

# **YMCA of the Rockies**

Independent Auditor's Report and Financial Statements

December 31, 2020 and 2019

**YMCA of the Rockies**  
**December 31, 2020 and 2019**

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## Independent Auditor's Report

Board of Directors  
YMCA of the Rockies  
Estes Park, Colorado

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Board of Directors  
YMCA of the Rockies

***Opinion***

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

*BKD, LLP*

Denver, Colorado  
March 17, 2021

**YMCA of the Rockies**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

**Assets**

	<u>2020</u>	<u>2019</u>
Cash	\$ 2,602,067	\$ 529,753
Investments - without donor restrictions	30,247,646	32,123,970
Investments - with donor restrictions	14,279,870	12,142,083
Accounts receivable	450,277	442,276
Insurance recovery receivable	1,699,427	-
Inventories	817,549	751,015
Prepaid expenses	1,086,567	583,370
Contributions receivable, net	3,982,168	4,355,153
Right-of-use assets - operating leases	149,752	208,608
Property and equipment, net	<u>103,885,771</u>	<u>104,974,612</u>
Total assets	<u>\$ 159,201,094</u>	<u>\$ 156,110,840</u>

**Liabilities**

Accounts payable	\$ 2,147,755	\$ 1,936,340
Accrued expenses	1,236,949	1,382,830
Deferred membership income	1,786,350	1,643,559
Deferred rental income	800,976	792,134
Advance deposits	4,217,838	4,905,777
Operating lease liabilities	149,752	208,608
Interest rate swap agreement	9,494,424	7,570,209
Long-term debt, net	<u>32,882,148</u>	<u>34,103,747</u>
Total liabilities	<u>52,716,192</u>	<u>52,543,204</u>

**Net Assets**

Without donor restrictions		
Board-designated for endowment	29,038,882	26,633,309
Undesignated	<u>59,194,816</u>	<u>60,436,591</u>
	88,233,698	87,069,900
With donor restrictions		
Purpose restrictions	8,798,043	7,090,103
Perpetual in nature	<u>9,453,161</u>	<u>9,407,633</u>
	18,251,204	16,497,736
Total net assets	<u>106,484,902</u>	<u>103,567,636</u>
Total liabilities and net assets	<u>\$ 159,201,094</u>	<u>\$ 156,110,840</u>

**YMCA of the Rockies**  
**Statement of Activities**  
**Year Ended December 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Gains and Other Support</b>			
Public support			
Membership dues	\$ 801,217	\$ -	\$ 801,217
Grant income	3,544,216	-	3,544,216
Contributions	2,881,827	4,158,798	7,040,625
Total public support	7,227,260	4,158,798	11,386,058
Program service revenue			
Estes Park Center	12,568,121	-	12,568,121
Snow Mountain Ranch	7,098,973	-	7,098,973
Total program service revenue	19,667,094	-	19,667,094
Investment return, net	3,266,516	1,832,745	5,099,261
Other	782,424	-	782,424
Net assets released from restrictions	30,943,294	5,991,543	36,934,837
	4,238,075	(4,238,075)	-
Total revenue, gains and other support	35,181,369	1,753,468	36,934,837
<b>Expenses</b>			
Program services			
Estes Park Center	18,711,469	-	18,711,469
Snow Mountain Ranch	9,224,283	-	9,224,283
Total program services	27,935,752	-	27,935,752
Supporting services	3,736,781	-	3,736,781
Fundraising	613,219	-	613,219
Total expenses	32,285,752	-	32,285,752
<b>Change in Net Assets Before Nonoperating Activities</b>	2,895,617	1,753,468	4,649,085
Gain on involuntary conversion	192,396	-	192,396
Change in fair value of interest rate swap agreement	(1,924,215)	-	(1,924,215)
<b>Change in Net Assets</b>	1,163,798	1,753,468	2,917,266
<b>Net Assets, Beginning of Year</b>	87,069,900	16,497,736	103,567,636
<b>Net Assets, End of Year</b>	\$ 88,233,698	\$ 18,251,204	\$ 106,484,902

**YMCA of the Rockies**  
**Statement of Activities**  
**Year Ended December 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Gains and Other Support</b>			
Public support			
Membership dues	\$ 773,364	\$ -	\$ 773,364
Contributions	966,310	14,143,986	15,110,296
Total public support	<u>1,739,674</u>	<u>14,143,986</u>	<u>15,883,660</u>
Program service revenue			
Estes Park Center	27,533,471	-	27,533,471
Snow Mountain Ranch	12,963,216	-	12,963,216
Total program service revenue	<u>40,496,687</u>	<u>-</u>	<u>40,496,687</u>
Investment return, net	5,025,887	637,716	5,663,603
Other	195,920	55,353	251,273
Net assets released from restrictions	47,458,168	14,837,055	62,295,223
	<u>4,577,405</u>	<u>(4,577,405)</u>	<u>-</u>
Total revenue, gains and other support	<u>52,035,573</u>	<u>10,259,650</u>	<u>62,295,223</u>
<b>Expenses</b>			
Program services			
Estes Park Center	26,484,277	-	26,484,277
Snow Mountain Ranch	13,335,108	-	13,335,108
Total program services	<u>39,819,385</u>	<u>-</u>	<u>39,819,385</u>
Supporting services	4,096,565	-	4,096,565
Fundraising	714,276	-	714,276
Total expenses	<u>44,630,226</u>	<u>-</u>	<u>44,630,226</u>
<b>Change in Net Assets Before Nonoperating Activities</b>	7,405,347	10,259,650	17,664,997
Conservation easement tax credit	876,156	-	876,156
Change in fair value of interest rate swap agreement	<u>(1,847,339)</u>	<u>-</u>	<u>(1,847,339)</u>
<b>Change in Net Assets</b>	6,434,164	10,259,650	16,693,814
<b>Net Assets, Beginning of Year</b>	<u>80,635,736</u>	<u>6,238,086</u>	<u>86,873,822</u>
<b>Net Assets, End of Year</b>	<u>\$ 87,069,900</u>	<u>\$ 16,497,736</u>	<u>\$ 103,567,636</u>

**YMCA of the Rockies**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	<u>Program Services</u>			<u>Support Services</u>		<u>Total Expenses</u>
	<u>Estes Park Center</u>	<u>Snow Mountain Ranch</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	
Cost of goods sold	\$ 1,195,166	\$ 762,192	\$ 1,957,358	\$ -	\$ -	\$ 1,957,358
Salary expense	6,142,413	3,690,062	9,832,475	2,018,281	378,331	12,229,087
Payroll taxes and benefits	1,651,050	980,214	2,631,264	591,123	106,880	3,329,267
Other employee expenses	94,725	86,331	181,056	15,334	9,913	206,303
Supplies	507,664	249,331	756,995	12,724	302	770,021
Equipment	441,568	257,817	699,385	53,120	22,188	774,693
Repair and replacement	842,932	269,517	1,112,449	-	-	1,112,449
Utilities	1,038,076	509,521	1,547,597	-	-	1,547,597
Telephone	249,343	112,065	361,408	17,677	1,703	380,788
Credit card fees	280,890	179,289	460,179	36,824	-	497,003
Bond fees	26,957	-	26,957	-	-	26,957
Insurance	479,466	225,631	705,097	-	-	705,097
Property taxes	30,632	13,555	44,187	-	-	44,187
Interest expense	1,583,217	-	1,583,217	-	-	1,583,217
Professional services	66,045	42,689	108,734	181,247	32,726	322,707
Communications	-	-	-	596,246	-	596,246
Other	120,389	132,707	253,096	214,205	61,176	528,477
Depreciation	3,960,936	1,713,362	5,674,298	-	-	5,674,298
	<u>\$ 18,711,469</u>	<u>\$ 9,224,283</u>	<u>\$ 27,935,752</u>	<u>\$ 3,736,781</u>	<u>\$ 613,219</u>	<u>\$ 32,285,752</u>

**YMCA of the Rockies**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2019**

	<u>Program Services</u>			<u>Support Services</u>		<u>Total Expenses</u>
	<u>Estes Park Center</u>	<u>Snow Mountain Ranch</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	
Cost of goods sold	\$ 3,722,340	\$ 1,933,626	\$ 5,655,966	\$ -	\$ -	\$ 5,655,966
Salary expense	8,893,963	4,896,540	13,790,503	2,078,252	366,112	16,234,867
Payroll taxes and benefits	2,045,516	1,159,211	3,204,727	609,516	101,384	3,915,627
Other employee expenses	283,155	238,602	521,757	72,631	42,084	636,472
Supplies	1,013,117	423,574	1,436,691	17,088	2,429	1,456,208
Equipment	608,510	414,354	1,022,864	51,950	20,184	1,094,998
Repair and replacement	1,240,217	587,520	1,827,737	-	-	1,827,737
Utilities	1,387,733	663,997	2,051,730	-	-	2,051,730
Telephone	269,421	126,677	396,098	16,333	3,177	415,608
Credit card fees	470,228	263,011	733,239	26,589	-	759,828
Bond fees	27,310	-	27,310	-	-	27,310
Insurance	373,601	178,454	552,055	-	-	552,055
Property taxes	30,405	13,273	43,678	-	-	43,678
Interest expense	1,648,802	-	1,648,802	-	-	1,648,802
Professional services	91,494	60,051	151,545	111,928	70,641	334,114
Communications	-	-	-	789,078	-	789,078
Other	541,344	763,679	1,305,023	323,200	108,265	1,736,488
Depreciation	3,837,121	1,612,539	5,449,660	-	-	5,449,660
	<u>\$ 26,484,277</u>	<u>\$ 13,335,108</u>	<u>\$ 39,819,385</u>	<u>\$ 4,096,565</u>	<u>\$ 714,276</u>	<u>\$ 44,630,226</u>

**YMCA of the Rockies**  
**Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating Activities</b>		
Change in net assets	\$ 2,917,266	\$ 16,693,814
Items not requiring (providing) cash		
Depreciation	5,674,298	5,449,660
Amortization of debt issuance costs	13,401	13,400
Net realized and unrealized gain on investments	(4,768,857)	(5,190,984)
Donated securities	(578,488)	(624,043)
Bad debt expense	(1,473)	1,856
Change in fair value of interest rate swap agreements	1,924,215	1,847,339
Contributions restricted to investment in property and equipment	(3,598,089)	(3,521,824)
Contributions restricted for long-term investment	(45,528)	(8,485,145)
Loss on disposal of property and equipment	212,166	41,572
Loss on involuntary conversion	538,311	-
Forgiveness of Paycheck Protection Loan	(3,544,216)	-
Proceeds received from Paycheck Protection Loan	3,544,216	-
Changes in		
Accounts and contributions receivable	366,457	(2,106,549)
Insurance recovery receivable - business interruption	(901,480)	-
Insurance recovery receivable - involuntary conversion	(797,947)	-
Inventories	(66,534)	(43,042)
Prepaid expenses	(503,197)	(60,736)
Accounts payable and accrued expenses	707,514	(524,599)
Deferred rental and membership income	151,633	185,245
Advanced deposits	(687,939)	507,001
	<u>555,729</u>	<u>4,182,965</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(6,049,910)	(7,481,828)
Proceeds from sale of property and equipment	71,996	-
Purchase of investment securities	(25,209,063)	(20,218,347)
Proceeds from sale and maturity of investment securities	30,294,945	12,671,131
	<u>(892,032)</u>	<u>(15,029,044)</u>
<b>Financing Activities</b>		
Principal payments on long-term debt	(1,235,000)	(1,175,000)
Contributions restricted to purchase of property and equipment	3,598,089	3,521,824
Contributions restricted for long-term investment	45,528	8,485,145
	<u>2,408,617</u>	<u>10,831,969</u>
<b>Change in Cash</b>	2,072,314	(14,110)
<b>Cash, Beginning of Year</b>	<u>529,753</u>	<u>543,863</u>
<b>Cash, End of Year</b>	<u>\$ 2,602,067</u>	<u>\$ 529,753</u>

**YMCA of the Rockies**  
**Statements of Cash Flows (continued)**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ 1,587,785	\$ 1,647,881
Property and equipment purchases in accounts payable	\$ 427,787	\$ 1,069,767
 <b>Involuntary Conversion Reconciliation (See Note 1)</b>		
Gain on involuntary conversion, per statement of activities	\$ 192,396	\$ -
Plus: Non property and equipment-related expenses	567,240	-
Less: Insurance recovery on expenses	(500,000)	-
Less insurance recoveries, received after year-end	(797,947)	-
	<u>\$ (538,311)</u>	<u>\$ -</u>
Loss on involuntary conversion, per statement of cash flows	<u>\$ (538,311)</u>	<u>\$ -</u>

**YMCA of the Rockies**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

YMCA of the Rockies (the YMCA) is a not-for-profit organization whose mission and principal activities are to promote family relationships, healthy lifestyles and youth leadership by providing a Christian environment and programming for religious, educational and recreational conferences, as well as family gatherings of all sizes and overnight summer camps for children. The YMCA's principal operations are in Grand and Larimer Counties in Colorado.

***Use of Estimates***

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 assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Cash***

At December 31, 2020, the YMCA's cash accounts exceeded federally insured limits by approximately \$1,940,000. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents for financial reporting purposes.

***Investments and Investment Return, Net***

The YMCA measures securities at fair value. Investments in alternative investments are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Investments are presented in the statements of financial position as with and without donor restrictions.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions until released from restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

***Accounts Receivable***

Accounts receivable are stated at the amount billed to customers of which the YMCA has an unconditional right to receive payment. Accounts receivable are ordinarily due upon receipt of the service. Accounts past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

**YMCA of the Rockies**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***Insurance Recovery Receivable and Involuntary Conversion***

During 2020, wildfires threatened the YMCA’s Estes Park Center. While there was no substantial property damage as a direct result of the fires, due to the proximity of the fire, this location had to be temporarily evacuated and closed, including the shut-off of utilities. When combined with the below-freezing temperatures, this resulted in damage to plumbing and equipment which, in turn, caused significant damage to certain facilities. As a result of this, the YMCA filed a claim for both real and personal property as well as a business interruption claim for lost revenues. During 2020, the YMCA received a \$500,000 advance on the real and personal property related to the loss of various operating items. Subsequent to year-end, the YMCA received an additional payment of \$797,947. During 2020, the YMCA incurred various mitigation, disposal and repair expenses of \$1,105,551 resulting in a net gain on the involuntary conversion of \$192,396 as reported in the 2020 statement of activities. The subsequent payment is also reported in insurance recovery receivable on the 2020 statement of financial position. While no amounts were received during 2020, related to the business interruption claim, subsequent to year-end, the YMCA received a \$901,480 advance on the claim. This advance is reported in insurance recovery receivable on the 2020 statement of financial position and other revenue, gains and other support in the 2020 statement of activities.

As the insurance claims are still in process, any additional insurance proceeds will be reported in accordance with Accounting Standards Codification Topic 450-30, *Gain Contingencies*. The following table summarizes the insurance proceeds received, receivable and costs incurred sustained:

	Involuntary Conversion			Business Interruption	Total
	Property & Equipment	Operating Items	Total		
Insurance proceeds, received	\$ -	\$ 500,000	\$ 500,000	\$ -	\$ 500,000
Insurance proceeds, receivable	747,431	50,516	797,947	901,480	1,699,427
Cost of repairs and disposals	(538,311)	(567,240)	(1,105,551)	-	(1,105,551)
	<u>\$ 209,120</u>	<u>\$ (16,724)</u>	<u>\$ 192,396</u>	<u>\$ 901,480</u>	<u>\$ 1,093,876</u>
Net gain (loss) on insurance					

Note that as the business interruption claim relates to the YMCA’s operations, the net gain on the business interruption claim is included in other revenue, gains and other support on the 2020 statement of activities.

***Inventories***

Inventories consist of food service items, retail merchandise, outdoor equipment and museum items. Inventories are stated at the lower of cost or net realizable value. Costs of inventories are determined using the first-in, first-out (FIFO) method.

**YMCA of the Rockies**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***Property and Equipment***

Property and equipment are stated at cost or at fair market value at the date of donation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset as follows:

	<u>Years</u>
Buildings	33 years
Improvements	25 years
Transportation and other equipment	5 years

***Long-lived Asset Impairment***

The YMCA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2020 and 2019.

***Deferred Revenue***

Revenue from membership and rental fees is deferred and recognized over the periods to which the fees relate.

***Debt Issuance Costs***

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. The YMCA records these costs as direct deductions from the related debt. Such costs are being amortized over the term of the respective debt using the effective interest method.

***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions are subject to donor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**YMCA of the Rockies**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***Membership and Program Service Revenue***

Membership and program service revenue is recognized as the YMCA satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the YMCA expects to be entitled in exchange for providing goods or services. The YMCA determines the transaction price based on standard charges for goods and services provided.

***Membership Dues Revenue***

Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the YMCA expects to be entitled in exchange for providing bundled membership services.

Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. The YMCA bills members annually or every three years, based on the membership term selected.

***Program Service Revenue***

Program service revenue is reported at the amount that reflects the consideration to which the YMCA expects to be entitled in exchange for providing lodging, food and other services.

Revenue is recognized as performance obligations are satisfied, which is ratably over the guest's stay. The YMCA receives a deposit prior to and final payment at the conclusion of the guest's stay.

***Transaction Price and Recognition***

The YMCA determines the transaction prices for membership dues and program service revenues based on standard, published charges for goods and services provided.

The YMCA has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected primarily by the individual or group members/guests that have different payment methodologies.

For the years ended December 31, 2020 and 2019, the YMCA recognized revenue of approximately \$20,020,000 and \$40,420,000, respectively, from membership dues and program service revenues that transfer to the customer over time and approximately \$450,000 for 2020 and \$850,000 for 2019 from "general store" or other point-of-sale revenues that transfer to the customer at a point in time.

**YMCA of the Rockies**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Contributions**

Contributions are provided to the YMCA either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the YMCA overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

**Nonoperating Revenues and Expenses**

Nonoperating revenues and expenses consist primarily of involuntary conversion activities, conservation easement tax credit revenues and the change in fair value of the interest rate swap agreement.

**YMCA of the Rockies**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***Functional Allocation of Expenses***

The costs of supporting the programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Costs in the statements of functional expense have been classified based on the direct use of expenses. Additionally, certain costs have been allocated among the programs based on the revenue generated by each center.

***Income Taxes***

The YMCA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the YMCA is subject to federal income tax on any unrelated business taxable income.

***Reclassifications***

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 financial statement presentation. These reclassifications had no effect on the change in net assets.

**Note 2: Liquidity and Availability**

Financial assets available for general expenditure; that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 and 2019, comprise the following:

	<b>2020</b>	<b>2019</b>
Financial assets at year-end		
Cash	\$ 2,602,067	\$ 529,753
Investments	44,527,516	44,266,053
Accounts and insurance recovery receivables	2,149,704	442,276
Contributions receivable, net	3,982,168	4,355,153
	<u>53,261,455</u>	<u>49,593,235</u>
Less amounts not available to be used for general expenditures within one year		
Board-designated net assets	(29,038,882)	(26,633,309)
Net assets with donor restrictions	(18,251,204)	(16,497,736)
	<u>(47,290,086)</u>	<u>(43,131,045)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,971,369</u>	<u>\$ 6,462,190</u>

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The YMCA of the Rockies regularly monitors the availability of resources to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The YMCA of the Rockies operates with a balanced budget. Variances to the budget are carried over to the following year based on the prior year actual financial results. Liquidity and related balances are monitored at least monthly through detailed cash and investment forecasting.

The YMCA has designated a portion of its net assets without donor restrictions for endowment. Those amounts are identified as board-designated endowment in the table above. These funds are invested for long-term appreciation but remain available and may be spent at the discretion of the Board.

**Note 3: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

***Recurring Measurements***

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020 and 2019:



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The following table reconciles total investments to amounts reported on the statements of financial position:

	<b>2020</b>	<b>2019</b>
Investments - without donor restrictions	\$ 30,247,646	\$ 32,123,970
Investments - with donor restrictions	14,279,870	12,142,083
	<b>\$ 44,527,516</b>	<b>\$ 44,266,053</b>

- (A) Certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market, equity and mutual funds. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. Level 2 securities include certificates of deposit, which generally have maturity dates greater than three months. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The YMCA did not have any Level 3 securities at December 31, 2020 and 2019.

***Interest Rate Swap Agreement***

The fair value is estimated using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

***Alternative Investments***

The YMCA entered into an agreement with a foundation to provide investment management services for the YMCA. The foundation provides pooled investment fund options, which are fund of funds invested in underlying assets as discussed below. The underlying assets are liquid and can be redeemed as of the first business day of the calendar month following three days written notice.

- (B) The fixed income fund is a diversified bond portfolio consisting principally of high quality, investments – grade corporate, mortgage, asset-backed and limited high-yield securities.

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(C) The large cap equity fund is a broadly diversified portfolio of mostly U.S. and some international stocks that seeks to provide opportunities for long-term growth, while avoiding speculation and undue risk.

The small/mid cap equity fund consists of a blended-style portfolio of small U.S. companies allocated among managers with distinct growth, value and core strategies.

The international equity fund consists of a broadly diversified portfolio of large, high quality non-U.S. companies that are either ordinary shares traded on securities exchanges around the world or American Depository Receipts traded on U.S. exchanges.

(D) The money market investment fund consists of a broadly diversified portfolio of cash and cash equivalent securities.

**Note 4: Contributions Receivable**

Contributions receivable consisted of unconditional promises to give with donor restrictions that were considered fully collectible and were due as follows:

	<b>2020</b>	<b>2019</b>
Due within one year	\$ 1,630,543	\$ 1,354,094
Due in one to five years	2,490,554	3,193,589
	4,121,097	4,547,683
Less: unamortized discount	138,929	192,530
	<b>\$ 3,982,168</b>	<b>\$ 4,355,153</b>

Discount rates were 2% for 2020 and 2019. The YMCA believes that contributions receivable are fully collectible.

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**Note 5: Property and Equipment**

Property and equipment at December 31 consists of the following:

	<u>2020</u>	<u>2019</u>
Buildings	\$ 144,259,359	\$ 141,352,252
Land and improvements	27,069,896	26,743,922
Transportation and other equipment	<u>9,190,152</u>	<u>9,211,971</u>
	180,519,407	177,308,145
Less accumulated depreciation	<u>79,062,237</u>	<u>76,286,590</u>
	101,457,170	101,021,555
Construction in progress	<u>2,428,601</u>	<u>3,953,057</u>
	<u>\$ 103,885,771</u>	<u>\$ 104,974,612</u>

**Note 6: Interest Rate Swap Agreement**

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the YMCA entered into an interest rate swap agreement to fix the interest rate on related bonds.

***2011 Swap Agreement***

The YMCA entered into a swap agreement to fix the interest rate on the Series 2011 Colorado Education and Cultural Facilities Authority Variable Rate Demand Refunding Bonds through October 1, 2038. Under the 2011 swap agreement, the YMCA is to receive interest from the counterparty at 70% of Libor and to pay interest to the counterparty at a fixed rate of 3.52% on an original notional amount of \$43,420,000. The notional amount as of December 31, 2020, was \$33,120,000. In December 2019, the mandatory tender on the bonds was exercised which resulted in a reduction of the interest rate on the bonds (as described in Note 7). This amendment had no effect on the 2011 swap agreement.

The agreement is recorded at its fair value with subsequent changes in fair value included in the statements of activities. The fair value of the 2011 swap agreement was a liability of \$9,494,424 and \$7,570,209 as of December 31, 2020 and 2019, respectively. The corresponding gain or loss related to the change in fair value was a \$1,924,215 loss and a \$1,847,339 loss for the years ended December 31, 2020 and 2019, respectively, and was reported as nonoperating in the statements of activities.

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**Note 7: Long-term Debt**

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

	<b>2020</b>	<b>2019</b>
Colorado Education and Cultural Facilities Authority Bonds - Series 2011 (A)	\$ 33,120,000	\$ 34,355,000
Less unamortized debt issuance costs	<u>(237,852)</u>	<u>(251,253)</u>
	<u><u>\$ 32,882,148</u></u>	<u><u>\$ 34,103,747</u></u>

- (A) Colorado Educational and Cultural Facilities Authority Variable Rate Demand Refunding Bonds (YMCA of the Rockies Project), Series 2011 (original aggregate principal of \$43,420,000), with a stated maturity of October 1, 2038. Principal payments began in October 2011 and are to be paid on an annual basis ranging from \$850,000 to \$2,535,000.

In connection with the Series 2011 bonds, the YMCA entered into an agreement with a financial institution for the direct purchase of \$43,420,000 in outstanding bonds associated with the Series 2011 bonds. Following the mandatory tender in December 2019, the Series 2011 bonds bear interest at an extended index floating rate mode reset on a weekly basis payable monthly at a rate equal to 80% of one-month Libor plus 0.95%. The Series 2011 bonds are subject to a mandatory tender at the end of the extended index floating rate mode (December 2022).

The YMCA also entered into a Continuing Covenants Agreement with the financial institution containing several covenants, including compliance of certain financial ratios, liquidity provisions and limitations on additional indebtedness.

Due to factors described in Note 12 – COVID-19, the YMCA failed their September 30, 2020 quarterly debt service coverage ratio covenant. However, they obtained a waiver for the violation, and then subsequently met their December 31, 2020 quarterly covenant calculation. The YMCA does not anticipate any covenant violations in 2021.

Aggregate maturities of long-term debt at December 31, 2020:

2021	\$ 1,280,000
2022	1,330,000
2023	1,385,000
2024	1,440,000
2025	1,500,000
Thereafter	<u>26,185,000</u>
	<u><u>\$ 33,120,000</u></u>

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**Note 8: Net Assets**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions at December 31 were available for the following purposes or periods:

	<b>2020</b>	<b>2019</b>
Subject to expenditure for specified purpose		
Program activities	\$ 1,608,144	\$ 1,207,631
Property and equipment	4,856,228	5,145,795
Life income agreements	224,374	219,207
	<u>6,688,746</u>	<u>6,572,633</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Program and facilities	2,109,297	517,470
Subject to NFP endowment spending policy and appropriation		
Program and facilities	9,453,161	9,407,633
	<u>11,562,458</u>	<u>9,925,103</u>
	<u>\$ 18,251,204</u>	<u>\$ 16,497,736</u>

Life income agreements are accounted for as pooled income funds and consist of the contributions of one donor who made contributions in 1996 and prior. The earnings on these funds are distributed to the donor's designated beneficiaries. The funds are released to the YMCA upon the death of the donor.

***Net Assets Released from Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<b>2020</b>	<b>2019</b>
Purpose restrictions accomplished		
Capital releases for property and equipment	\$ 2,860,799	\$ 3,270,915
Noncapital releases for property and equipment	452,638	250,909
Program activities	924,638	1,055,581
	<u>\$ 4,238,075</u>	<u>\$ 4,577,405</u>

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**Note 9: Endowment**

The YMCA’s governing body is subject to the State of Colorado Prudent Management of Institutional Funds Act (UPMIFA). As a result, the YMCA classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

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

1. Duration and preservation of the fund
2. Purposes of the YMCA and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the YMCA
7. Investment policies of the YMCA

The YMCA’s endowment consists of six individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at the YMCA at December 31, 2020:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 29,038,882	\$ -	\$ 29,038,882
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	9,453,161	9,453,161
Accumulated investment gains	-	2,109,297	2,109,297
Total endowment funds	<u>\$ 29,038,882</u>	<u>\$ 11,562,458</u>	<u>\$ 40,601,340</u>

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Changes in endowment net assets for the year ended December 31, 2020:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 26,633,309	\$ 9,925,103	\$ 36,558,412
Investment return, net	3,233,428	1,633,828	4,867,256
Contributions and deposits	99,822	45,528	145,350
Amounts appropriated and/or released from restrictions	<u>(927,677)</u>	<u>(42,001)</u>	<u>(969,678)</u>
Endowment net assets, end of year	<u>\$ 29,038,882</u>	<u>\$ 11,562,458</u>	<u>\$ 40,601,340</u>

The composition of net assets by type of endowment fund at the YMCA at December 31, 2019:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 26,633,309	\$ -	\$ 26,633,309
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	9,407,633	9,407,633
Accumulated investment gains	<u>-</u>	<u>517,470</u>	<u>517,470</u>
Total endowment funds	<u>\$ 26,633,309</u>	<u>\$ 9,925,103</u>	<u>\$ 36,558,412</u>

Changes in endowment net assets for the year ended December 31, 2019:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 21,635,376	\$ 1,048,137	\$ 22,683,513
Investment return, net	4,877,209	405,819	5,283,028
Contributions and deposits	1,010,774	8,512,108	9,522,882
Amounts appropriated and/or released from restrictions	<u>(890,050)</u>	<u>(40,961)</u>	<u>(931,011)</u>
Endowment net assets, end of year	<u>\$ 26,633,309</u>	<u>\$ 9,925,103</u>	<u>\$ 36,558,412</u>

# **YMCA of the Rockies**

## **Notes to Financial Statements**

### **December 31, 2020 and 2019**

#### ***Investment and Spending Policies***

Under the YMCA's policies, endowment assets are invested with a long-term strategy with a balanced portfolio of equity and fixed income assets. The YMCA expects its endowment funds to provide an average rate of return of approximately 7% annually over time, reduced by inflation and management fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate of return objectives, the YMCA relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The YMCA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The YMCA has an endowment spending policy that went into effect in May 2011 of appropriating for expenditure each year an amount not to exceed 4% of the three-year rolling average of the market value of each eligible endowment fund calculated as of September 30 of the prior fiscal year. An endowment that is less than its permanently restricted principal value shall not be eligible for granting. In establishing this policy, the YMCA considered the long-term expected return on its endowment. Accordingly, over the long-term, the YMCA expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the YMCA's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

#### ***Underwater Endowments***

The YMCA has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the YMCA considers a fund to be underwater if the fair value of the fund is less than the sum of

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The YMCA has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. There were no underwater funds at December 31, 2020 and 2019.

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**Note 10: Pension Plan**

The YMCA participates in a defined contribution (individual account) money purchase retirement plan. The plan is for the benefit of substantially all full-time professional and support staff of the YMCA who have completed 1,000 hours of service within 12 months and two full years of employment.

The YMCA Retirement Fund (Retirement Fund) is operated as a church pension plan and is a not-for-profit, tax-exempt New York State corporation. Participation is open to all duly organized or re-organized YMCAs in the United States. As a defined contribution plan, the Retirement Fund does not have any unfunded benefit obligations.

In accordance with the agreement with the Retirement Fund, contributions made by the YMCA are a percentage of the participating employee's salary and are to be remitted to the Retirement Fund monthly. The YMCA contributes 12% of the participating employee's salary; in June of 2017 the contribution rate was increased from 9% to 12%. Participants are not required to make contributions but may elect to contribute an additional amount. The YMCA pension plan contributions for the years ended December 31, 2020 and 2019 were \$840,298 and \$951,368, respectively.

**Note 11: Related Parties**

The contributions receivable balance includes approximately \$1,976,036 and \$2,361,795 at December 31, 2020 and 2019, respectively, which were pledged by Board members and staff.

Annual support contributions of approximately \$148,528 and \$247,046 for the years ended December 31, 2020 and 2019, respectively, were paid to the YMCA of The USA for annual support.

**Note 12: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Contributions***

During 2020 and 2019, there was one donor (not the same) who accounted for a combined 21% and 55%, respectively, of the YMCA's total contributions.

# YMCA of the Rockies

## Notes to Financial Statements

### December 31, 2020 and 2019

#### **Investments**

The YMCA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

#### **Environmental Remediation Obligation**

The YMCA owns and operates certain facilities, built prior to 1980, that were constructed with materials containing asbestos. While an estimate of the obligation is currently indeterminable, the YMCA is evaluating the matter and it is the opinion of management that the results of their evaluation will not have a material adverse effect on the financial position, change in net assets and cash flows of the YMCA.

#### **General Litigation**

The YMCA is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the YMCA. Events could occur that would change this estimate materially in the near term.

#### **COVID-19**

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, the state of Colorado has issued shelter-in-place orders and other measures around public gatherings and business operations to slow the spread of the virus. As a result of this guidance, the YMCA had to significantly curtail its operations for approximately three months followed by significantly reducing overall capacity for programs and services thereafter. The duration of these uncertainties and the ultimate financial effects on the financial position, results of operations and cash flows of the YMCA cannot be reasonably estimated at this time.

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act* (the Act). On April 23, 2020 the YMCA received a loan pursuant to the Paycheck Protection Program established by the Act in the amount of \$3,544,216. While the loan stipulated an interest rate and maturity date, the YMCA anticipated that the loan would be forgiven by the Small Business Administration (SBA). As a result, the YMCA has elected to account for the loan as a grant as permitted by ASC 958-605. Under this election, grant proceeds are deemed a refundable advance until such time as the related conditions are met.

The YMCA believes that they have satisfied the terms and conditions of the grant as of December 31, 2020 and have thus recognized grant income in the 2020 statement of activities following the conclusion of the covered period. Subsequent to year-end, the YMCA received notification from their bank that the loan was forgiven by the SBA on February 17, 2021.

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**Note 13: Subsequent Events**

On February 23, 2021, the YMCA received a loan in the amount of \$2,000,000 pursuant to the Paycheck Protection Program. The YMCA anticipates using all of the proceeds to make eligible payments and, therefore, expects substantially all of the loan will be forgiven.

Subsequent events have been evaluated through March 17, 2021, which is the date the financial statements were available to be issued.