The Years Ended December 31, 2020 And 2019

16) Subsequent Events

Subsequent events were evaluated through June 14, 2021, which is the date the financial statements were available to be issued.

Subsequent to year end, the Organization applied for and was approved a \$282,500 loan under the Paycheck Protection Program Second Draw program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for twelve months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

In addition, in March 2021 the Organization applied for approximately \$121,000 of retroactive tax credits under the Employee Retention Tax Credit program of the federal government allowable for certain qualified wages paid in 2020 under the new regulations enacted December 27, 2020 with the Taxpayer Certainty and Disaster Relief Act of 2020. The Organization is also eligible for the Employee Retention Tax Credit for certain qualified wages in 2021.

Management believes the impact of these available federal funds will provide significant financial relief to YMCA within 2021.