

YMCA of the Iowa Mississippi Valley

Financial Statements

December 31, 2021 and 2020

**(With Independent Auditor's
Report Thereon)**

YMCA of the Iowa Mississippi Valley

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Independent Auditor's Report

The Board of Directors
YMCA of the Iowa Mississippi Valley:

Opinion

We have audited the accompanying financial statements of YMCA of the Iowa Mississippi Valley (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YMCA of the Iowa Mississippi Valley as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of YMCA of the Iowa Mississippi Valley 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about YMCA of the Iowa Mississippi Valley's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 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 YMCA of the Iowa Mississippi Valley'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about YMCA of the Iowa Mississippi Valley'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.

Anderson, Lower, Whitlow, P.C.

Bettendorf, Iowa
June 28, 2022

YMCA of the Iowa Mississippi Valley

Statements of Financial Position

December 31, 2021 and 2020

<u>Assets (note 7)</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents (note 6)	\$ 4,565,510	1,568,601
Receivables		
Pledges – current portion (note 2)	1,149,797	1,618,060
Daycare	53,253	45,087
United Way	53,957	51,059
Grants and other	215,991	325,441
Prepaid expenses	52,117	26,814
Other assets	18,200	24,400
Total current assets	<u>6,108,825</u>	<u>3,659,462</u>
Property and equipment (note 5):		
Land	3,697,843	4,403,515
Building and improvements	41,551,426	41,374,007
Equipment and vehicles	7,228,584	6,919,155
Construction in progress	29,859	15,030
	<u>52,507,712</u>	<u>52,711,707</u>
Less accumulated depreciation	<u>12,822,278</u>	<u>11,305,588</u>
Net property and equipment	<u>39,685,434</u>	<u>41,406,119</u>
Pledges – net of current portion (note 2)	4,437,645	6,002,883
Investments (notes 3 and 4)	12,064,432	9,336,454
Temporarily restricted asset – Weinzweig Trusts (notes 3 and 4)	301,950	282,951
Other assets (note 5)	418,977	353,899
Total assets	<u>\$ 63,017,263</u>	<u>61,041,768</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Current installments of long-term debt (note 7)	1,854,091	1,521,453
Accounts payable, including construction payables	80,626	1,573,929
Accrued expenses (note 10)	667,074	552,491
Deferred revenue:		
Membership dues and programs	213,568	155,149
Grants	362,240	440,080
Other	205,016	172,417
Iowa fitness grant funds (note 8)	1,000,000	-
Refundable advance – Payroll Protection Program (note 8)	1,195,710	-
Total current liabilities	<u>5,578,325</u>	<u>4,415,519</u>
Long-term debt, net of current installments (note 7)	<u>10,259,243</u>	<u>13,517,608</u>
Total liabilities	<u>15,837,568</u>	<u>17,933,127</u>
Net assets:		
Without donor restrictions:		
Undesignated	28,320,097	25,393,218
Board – designated for reserve (note 3)	10,883,728	7,779,361
Board – designated for equipment	423,494	423,494
Board – designated for endowment (note 3)	1,123,750	965,302
Total without donor restrictions	<u>40,751,069</u>	<u>34,561,375</u>
With donor restrictions (notes 3 and 9)	<u>6,428,626</u>	<u>8,547,266</u>
Total net assets	<u>47,179,695</u>	<u>43,108,641</u>
Total liabilities and net assets	<u>\$ 63,017,263</u>	<u>61,041,768</u>

See accompanying notes to financial statements.

YMCA of the Iowa Mississippi Valley

Statements of Activities

Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Public support:						
Contributions	\$ 730,144	-	730,144	583,625	-	583,625
United Way	48,741	53,957	102,698	32,232	51,059	83,291
Grants (note 8)	1,303,996	-	1,303,996	1,642,125	-	1,642,125
Special events, net	90,180	-	90,180	69,482	-	69,482
Net assets released from restrictions – satisfaction of program restrictions	51,059	(51,059)	-	39,397	(39,397)	-
Total public support	<u>2,224,120</u>	<u>2,898</u>	<u>2,227,018</u>	<u>2,366,861</u>	<u>11,662</u>	<u>2,378,523</u>
Revenue:						
Membership fees, net (note 15)	6,148,184	-	6,148,184	5,945,232	-	5,945,232
Program fees, net (note 15)	3,752,113	-	3,752,113	3,007,902	-	3,007,902
Merchandise sales	75,059	-	75,059	25,553	-	25,553
Miscellaneous	190,141	-	190,141	74,510	-	74,510
Total revenue	<u>10,165,497</u>	<u>-</u>	<u>10,165,497</u>	<u>9,053,197</u>	<u>-</u>	<u>9,053,197</u>
Total public support and revenue	<u>12,389,617</u>	<u>2,898</u>	<u>12,392,515</u>	<u>11,420,058</u>	<u>11,662</u>	<u>11,431,720</u>
Operating expenses:						
Program services:						
Youth development	3,866,462	-	3,866,462	3,194,534	-	3,194,534
Healthy living	4,635,717	-	4,635,717	3,706,228	-	3,706,228
Social responsibility	128,194	-	128,194	87,004	-	87,004
Total program services	<u>8,630,373</u>	<u>-</u>	<u>8,630,373</u>	<u>6,987,766</u>	<u>-</u>	<u>6,987,766</u>
Support services:						
Management and general	1,404,173	-	1,404,173	1,368,912	-	1,368,912
Fundraising	54,941	-	54,941	36,699	-	36,699
Total support services	<u>1,459,114</u>	<u>-</u>	<u>1,459,114</u>	<u>1,405,611</u>	<u>-</u>	<u>1,405,611</u>
Total operating expenses	<u>10,089,487</u>	<u>-</u>	<u>10,089,487</u>	<u>8,393,377</u>	<u>-</u>	<u>8,393,377</u>
Changes in net assets from operations	<u>2,300,130</u>	<u>2,898</u>	<u>2,303,028</u>	<u>3,026,681</u>	<u>11,662</u>	<u>3,038,343</u>
Non-operating activities:						
Net realized and unrealized gain on investments	751,111	-	751,111	284,456	-	284,456
Investment income, net	171,922	-	171,922	126,768	-	126,768
Contributions for net endowment	14,908	-	14,908	162,152	-	162,152
Contributions for capital assets	70,790	273,963	344,753	43,275	322,390	365,665
Write down of property (note 5)	-	-	-	(354,261)	-	(354,261)
Gain on sale of fixed assets (note 5)	761,859	-	761,859	-	-	-
Interest expense	(276,527)	-	(276,527)	-	-	-
Net assets released from restriction – satisfaction of purpose restriction	2,395,501	(2,395,501)	-	1,485,116	(1,485,116)	-
Total non-operating activities	<u>3,889,564</u>	<u>(2,121,538)</u>	<u>1,768,026</u>	<u>1,747,506</u>	<u>(1,162,726)</u>	<u>584,780</u>
Changes in net assets	<u>6,189,694</u>	<u>(2,118,640)</u>	<u>4,071,054</u>	<u>4,774,187</u>	<u>(1,151,064)</u>	<u>3,623,123</u>
Net assets, beginning of year	<u>34,561,375</u>	<u>8,547,266</u>	<u>43,108,641</u>	<u>29,787,188</u>	<u>9,698,330</u>	<u>39,485,518</u>
Net assets, end of year	<u>\$ 40,751,069</u>	<u>6,428,626</u>	<u>47,179,695</u>	<u>34,561,375</u>	<u>8,547,266</u>	<u>43,108,641</u>

See accompanying notes to financial statements.

YMCA of the Iowa Mississippi Valley

Statements of Functional Expenses

Year Ended December 31, 2021

	Program Services				Support Services			Totals
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total Support Services	
Personnel costs:								
Salaries and wages	\$ 2,067,925	1,843,969	90,907	4,002,801	826,175	-	826,175	4,828,976
Payroll related expenses and benefits	437,474	395,628	31,294	864,396	264,324	-	264,324	1,128,720
Total personnel costs	2,505,399	2,239,597	122,201	4,867,197	1,090,499	-	1,090,499	5,957,696
Non-personnel costs:								
Utilities	83,785	627,344	480	711,609	3,328	-	3,328	714,937
Maintenance supplies and equipment repairs	34,906	223,755	-	258,661	-	-	-	258,661
Contract services	52,776	170,326	-	223,102	119	-	119	223,221
Professional services	-	-	-	-	23,275	-	23,275	23,275
Program supplies	104,639	21,503	-	126,142	-	-	-	126,142
Food	197,382	-	-	197,382	-	-	-	197,382
Advertising and promotion	-	69,991	-	69,991	31,000	10,673	41,673	111,664
Building, vehicle and liability insurance	40,470	168,315	-	208,785	1	-	1	208,786
Merchandise supplies	40,484	1,967	-	42,451	-	-	-	42,451
National dues (note 13)	-	-	-	-	167,651	-	167,651	167,651
Rent	112,865	-	-	112,865	-	-	-	112,865
Equipment rental	2,829	2,897	-	5,726	941	-	941	6,667
Postage	960	2,008	-	2,968	7,353	1,552	8,905	11,873
Office supplies	1,020	2,771	-	3,791	5,058	297	5,355	9,146
Training and conference	3,970	6,921	500	11,391	8,991	-	8,991	20,382
Meetings	132	2,492	-	2,624	2,860	-	2,860	5,484
Recruitment	30	31	-	61	3,846	-	3,846	3,907
Mileage reimbursement	6,430	11,987	320	18,737	2,248	-	2,248	20,985
Bank charges	2,909	26,968	-	29,877	28,327	-	28,327	58,204
Other expense	16,788	57,671	2,362	76,821	1,893	-	1,893	78,714
Depreciation expense	658,688	999,173	2,331	1,660,192	26,783	42,419	69,202	1,729,394
Total non-personnel costs	1,361,063	2,396,120	5,993	3,763,176	313,674	54,941	368,615	4,131,791
Total expenses	\$ 3,866,462	4,635,717	128,194	8,630,373	1,404,173	54,941	1,459,114	10,089,487

See accompanying notes to financial statements.

YMCA of the Iowa Mississippi Valley
Statements of Functional Expenses, continued
Year Ended December 31, 2020

	Program Services				Support Services			Totals
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total Support Services	
Personnel costs:								
Salaries and wages	\$ 1,962,185	1,610,039	66,321	3,638,545	792,035	13,832	805,867	4,444,412
Payroll related expenses and benefits	373,226	372,006	15,076	760,308	242,585	1,210	243,795	1,004,103
Total personnel costs	2,335,411	1,982,045	81,397	4,398,853	1,034,620	15,042	1,049,662	5,448,515
Non-personnel costs:								
Utilities	77,267	529,886	680	607,833	5,528	201	5,729	613,562
Maintenance supplies and equipment repairs	31,495	202,271	-	233,766	9,238	-	9,238	243,004
Contract services	32,600	102,335	-	134,935	35,662	-	35,662	170,597
Professional services	-	-	-	-	21,755	-	21,755	21,755
Program supplies	63,957	16,314	-	80,271	-	-	-	80,271
Food	164,282	-	-	164,282	-	-	-	164,282
Advertising and promotion	2,661	54,802	-	57,463	25,000	16,451	41,451	98,914
Building, vehicle and liability insurance	36,745	136,575	-	173,320	10,659	-	10,659	183,979
Merchandise supplies	10,404	147	-	10,551	-	-	-	10,551
National dues (note 13)	-	-	-	-	102,514	-	102,514	102,514
Rent	102,275	2,038	-	104,313	-	-	-	104,313
Equipment rental	214	400	-	614	-	-	-	614
Postage	1,143	479	-	1,622	5,974	2,577	8,551	10,173
Office supplies	1,862	2,742	-	4,604	4,551	-	4,551	9,155
Training and conference	3,951	5,268	-	9,219	3,946	-	3,946	13,165
Meetings	65	1,090	-	1,155	1,590	234	1,824	2,979
Recruitment	-	2,607	-	2,607	6,003	-	6,003	8,610
Mileage reimbursement	5,473	8,584	412	14,469	1,518	25	1,543	16,012
Bank charges	3,818	17,669	-	21,487	26,429	-	26,429	47,916
Other expense	12,911	19,028	2,515	34,454	37,925	169	38,094	72,548
Depreciation expense	308,000	621,948	2,000	931,948	36,000	2,000	38,000	969,948
Total non-personnel costs	859,123	1,724,183	5,607	2,588,913	334,292	21,657	355,949	2,944,862
Total expenses	\$ 3,194,534	3,706,228	87,004	6,987,766	1,368,912	36,699	1,405,611	8,393,377

See accompanying notes to financial statements.

YMCA of the Iowa Mississippi Valley

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase in net assets	\$ 4,071,054	3,623,123
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,729,394	969,948
Gain of sale of fixed assets	(761,859)	-
Net appreciation in fair value of investments and other assets	(442,553)	(298,107)
Net realized (gain) loss on sale of investments	(290,137)	7,543
Net change in Weinzweig Trusts	(18,999)	66,072
Write down of property and equipment	-	354,261
Capital campaign pledges for new facility	(7,884,918)	(2,143,686)
Refundable advance forgiveness recorded as grant revenue	-	(1,195,700)
Changes in assets and liabilities:		
Decrease in pledges receivable, net of discount	2,033,501	1,351,805
Decrease in daycare, United Way, grants and other receivables	98,386	79,545
(Increase) decrease in prepaid expenses	(25,303)	7,223
Decrease in other current assets	6,200	6,200
Increase (decrease) in accounts payable	(1,493,303)	10,490
Increase in accrued expenses	114,583	34,652
Decrease in deferred revenue	13,178	(136,152)
Increase in Iowa fitness grant funds	1,000,000	-
Net cash provided by (used in) operating activities	<u>(1,850,776)</u>	<u>2,737,217</u>
Cash flows from investing activities:		
Redemption of certificates of deposit	-	302,474
Purchases of investments	(9,442,574)	(6,995,146)
Proceeds from sale of investments	7,447,286	3,803,625
Increase in other assets	(65,078)	(49,500)
Purchase of property and equipment	(742,479)	(19,789,104)
Proceeds from sale of fixed assets	1,495,629	-
Net cash used in investing activities	<u>(1,307,216)</u>	<u>(22,727,651)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	1,443,699	15,039,061
Proceeds from refundable advance	1,195,710	1,195,700
Capital campaign pledges for new facility	7,884,918	2,143,686
Principal payments on long-term debt	(4,369,426)	-
Net cash provided by financing activities	<u>6,154,901</u>	<u>18,378,447</u>
Net increase (decrease) in cash and cash equivalents	2,996,909	(1,611,987)
Cash and cash equivalents at beginning of year	1,568,601	3,180,588
Cash and cash equivalents at end of year	<u>\$ 4,565,510</u>	<u>1,568,601</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 276,527</u>	<u>-</u>
Supplemental disclosure of noncash investing and financing activities:		
Refundable advance forgiveness recorded as a contribution	<u>\$ -</u>	<u>1,195,700</u>
Construction costs included in accounts payable	<u>\$ -</u>	<u>1,449,220</u>

See accompanying notes to financial statements.

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

December 31, 2021 and 2020

(1) Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Since 1858, the YMCA of the Iowa Mississippi Valley (YMCA or the Organization) mission has worked to strengthen Eastern Iowa and the greater Quad Cities by providing the highest quality programs and services and ensuring they are available to everyone. Our cause is delivered through youth development, healthy living and social responsibility. Locally, nationally and across the world, we are a powerful association of men, women and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families and communities to connect and engage to increase confidence, health and security.

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, from swim lessons and resident camp to basketball and quality child care offer a range of experiences that enrich cognitive, social, physical and emotional growth. In addition, we collaborate and strategically align with our community partners to identify, connect and engage with the most vulnerable and at-risk students to overcome their barriers and inspire them toward greater education, training, college and the workforce.

Healthy Living – The YMCA is a community leader in engaging and inspiring healthy living. Our intention is to provide the highest quality facilities and equipment, delivered with well-trained and nationally-certified staff, made available and accessible to everyone. Although we work to communicate our important charitable intentions, we do not see this in any way as a substitute for quality. Therefore, we recruit great trainers and instructors then ensure all members receive access. This allows us to bring families closer together, encourage good health and foster connections through fitness, sports, 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.

Social Responsibility – Our YMCA believes in connecting people and engaging them on critical needs in facing our community. Together, we work with our members, program participants, staff and donors to give back and support everyone, especially our most vulnerable and under-served. Since 1858, our YMCA has been convening, listening and responding to our community's most critical social needs that we deliver successfully in the same marketplace as businesses and services who are not concerned with accessibility for all people. YMCA programs, especially those focused on young children, students and teens 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. Our efforts are serving people from all backgrounds, religions, gender and socio-economic circumstances including adults affected by cancer, young people negatively influenced away from productive futures, young children not given complete educational opportunities, seniors disconnected from social environments and families faced with mounting economic obstacles.

As part of our mission, our programs are not only accessible, affordable and open to all faiths, backgrounds, abilities and income levels, but they are also delivered in a high-quality, innovative and market-competitive environment based on easy access for every child, adult, senior and family. We celebrate the spiritual strength that we create by working together.

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Nature of Organization, continued

The YMCA of the Iowa Mississippi Valley consists of six locations with programs that include swim lessons, specialty aquatics, aquatic fitness, personal wellness and training, adult and youth fitness classes, family programs, community events, summer camps and youth sports sessions. The Organization is supported primarily through membership, program revenue and public contributions. The Organization previously operated under the name Scott County Family Y until it changed to YMCA of the Iowa Mississippi Valley in 2020.

Summary of Significant Accounting Policies

(a) Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(b) Basis of Presentation

Resources are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Revenues received and expenses incurred in conducting the programs and services of the Organization are presented in the financial statements as operating funds that increase or decrease net assets without donor restrictions. By action of the Board of the Organization (the Board), certain net assets without donor restrictions have been designated for long-term investment or other special purposes as follows:

Board – Designated for Reserve – Net assets designated by the Board of Directors to establish a reserve.

Board – Designated for Endowment – Net assets designated by the Board of Directors for endowment. The Organization's spending policy for endowment funds is based on the discretion of the Board of Directors. Currently, there are no specified limitations imposed, other than prior approval of the Board before use of funds.

Board – Designated for Equipment – Net assets designated by the Board for equipment at the new facility.

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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization evaluated subsequent events through June 28, 2022, which is the date the financial statements were available to be issued.

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(c) Operating Activities

Operating activities reflect all transactions increasing or decreasing net assets except those items associated with long-term investment such as contributions for endowment and facilities and equipment and investment returns in excess of amounts designated for current operations.

(d) Revenue Recognition

The Organization has multiple revenue streams that are accounted for as reciprocal exchange transactions relating to membership and program fees. As the Organization's performance obligations related to these revenue streams have a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 2014-09 "Revenue from Contracts with Customers" and therefore, is not required to provide disclosure of allocations of transaction price to its performance obligations. There are no incremental costs of obtaining membership and program contracts 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 30 days' notice. Members generally pay a one-time joining fee plus monthly dues in advance. Memberships provide use of recreation and fitness facilities, access to free classes, programs and activities and discounts to fee-based programs.

The Organization offers a variety of programs including family, child care, day camp, resident camp, teen, scholastic, 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 a 15-to-30-day notice. Refunds may be available for services not provided. Financial assistance is available to members and program participants which is reflected as a reduction of gross membership dues and program fees.

Membership dues and program fees are recognized ratably on a straight-line basis as revenue in the applicable period the membership or program service is provided which reflects the consideration the Organization expects to be entitled to in exchange for those services. These contract revenues represent performance obligations satisfied over time. Fees are specific to a distinct performance obligation and do not consist of multiple transactions. Fees paid in advance represent contract liabilities and are recorded as deferred revenue until recognized as revenue in the applicable period. Amounts billed but unpaid are contract assets and are recorded as accounts receivable.

Government Contract Revenues: The Organization contracts with city, state and federal agencies to provide a variety of programs to the public based on fees for services contract requirements. Such fees from government agencies are recorded as revenue as performance obligations are satisfied which generally is when the related expenditures are incurred.

Included in government receivables are contract assets for unbilled services and receivables for billed unpaid services.

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(e) Support and Expenses

Contributions received and unconditional promises to give are recognized as revenue in the period the contribution or the unconditional promise is received. The Organization reports contributions of cash or other assets as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction or event occurs, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of assets other than cash are recorded at their fair values at the date of the gift.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues, support and expenses are allocated directly to the programs to which they relate.

(f) Donated Services

The Organization receives a significant amount of volunteer time relating to clerical activities and program services that do not meet the criteria for recognition as a contribution since such services do not require specialized skills. The estimated value of these donated services is not included in the financial statements since they are not susceptible to objective measurement.

(g) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Personnel costs, occupancy and administrative expenses and depreciation have been allocated between program and supporting services classifications on the basis of time records, actual expense and/or on estimates made by the Organization's management.

(h) In-Kind and Bartering Activities

The Organization periodically provides reduced membership trade outs to large local area employers or local sports teams which amounted to approximately \$179,500 and \$168,000 for the years ended December 31, 2021 and 2020, respectively. In exchange for the membership trade outs, the Organization received approximately \$31,000 and \$25,000 in advertising for the years ended December 31, 2021 and 2020, respectively. These transactions are recorded as contributions, expenses or reduced membership fees in the statement of activities.

(i) Cash and Cash Equivalents

Cash and cash equivalents include all cash accounts which are not subject to withdrawal restrictions or penalties and all highly liquid debt instruments purchased with an original maturity of six months or less.

The Organization maintains its cash and cash equivalent accounts in local commercial banks. Deposits may at times exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). Uninsured cash balances amounted to approximately \$3,852,000 and \$3,670,000 as of December 31, 2021 and 2020, respectively. Management believes that the credit risk related to these deposits is minimal.

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(j) Contributions Receivable

The receipt of unconditional promises to give with payments due in future periods is reported as donor restricted support unless explicit donor stipulations or circumstances surrounding the receipt of the promise make clear that the donor intended it to be used to support activities of the current period. Unconditional promises to give are reported at the present value of estimated future cash flows, net of the allowance for uncollectible promises, using a discount rate that approximates the interest rate on government securities at the date the unconditional promise is received. Amortization of the discount is recorded as additional contribution revenue.

(k) Daycare Receivables

Daycare receivables are carried at original invoice amount less an estimate made for doubtful receivables. Management determines the allowance for doubtful accounts by identifying trouble accounts and by using historical experience applied to new billings. Daycare receivables are written off when deemed uncollectible. Recoveries of daycare receivables previously written off are recorded as revenue when received. There was no significant expense for uncollectible receivables for the years ended December 31, 2021 and 2020. A daycare receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days.

(l) Inventories

Inventories amounted to \$18,200 and \$24,400 at December 31, 2021 and 2020, respectively and are stated at the lower of cost (first-in, first-out method) or market. Inventories are included in other current assets on the statement of financial position.

(m) Investments

Investments are stated at fair market value as determined by quoted market prices with unrealized gains and losses included in the statement of activities. Gains and losses on sales of investments are determined by the specific-identification method. Realized and unrealized gains and losses in investments, interest and dividends are reported as increases and decreases in net assets without donor restrictions unless the income is restricted by donor or law.

Investment income is reported in the statement of activities net of related advisory fees which amounted to \$45,052 and \$32,580 for the years ended December 31, 2021 and 2020, respectively.

(n) Property and Equipment

Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives. The amortization on assets acquired under capital leases is included with depreciation on owned assets.

The Organization's policy is to capitalize assets in excess of \$1,000 and to capitalize improvements to exhibits which are expected to benefit the Organization 20 years or more.

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(o) Income Tax Status

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and a similar section of the state statutes and, accordingly, is not subject to federal or state income taxes except on any unrelated business net income the Organization may have.

The Organization evaluates the tax benefits of a tax position using the “more likely than not” threshold. As of December 31, 2021, management is not aware of any uncertain tax positions and related tax benefits which would be material to the Organization’s financial statements. The Organization files U.S. Federal tax returns which for years subsequent to 2017 are subject to examination by taxing authorities.

(p) Advertising Costs

Advertising costs are expensed as incurred and amounted to \$111,664 and \$98,914 for the years ended December 31, 2021 and 2020, respectively.

(2) Pledges Receivable

The Organization conducted capital campaigns to provide funds to assist with the construction of a new facility completed in 2020 and to assist with the construction of another new facility, which is expected to be completed in 2022. Unconditional pledges at December 31, 2021 and 2020 are expected to be collected as follows:

	<u>2021</u>	<u>2020</u>
Gross amounts due in:		
Less than one year	\$ 1,152,950	1,619,274
One to five years	2,862,686	3,672,576
Six to ten years	<u>1,785,000</u>	<u>2,440,000</u>
Total pledges receivable	5,800,636	7,731,850
Less net present value discount	<u>213,194</u>	<u>110,907</u>
Net pledges receivable	5,587,442	7,620,943
Less current portion	<u>1,149,797</u>	<u>1,618,060</u>
Long-term portion	<u>\$ 4,437,645</u>	<u>6,002,883</u>

Management has determined that an allowance for uncollectible pledges is not required based on regular evaluations of the collectability of individual pledges receivable. There were no bad debts arising from pledges charged to expense in 2021 and 2020.

(3) Investments

The Organization maintains investments in the following funds as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Board designated:		
Reserve fund	\$ 10,883,728	7,779,361
Endowment fund	1,123,750	965,302
Donor restricted – capital campaign	<u>56,954</u>	<u>591,791</u>
	<u>\$ 12,064,432</u>	<u>9,336,454</u>

The donor restricted funds held for the capital campaigns consist of money market accounts which will be used to reduce the pledge loan debt described in note 7.

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(3) Investments, continued

The composition of investments, at fair value, as of December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 558,164	2,644,149
Equity securities	6,764,742	2,554,974
Fixed income securities	4,290,109	3,803,321
Mutual funds – real estate and alternative	292,603	188,593
Pooled investments – Community Foundations	158,814	145,417
	<u>\$ 12,064,432</u>	<u>9,336,454</u>

Gross unrealized gains and (losses) relating to investments amounted to \$1,159,577 and \$(227,438), respectively, as of December 31, 2021 and \$564,491 and \$(74,905), respectively, as of December 31, 2020.

The Organization is a 1/8 beneficiary of two Weinzwieg Trusts, which are considered to be temporarily restricted net assets. As of January 1, 2011, one of the trusts began paying 5% of the trust corpus to the beneficiaries each year. Annually, the asset is adjusted to 1/8 of the fair value of the assets held in the trust accounts. The fair value of the Trusts as of December 31, 2021 and 2020 amounted to \$301,950 and \$282,951, respectively. Changes in the fair value of the underlying assets in the trusts are reported as unrealized gains (losses) on the statement of activities.

The Quad Cities Community Foundation holds funds in the name of the Organization which can be released at the request of the Organization and approval of Community Foundation's board. Annually, the asset is adjusted based on the statement value to the fair value held in the fund. Funds held by the Community Foundation in the name of the Organization amounted to \$142,787 and \$132,103 as of December 31, 2021 and 2020, respectively. The Community Foundation of Dubuque also holds funds in the name of the Organization which amounted to \$16,027 and \$13,314 at December 31, 2021 and 2020, respectively, which is also adjusted annually based on the reported statement value. Changes in the fair value of the underlying assets of these funds are reported as miscellaneous revenue on the statement of activities.

The Organization's investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level or uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

(4) Fair Value Measurements

The fair values of investments consist of the following as of December 31, 2021 and 2020:

<u>December 31, 2021</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>	
		<u>Quoted Market Prices (Level 1)</u>	<u>Significant Other Observable Inputs (Level 3)</u>
Cash and cash equivalents	\$ 558,164	558,164	-
Equity securities	6,764,742	6,764,742	-
Fixed income securities	4,290,109	4,290,109	-
Mutual funds – real estate and alternative	292,603	292,603	-
Pooled investments – Foundations	158,814	-	158,814
Weinzwieg Trusts	301,950	-	301,950
	<u>\$ 12,366,382</u>	<u>11,905,618</u>	<u>460,764</u>

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(4) Fair Value Measurements, continued

The fair values of investments consist of the following as of December 31, 2021 and 2020:

<u>December 31, 2020</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>	
		<u>Quoted Market Prices (Level 1)</u>	<u>Significant Other Observable Inputs (Level 3)</u>
Cash and cash equivalents	\$ 2,644,149	2,644,149	-
Equity securities	2,554,974	2,554,974	-
Fixed income securities	3,803,321	3,803,321	-
Mutual funds – real estate	188,593	188,593	-
Pooled investments – Foundations	145,417	-	145,417
Weinzweig Trusts	282,951	-	282,951
	<u>\$ 9,619,405</u>	<u>9,191,037</u>	<u>428,368</u>

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices in active markets of similar assets for assets in non-active markets and Level 3 inputs consist of other valuation techniques which have the lowest priority. The Organization uses appropriate valuation techniques based on the availability of inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1 Fair Value Measurements

The fair value of all investments, except the pooled investments and the Weinzweig Trusts, are based on quoted market prices in active markets.

Level 3 Fair Value Measurements:

The fair value of the Weinzweig Trusts is based on values reported to the Organization on an annual basis. The underlying assets in the Trusts consist of fixed income and equity securities. The pooled investments primarily consist of funds held by two community foundations which are maintained in a pooled separate account in which the underlying assets of the accounts are publicly traded investments with quoted market prices. Thus, the fair value of the Organization's investment is based on the quoted market prices of the investments within the pooled separate accounts.

(5) Property and Equipment

The Organization completed construction of a new facility in Davenport, Iowa during 2020 at a total cost of approximately \$22,803,000. In connection with the construction project, the Organization obtained construction loan (see note 7) and conducted a capital campaign (see note 2).

The Organization vacated its old facility and management is evaluating various sale and disposal options. Management believes the estimated net realizable value of the old facility is \$150,000 as of December 31, 2021 and 2020. As a result, the property has been included in other assets in the statement of financial position at \$150,000 resulting in a write down of \$354,261 from the net book value of the property which has been reflected in the statement of activities for the year ended December, 31, 2020.

During the year ending December 31, 2021, the Organization sold parcels of land to an unrelated third party, which resulted in net proceeds of \$1,474,528 and a realized gain of \$768,856.

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(6) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the board designated funds that could be drawn upon if the governing board approves that action.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,565,510	1,568,079
Receivables	5,910,643	8,042,530
Investments	12,064,432	9,336,454
Trusts	<u>301,950</u>	<u>282,951</u>
Total financial assets	22,842,535	19,230,014
Contractual or donor-imposed restrictions:		
Trusts	(301,950)	(282,951)
Donor restrictions – capital campaign	(6,072,719)	(8,213,256)
Program restrictions	(53,957)	(51,059)
Deferred revenue – grants	(268,017)	(367,677)
Iowa fitness grant funds	(1,000,000)	-
Board designated:		
Equipment fund	(423,494)	(423,494)
Board reserve fund	(10,883,728)	(7,779,361)
Endowment fund	<u>(1,123,750)</u>	<u>(965,302)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,714,920</u>	<u>1,146,914</u>

In the event of unanticipated liquidity need, the Organization could also draw up a \$500,000 line of credit described in note 7.

(7) Indebtedness

The Organization has a \$500,000 line of credit with a bank with interest at the *Wall Street Journal* prime rate (effective rate of 3.25% at December 31, 2021 and 2020). Borrowings on this line of credit are secured by substantially all assets of the Organization. The line of credit matures November 30, 2022. There were no outstanding borrowings on this line of credit as of December 31, 2021 and 2020.

The Organization obtained a \$17,260,000 construction loan dated October 30, 2020. The construction loan consists of a multi-year pledge loan of \$8,500,000 and a term loan of \$8,760,000. A summary of long-term debt at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Note payable to a bank (pledge loan), interest at 1.74% due quarterly; principal payments of \$1,200,000 due annually from 2021 through 2026 and a final principal payment of \$1,100,000 due December 2027; secured by substantially all assets.	\$ 5,900,000	8,300,000
Notes payable to a bank (term loan) interest only payments through February 2021 then monthly payments of \$54,508 including interest at 2.45% through February 2026 with a balloon payment of \$4,727,222; secured by substantially all assets.	<u>6,213,334</u>	<u>6,739,061</u>
Total long-term debt	12,113,334	15,039,061
Less current installments	<u>1,854,091</u>	<u>1,521,453</u>
Long-term debt, net of current installments	<u>\$ 10,259,243</u>	<u>13,517,608</u>

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(7) Indebtedness, continued

The terms of the note payable to a bank included a financial covenant relating to the maintenance of a minimum fixed charge coverage ratio which the Organization was in compliance with for the years ended December 31, 2021 and 2020.

The aggregate future maturities of long-term debt as of December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 1,854,091
2023	1,854,091
2024	1,854,091
2025	1,854,091
2026	<u>4,696,970</u>
	<u>\$ 12,113,334</u>

(8) CARES Act Assistance

Payroll protection program – The Organization obtained a loan of \$1,195,700 on April 17, 2020 under the Small Business Administration Payroll Protection Program (PPP) authorized under the CARES Act. Repayment of the loan is deferred for ten months and the loan carries an interest rate of 1%. The PPP loan is forgivable if the Organization incurs qualifying expenses in excess of the loan amount within 24 weeks of when the loan funds were received. The Organization met the qualifying payroll and expense criteria and was notified by SBA on November 10, 2020, that the PPP loan and related interest was forgiven and accordingly, the Organization recorded the \$1,195,700 loan forgiveness amount as grant income in the statement of activities.

The Organization received a second PPP loan on April 27, 2021, amounting to \$1,195,710, which is subject to the forgiveness criteria described above. Consistent with the first PPP loan, revenue will be recognized when the Organization is notified that the loan is forgiven. Management believes the full amount of the loan will be forgiven within a year.

Earned retention credit – The CARES Act also provides eligible employers a refundable tax credit (ERC) based on a percentage of qualified wages paid (subject to limits) to an employee during certain periods of 2021 and 2020. Management determined the Organization qualified to receive the ERC and filed applicable payroll tax forms in 2021 to claim these credits. The ERC received in June 2021 amounted to \$720,688 and is recorded as grant income in the 2021 statement of activities. The Organization also qualified and submitted payroll tax forms for ERC of \$1,993,612, which has been or is expected to be received in 2022 and will be recorded as grant income when received.

Iowa fitness center relief program – Iowa Economic Development Authority (IEDA) received funds from the CARES Act to pass through to eligible fitness centers. The funds are to help fitness centers with operational expenses incurred after March 2020. The Organization applied for and received \$1,000,000 from IEDA in December 2021 and is awaiting formal guidance from IEDA regarding what qualifying operating expenses are covered under the grant. Accordingly, the entire \$1,000,000 grant has been included in current liabilities as of December 31, 2021. The Organization intends to recognize grant revenue in 2022 after a determination that the qualifying operating expense criteria from IEDA has been met.

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(9) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Program services	\$ 53,957	51,059
Capital campaign	6,072,719	8,213,256
Weinzweig trusts	<u>301,950</u>	<u>282,951</u>
	<u>\$ 6,428,626</u>	<u>8,547,266</u>

(10) Employee Insurance and Retirement Benefits

The Organization self-insures the cost of its unemployment compensation expenses. The Organization has accrued an estimated liability for unemployment compensation claims of \$39,000 and \$37,000 as of December 31, 2021 and 2020, respectively, which is included in accrued expenses on the statement of financial position.

The YMCA of the Iowa Mississippi Valley participates in The YMCA Retirement Fund Retirement Plan (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 (Code) 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. The Retirement Plan is subject to the Employee Retirement Income Security Act of 1974 pursuant to Section 401(d) 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 (1921) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with the agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary which are paid by the Organization. Total contributions charged to retirement costs were approximately \$309,400 and \$298,800, respectively, for the years ended December 31, 2021 and 2020, 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 in this plan.

(11) Contingent Liabilities

The Organization has claims pending that generally involve minor accidents occurring at their facilities. These claims have been submitted to the Organization's insurance company. It is not possible at this time to determine the ultimate amount, if any, that will not be covered by the liability insurance.

The Organization is involved in various litigation and claims arising in the ordinary course of business. These claims are covered under the Organization's commercial insurance policies and in the opinion of management, the ultimate resolution of these matters will not have a material effect on its financial statements.

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(12) Commitments

The Organization has two 25-year shared use agreements with Davenport Community School District (DCSD) whereby the Organization is responsible for operation of the recreational facilities and for the repair, replacement and maintenance of the interior of the facilities and all furnishings, fixtures and equipment used in the facilities at Davenport North High School (North) and Davenport West High School (West). Per these agreements, the Organization purchased or reimbursed DCSD for certain building improvements, furnishings, fixtures and equipment at these facilities that are currently included with property and equipment on the Organization's statement of financial position and has a total depreciated cost of approximately \$288,577 and \$321,800 as of December 31, 2021 and 2020, respectively. The North facility opened in November 2002 and the West facility opened in September 2003. The shared use agreement was amended September 1, 2014 whereby DCSD assumed full responsibility for the operation of the swimming pool at the West facility with the Organization paying a rental fee for usage in accordance with an agreed-upon rent schedule.

The Organization has a facility management agreement with the City of Maquoketa, Iowa (City), for operating the Maquoketa Area Recreation Center (ARC) as a YMCA branch through June 30, 2025. Per this agreement, YMCA membership dues, program revenues and local fundraising, coupled with targeted operating and startup costs provided by the City are intended to cover the costs of operating the ARC/YMCA branch. To the extent that the costs of operating the ARC/YMCA branch exceed the branch revenues and targeted City funding, the City is obligated under the agreement to make up the shortfall. Therefore, the risk to the Organization is limited to the risk that the City would be unable to perform its obligations under the agreement.

Under the agreement, the City pays the Organization \$6,700 monthly intended to reimburse the Organization for its administrative cost incurred by its corporate staff supporting the ARC/YMCA branch. The revenues and expenses related to this agreement are included in unrestricted Program Service Fees on the statement of activities and change in net assets.

The Organization entered into a three-year agreement with The BettPlex, LLC to lease space at the sports complex to operate a gymnastics program. The agreement requires monthly payments of \$4,166 beginning January 2020 and also requires the Organization to invest at least \$75,000 in gymnastic equipment.

The Organization has agreed to participate in the development of a YMCA facility in Eldridge, Iowa. Under the arrangement, the City of Eldridge and North Scott Community School District would each contribute \$7.0 million and the Organization would contribute up to \$1.0 million towards the project. The facility would be managed by the Organization and is not anticipated to be operational until the fall of 2022.

(13) Payments to Affiliates

The Organization made payments to the National YMCA designed for dues and services for the years ended December 31, 2021 and 2020 of \$167,651 and \$102,514, respectively.

(14) Conditional Promise to Give

The Organization has been notified that they are a 1/3 beneficiary of an estate. Receipt of the proceeds is conditional on the death of the one remaining income beneficiary. The total value of the estate at December 31, 2021 was approximately \$2,416,000. The asset and revenue will not be recorded until the donor restrictions have been met.

YMCA of the Iowa Mississippi Valley

Notes to Financial Statements

(15) Financial Assistance Provided

The Organization 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, 2021 and 2020:

	2021		2020	
Membership	\$ 7,008,351	100.00%	6,619,973	100.00%
Less membership financial assistance	<u>860,167</u>	<u>12.27%</u>	<u>674,741</u>	<u>10.19%</u>
Membership, net	<u>\$ 6,148,184</u>	<u>87.73%</u>	<u>5,945,232</u>	<u>89.81%</u>
Program fees	4,155,657	100.00%	3,432,198	100.00%
Less program financial assistance	<u>403,544</u>	<u>9.71%</u>	<u>424,296</u>	<u>12.36%</u>
Program fees, net	<u>\$ 3,752,113</u>	<u>90.29%</u>	<u>3,007,902</u>	<u>87.64%</u>
Other assistance – program grants	<u>\$ 227,784</u>		<u>164,748</u>	
Total assistance	<u>\$ 1,491,495</u>		<u>1,263,785</u>	

(16) Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued ASU 2016–02 “Leases”. The pronouncement requires recognition of lease assets and lease liabilities by lessees for leases generally with a term of 12 months or more. ASU 2016–02 will become effective for the Organization’s 2022 financial statements. Management is currently analyzing the pronouncement to determine its impact to the Organization.

(17) COVID–19 Impact

During early 2020, a virus strain (COVID–19) spread around the world reaching pandemic levels. In response to COVID–19, federal and state governments have issued restrictive regulations which substantially limit or reduce the operations and activities of businesses and individuals. Additionally, the potential economic impact of COVID–19 has resulted in a significant fluctuation in the stock market.

The Organization was required to close its facilities for a period of time during 2020 which negatively affected operations and programs. Management of the Organization continues to closely monitor the status of the pandemic and respond to further restrictive measures imposed by the government agencies. Management is not able to determine the continuing impact of the pandemic on future operations.

Independent Auditor's Report on Supplementary Information

**The Board of Directors
YMCA of the Iowa Mississippi Valley:**

We have audited the financial statements of YMCA of the Iowa Mississippi Valley as of and for the years ended December 31, 2021 and 2020, and our report thereon dated June 28, 2022, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The supplementary information included in the schedules is presented for purposes of additional analysis of the financial statements and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Anderson, Lower, Whitlow, P.C.

**Bettendorf, Iowa
June 28, 2022**

YMCA of the Iowa Mississippi Valley

Individual Fund Schedules of Financial Position

December 31, 2021

<u>Assets</u>	<u>Operating</u>	<u>Land, Building and Equipment</u>	<u>Endowment</u>	<u>Capital Campaign Facility</u>	<u>Capital Campaign North Scott</u>	<u>Capital Campaign Maquoketa</u>	<u>Total</u>
Current assets:							
Cash and cash equivalents	\$ 2,941,477	1,195,710	-	250,000	161,073	17,250	4,565,510
Receivable	323,201	-	-	-	-	-	323,201
Pledge receivable – current portion	-	-	-	1,027,435	122,362	-	1,149,797
Other assets	18,200	-	-	-	-	-	18,200
Prepaid expenses	52,117	-	-	-	-	-	52,117
Total current assets	3,334,995	1,195,710	-	1,277,435	283,435	17,250	6,108,825
Property and equipment	-	42,816,057	-	-	9,691,655	-	52,507,712
Transfer of assets	-	9,691,655	-	-	(9,691,655)	-	-
Less accumulated depreciation	-	(12,822,278)	-	-	-	-	(12,822,278)
Net property and equipment	-	39,685,434	-	-	-	-	39,685,434
Pledge's receivable, net of current portion	-	-	-	4,370,558	67,087	-	4,437,645
Investments	301,950	10,883,728	1,123,750	56,954	-	-	12,366,382
Other assets	268,977	150,000	-	-	-	-	418,977
Total assets	\$ 3,905,922	51,914,872	1,123,750	5,704,947	350,522	17,250	63,017,263
<u>Liabilities and Net Assets</u>							
Current liabilities:							
Accounts payable	80,626	-	-	-	-	-	80,626
Accrued expenses	667,074	-	-	-	-	-	667,074
Deferred revenue membership/program	418,584	-	-	-	-	-	418,584
Deferred revenue grants	362,240	-	-	-	-	-	362,240
Iowa fitness grant funds	1,000,000	-	-	-	-	-	1,000,000
Refundable advance – Payroll Protection Program	-	1,195,710	-	-	-	-	1,195,710
Current installments of long-term debt	-	1,854,091	-	-	-	-	1,854,091
Total current liabilities	2,528,524	3,049,801	-	-	-	-	5,578,325
Long-term debt, net of current installments	-	10,259,243	-	-	-	-	10,259,243
Total liabilities	2,528,524	13,309,044	-	-	-	-	15,837,568
Net assets:							
Without donor restrictions	1,021,491	38,605,828	1,123,750	-	-	-	40,751,069
With donor restrictions	355,907	-	-	5,704,947	350,522	17,250	6,428,626
Total net assets	1,377,398	38,605,828	1,123,750	5,704,947	350,522	17,250	47,179,695
Total liabilities and net assets	\$ 3,905,922	51,914,872	1,123,750	5,704,947	350,522	17,250	63,017,263

YMCA of the Iowa Mississippi Valley

Individual Fund Schedules of Financial Position, continued

December 31, 2020

<u>Assets</u>	<u>Operating</u>	<u>Land, Building and Equipment</u>	<u>Capital Campaign</u>	<u>Endowment</u>	<u>Capital Campaign Facility</u>	<u>Capital Campaign North Scott</u>	<u>Total</u>
Current assets:							
Cash and cash equivalents	\$ 1,144,585	423,494	-	-	-	522	1,568,601
Certificates of deposit	-	-	-	-	-	-	-
Receivable	421,587	-	-	-	-	-	421,587
Pledge receivable – current portion	-	-	-	-	1,618,060	-	1,618,060
Other assets	24,400	-	-	-	-	-	24,400
Prepaid expenses	26,814	-	-	-	-	-	26,814
Total current assets	1,617,386	423,494	-	-	1,618,060	522	3,659,462
Property and equipment	-	39,985,493	3,011,059	-	9,715,155	-	52,711,707
Transfer of assets	-	12,726,214	(3,011,059)	-	(9,715,155)	-	-
Less accumulated depreciation	-	(11,305,588)	-	-	-	-	(11,305,588)
Net property and equipment	-	41,406,119	-	-	-	-	41,406,119
Pledge's receivable, net of current portion	-	-	-	-	6,002,883	-	6,002,883
Investments	282,951	7,779,361	-	965,302	591,791	-	9,619,405
Other assets	203,899	150,000	-	-	-	-	353,899
Total assets	\$ 2,104,236	49,758,974	-	965,302	8,212,734	522	61,041,768
<u>Liabilities and Net Assets</u>							
Current liabilities:							
Accounts payable	124,708	1,449,221	-	-	-	-	1,573,929
Accrued expenses	552,491	-	-	-	-	-	552,491
Deferred revenue membership/program	327,566	-	-	-	-	-	327,566
Deferred revenue grants	440,080	-	-	-	-	-	440,080
Current installments of long-term debt	-	1,521,453	-	-	-	-	1,521,453
Total current liabilities	1,444,845	2,970,674	-	-	-	-	4,415,519
Long-term debt, net of current installments	-	13,517,608	-	-	-	-	13,517,608
Total liabilities	1,444,845	16,488,282	-	-	-	-	17,933,127
Net assets:							
Without donor restrictions	325,381	33,270,692	-	965,302	-	-	34,561,375
With donor restrictions	334,010	-	-	-	8,212,734	522	8,547,266
Total net assets	659,391	33,270,692	-	965,302	8,212,734	522	43,108,641
Total liabilities and net assets	\$ 2,104,236	49,758,974	-	965,302	8,212,734	522	61,041,768

YMCA of the Iowa Mississippi Valley

Individual Fund Schedules of Activities and Change in Net Assets

Year Ended December 31, 2021

	Operating			Land, Building and Equipment	Endowment	Capital Campaign Facility	Capital Campaign North Scott	Capital Campaign Maquoketa	Total
	YMCA of the IMV	Maquoketa	Total						
Revenue:									
Grants and contributions	\$ 2,122,971	104,047	2,227,018	-	14,908	(93,287)	350,000	17,250	2,515,889
Membership services	5,810,032	338,152	6,148,184	-	-	-	-	-	6,148,184
Program revenue	3,677,947	74,166	3,752,113	-	-	-	-	-	3,752,113
Other revenue, including realized and unrealized gains (losses)	960,249	66,810	1,027,059	783,680	139,353	-	-	-	1,950,092
Total revenue	<u>12,571,199</u>	<u>583,175</u>	<u>13,154,374</u>	<u>783,680</u>	<u>154,261</u>	<u>(93,287)</u>	<u>350,000</u>	<u>17,250</u>	<u>14,366,278</u>
Expenses:									
Salaries and payroll related expenses	5,615,438	342,258	5,957,696	-	-	-	-	-	5,957,696
Operating expenses	2,161,480	240,917	2,402,397	-	-	-	-	-	2,402,397
Interest expense	-	-	-	276,527	-	-	-	-	276,527
Total expenses	<u>7,776,918</u>	<u>583,175</u>	<u>8,360,093</u>	<u>276,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,636,620</u>
Change in net assets before grants, depreciation and transfers	<u>4,794,281</u>	<u>-</u>	<u>4,794,281</u>	<u>507,153</u>	<u>154,261</u>	<u>(93,287)</u>	<u>350,000</u>	<u>17,250</u>	<u>5,729,658</u>
Grants:									
Capital grants	70,790	-	70,790	-	-	-	-	-	70,790
Property and equipment acquired	(70,790)	-	(70,790)	70,790	-	-	-	-	-
Total grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,790</u>
Interfund transfers:									
Current fixed asset purchases	(239,215)	-	(239,215)	677,209	-	(14,500)	-	-	423,494
Sale of equipment	21,100	-	21,100	(21,100)	-	-	-	-	-
Operating fund 2020	-	-	-	(423,494)	-	-	-	-	(423,494)
Debt repayment (proceeds) US Bank	(771,425)	-	(771,425)	3,171,425	-	(2,400,000)	-	-	-
Endowment	(4,187)	-	(4,187)	-	4,187	-	-	-	-
Board reserve funding	(3,082,547)	-	(3,082,547)	3,082,547	-	-	-	-	-
Total interfund transfers	<u>(4,076,274)</u>	<u>-</u>	<u>(4,076,274)</u>	<u>6,486,587</u>	<u>4,187</u>	<u>(2,414,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets before depreciation and write down of property	<u>718,007</u>	<u>-</u>	<u>718,007</u>	<u>7,064,530</u>	<u>158,448</u>	<u>(2,507,787)</u>	<u>350,000</u>	<u>17,250</u>	<u>5,800,448</u>
Depreciation	-	-	-	1,729,394	-	-	-	-	1,729,394
Increase (decrease) in net assets	<u>718,007</u>	<u>-</u>	<u>718,007</u>	<u>5,335,136</u>	<u>158,448</u>	<u>(2,507,787)</u>	<u>350,000</u>	<u>17,250</u>	<u>4,071,054</u>
Net assets, beginning of year	<u>659,391</u>	<u>-</u>	<u>659,391</u>	<u>33,270,692</u>	<u>965,302</u>	<u>8,212,734</u>	<u>522</u>	<u>-</u>	<u>43,108,641</u>
Net assets, end of year	<u>\$ 1,377,398</u>	<u>-</u>	<u>1,377,398</u>	<u>38,605,828</u>	<u>1,123,750</u>	<u>5,704,947</u>	<u>350,522</u>	<u>17,250</u>	<u>47,179,695</u>

YMCA of the Iowa Mississippi Valley

Individual Fund Schedules of Activities and Change in Net Assets, continued

Year Ended December 31, 2020

	<u>Operating</u>			Land, Building and Equipment	Capital Campaign	Endowment	Capital Campaign Facility	Capital Campaign North Scott	Total
	YMCA of the IMV	Maquoketa	Total						
Revenue:									
Grants and contributions	\$ 2,273,323	105,200	2,378,523	-	(20,746)	162,152	342,614	522	2,863,065
Membership services	5,599,976	345,256	5,945,232	-	-	-	-	-	5,945,232
Program revenue	2,971,845	36,057	3,007,902	-	-	-	-	-	3,007,902
Other revenue, including realized and unrealized gains (losses)	82,278	17,785	100,063	333,314	-	77,910	-	-	511,287
Total revenue	10,927,422	504,298	11,431,720	333,314	(20,746)	240,062	342,614	522	12,327,486
Expenses:									
Salaries and payroll related expenses	5,153,600	294,915	5,448,515	-	-	-	-	-	5,448,515
Operating expenses	1,765,383	209,383	1,974,766	-	-	-	148	-	1,974,914
Interest expense	-	-	-	-	-	-	-	-	-
Total expenses	6,918,983	504,298	7,423,281	-	-	-	148	-	7,423,429
Change in net assets before grants, depreciation and transfers	4,008,439	-	4,008,439	333,314	(20,746)	240,062	342,466	522	4,904,057
Grants:									
Capital grants	43,275	-	43,275	-	-	-	-	-	43,275
Property and equipment acquired	(43,275)	-	(43,275)	43,275	-	-	-	-	-
Total grants	-	-	-	43,275	-	-	-	-	43,275
Interfund transfers:									
Current fixed asset purchases	(35,408)	-	(35,408)	20,183,641	(15,293)	-	(1,439,641)	-	18,693,299
New Y operating fund	-	-	-	(2,000,020)	-	-	-	-	(2,000,020)
Debt proceeds US Bank notes	-	-	-	(15,039,059)	-	-	-	-	(15,039,059)
Open accounts payable Bittner Y	-	-	-	(1,449,220)	-	-	-	-	(1,449,220)
Operating fund 2019	-	-	-	(205,000)	-	-	-	-	(205,000)
Board reserve funding	(2,600,000)	-	(2,600,000)	2,600,000	-	-	-	-	-
Bittner Y funding	(1,200,000)	-	(1,200,000)	1,200,000	-	-	-	-	-
Endorsement	(87,500)	-	(87,500)	-	-	87,500	-	-	-
Total interfund transfers	(3,922,908)	-	(3,922,908)	5,290,342	(15,293)	87,500	(1,439,641)	-	-
Increase (decrease) in net assets before depreciation and write down of property	85,531	-	85,531	5,666,931	(36,039)	327,562	(1,097,175)	522	4,947,332
Depreciation	-	-	-	969,948	-	-	-	-	969,948
Write down of property	-	-	-	354,261	-	-	-	-	354,261
Increase (decrease) in net assets	85,531	-	85,531	4,342,722	(36,039)	327,562	(1,097,175)	522	3,623,123
Net assets, beginning of year	573,860	-	573,860	28,927,970	36,039	637,740	9,309,909	-	39,485,518
Net assets, end of year	\$ 659,391	-	659,391	33,270,692	-	965,302	8,212,734	522	43,108,641