

**THE WEST COOK YOUNG MEN'S
CHRISTIAN ASSOCIATIONS, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

Board of Directors
The West Cook Young Men's Christian Associations, Inc.
Oak Park, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The West Cook Young Men's Christian Associations, Inc., 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 The West Cook Young Men's Christian Associations, Inc. 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 accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The West Cook Young Men's Christian Associations, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 The West Cook Young Men's Christian Associations, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 of The West Cook Young Men's Christian Associations, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The West Cook Young Men's Christian Associations, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Oak Brook, Illinois
July 5, 2022

**THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 22,640	\$ 23,771
Investments - board-designated	386,532	337,788
Contributions receivable	3,700	4,915
Accounts receivable, net of allowance of \$19,271 and \$41,778, respectively	358,440	291,055
Prepaid expenses and other assets	24,751	21,463
Total current assets	796,063	678,992
PROPERTY AND EQUIPMENT		
Land	178,151	175,901
Buildings	4,865,350	4,807,524
Furniture and equipment	2,679,333	2,726,651
Software	192,166	182,463
Automobiles	72,175	72,175
Construction in Progress	180,153	177,961
Total, at cost	8,167,328	8,142,675
Less: accumulated depreciation	6,261,276	6,197,827
Net property and equipment	1,906,052	1,944,848
 TOTAL ASSETS	 \$ 2,702,115	 \$ 2,623,840

See accompanying Notes to Financial Statements.

**THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021 AND 2020**

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Accounts payable	\$ 293,190	\$ 301,319
Accrued expenses and other liabilities	271,442	243,013
Line of credit	501,649	671,566
Current maturities of debt obligations	29,854	26,300
Current maturities of capital lease obligations	68,495	37,773
Deferred membership and program fees	43,754	26,728
Total current liabilities	1,208,384	1,306,699
LONG-TERM LIABILITIES		
Long-term debt obligations, less current maturities	156,397	605,150
Capital lease obligations, less current maturities	118,622	30,960
Total liabilities	1,483,403	1,942,809
NET ASSETS		
Without donor restrictions:		
Undesignated	457,399	38,377
Board-designated	407,573	358,829
Total without donor restrictions	864,972	397,206
With donor restrictions	353,740	283,825
Total net assets	1,218,712	681,031
TOTAL LIABILITIES AND NET ASSETS	\$ 2,702,115	\$ 2,623,840

See accompanying Notes to Financial Statements.

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
REVENUES, GAINS, AND PUBLIC SUPPORT			
Membership dues	\$ 876,527	\$ -	\$ 876,527
Program fees	630,196	-	630,196
Contributions	207,720	-	207,720
Grants	321,448	456,000	777,448
Resident rental income	285,506	-	285,506
Investment income	5,026	-	5,026
Realized and unrealized gain on investments	45,406	-	45,406
In-kind contributions	6,800	-	6,800
Loss on disposal of property and equipment	(23,960)	-	(23,960)
PPP Loan Forgiveness	837,800	-	837,800
Net assets released from restrictions	386,085	(386,085)	-
Total revenues, gains, and public support	<u>3,578,554</u>	<u>69,915</u>	<u>3,648,469</u>
EXPENSES			
Program services	1,257,256	-	1,257,256
Management and general	1,853,502	-	1,853,502
Fundraising	30	-	30
Total expenses	<u>3,110,788</u>	<u>-</u>	<u>3,110,788</u>
CHANGES IN NET ASSETS	467,766	69,915	537,681
NET ASSETS, BEGINNING OF YEAR	<u>397,206</u>	<u>283,825</u>	<u>681,031</u>
NET ASSETS, END OF YEAR	<u>\$ 864,972</u>	<u>\$ 353,740</u>	<u>\$ 1,218,712</u>

See accompanying Notes to Financial Statements.

**THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
REVENUES, GAINS, AND PUBLIC SUPPORT			
Membership dues	\$ 496,974	\$ -	\$ 496,974
Program fees	726,471	-	726,471
Contributions	849,638	-	849,638
Grants	348,244	327,875	676,119
Special events	107,584	-	107,584
Resident rental income	348,776	-	348,776
Investment income	2,468	-	2,468
Realized and unrealized gain on investments	20,175	-	20,175
In-kind contribution	3,750	-	3,750
Loss on disposal of property and equipment	(19,608)	-	(19,608)
Net assets released from restrictions	187,560	(187,560)	-
Total revenues, gains, and public support	3,072,032	140,315	3,212,347
EXPENSES			
Program services	1,423,632	-	1,423,632
Management and general	2,074,044	-	2,074,044
Fundraising	205,608	-	205,608
Total expenses	3,703,284	-	3,703,284
CHANGES IN NET ASSETS	(631,252)	140,315	(490,937)
NET ASSETS, BEGINNING OF YEAR	1,028,458	143,510	1,171,968
NET ASSETS, END OF YEAR	<u>\$ 397,206</u>	<u>\$ 283,825</u>	<u>\$ 681,031</u>

See accompanying Notes to Financial Statements.

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	<u>Aquatics</u>	<u>Youth Development</u>	<u>Residence</u>	<u>Healthy Living</u>	<u>Membership</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 142,459	\$ 239,069	\$ -	\$ 62,722	\$ 360,622	\$ 804,872	\$ 466,795	\$ -	\$ 1,271,667
Payroll taxes	10,628	17,956	-	4,981	26,537	60,102	49,569	-	109,671
Fringe benefits	17,623	16,259	-	7,592	58,932	100,406	86,579	-	186,985
Program activities	2,080	14,584	918	3,724	14,213	35,519	18,766	-	54,285
Contract Services	1,425	950	12,791	-	-	15,166	330,199	-	345,365
Professional fees and contract services	42,993	17,336	-	1,200	15,869	77,398	63,745	-	141,143
Supplies	5,954	2,046	1,580	3,007	9,038	21,625	63,805	-	85,430
Postage, shipping, and delivery	-	-	-	-	5,977	5,977	868	-	6,845
Telephone	-	-	-	-	-	-	37,110	-	37,110
Occupancy	-	-	-	-	-	-	123,480	-	123,480
Insurance	-	-	-	-	-	-	49,596	-	49,596
Repairs and maintenance	-	-	-	-	-	-	44,473	-	44,473
National and other dues	-	-	-	-	-	-	41,245	-	41,245
Advertising	-	-	-	-	65,542	65,542	-	-	65,542
Travel	-	2,669	-	-	-	2,669	69,718	30	72,417
Employee Training	-	-	-	150	-	150	25,075	-	25,225
Payroll and bank charges	-	-	-	-	-	-	49,359	-	49,359
Legal and accounting	-	-	-	-	-	-	52,370	-	52,370
Interest expense	-	-	-	-	-	-	29,115	-	29,115
Bad debt expense	-	2,730	-	-	-	2,730	1,065	-	3,795
Depreciation and amortization	-	-	-	-	-	-	246,311	-	246,311
Miscellaneous	-	5,708	2,120	-	-	7,828	4,125	-	11,953
Unrelated Business Income Tax	-	-	-	-	-	-	134	-	134
Programmatic Expense	10,921	-	15,066	-	31,234	57,272	-	-	57,272
TOTAL FUNCTIONAL EXPENSES	<u>\$ 234,083</u>	<u>\$ 319,307</u>	<u>\$ 32,475</u>	<u>\$ 83,376</u>	<u>\$ 587,964</u>	<u>\$ 1,257,256</u>	<u>\$ 1,853,502</u>	<u>\$ 30</u>	<u>\$ 3,110,788</u>

See accompanying Notes to Financial Statements.

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Aquatics</u>	<u>Youth Development</u>	<u>Residence</u>	<u>Healthy Living</u>	<u>Membership</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 169,862	\$ 354,865	\$ 12,513	\$ 127,520	\$ 326,546	\$ 991,306	\$ 501,939	\$ 85,821	\$ 1,579,066
Payroll taxes	13,378	26,189	983	9,428	21,606	71,584	36,490	5,817	113,891
Fringe benefits	16,412	29,539	2,778	15,558	51,346	115,633	86,767	18,426	220,826
Program activities	22,089	10,492	868	4,386	18,607	56,442	153,157	-	209,599
Contract Services	-	-	11,708	-	-	11,708	269,368	-	281,076
Professional fees and contract services	6,260	46,216	-	-	-	52,476	90,924	18,250	161,650
Supplies	4,418	27,339	602	1,707	314	34,380	82,127	1,329	117,836
Postage, shipping, and delivery	-	-	-	-	-	-	10,380	880	11,260
Telephone	-	732	-	-	-	732	30,065	-	30,797
Occupancy	-	-	-	-	-	-	130,431	-	130,431
Insurance	-	-	-	-	-	-	54,516	-	54,516
Repairs and maintenance	-	-	-	-	-	-	66,899	-	66,899
National and other dues	-	-	-	-	-	-	43,353	-	43,353
Advertising	-	-	-	-	-	-	29,657	-	29,657
Meetings and conferences	-	23,056	-	-	-	23,056	679	-	23,735
Travel	-	17,461	-	-	-	17,461	46,580	-	64,041
Employee Training	30	800	-	170	-	1,000	8,735	-	9,735
Payroll and bank charges	-	-	-	-	-	-	52,574	-	52,574
Rental expenditures	-	4,120	-	-	-	4,120	-	-	4,120
Legal and accounting	-	-	-	-	-	-	96,346	-	96,346
Interest expense	-	-	-	-	-	-	28,254	-	28,254
Bad debt expense	-	33,107	8,142	-	2,485	43,734	-	-	43,734
Depreciation and amortization	-	-	-	-	-	-	246,679	-	246,679
Event and Other Fundraising Expenses	-	-	-	-	-	-	-	73,763	73,763
Miscellaneous	-	-	-	-	-	-	7,905	1,322	9,227
Unrelated Business Income Tax	-	-	-	-	-	-	219	-	219
TOTAL FUNCTIONAL EXPENSES	<u>\$ 232,449</u>	<u>\$ 573,916</u>	<u>\$ 37,594</u>	<u>\$ 158,769</u>	<u>\$ 420,904</u>	<u>\$ 1,423,632</u>	<u>\$ 2,074,044</u>	<u>\$ 205,608</u>	<u>\$ 3,703,284</u>

See accompanying Notes to Financial Statements.

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 537,681	\$ (490,937)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	246,311	246,679
Provision for bad debts	3,795	43,734
Loss on sale of property and equipment	23,960	19,608
Net realized gains on investments	(11,242)	(24,324)
Net unrealized (gains) losses on investments	(34,164)	4,149
Changes in operating assets and liabilities:		
Accounts and notes receivable	(71,180)	(169,775)
Contributions receivable	1,215	8,644
Prepaid expenses and other assets	(3,288)	1,095
Accounts payable	(8,129)	(286,072)
Accrued expenses and other liabilities	28,429	(62,820)
Deferred membership and program fees	17,026	(38,918)
Net cash provided (used) by operating activities	<u>730,414</u>	<u>(748,937)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(147,363)	(96,011)
Proceeds from sale of property and equipment	71,266	77,250
Purchase of investments	(34,657)	(109,710)
Proceeds from sale of investments	<u>31,319</u>	<u>123,619</u>
Net cash used by investing activities	(79,435)	(4,852)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings (repayments) on line of credit	(169,917)	241,979
Payments on capital lease obligations	(36,994)	(34,839)
New borrowings on debt obligations	(879,172)	(26,300)
Repayments on debt obligations	<u>433,973</u>	<u>568,900</u>
Net cash provided by (used in) financing activities	<u>(652,110)</u>	<u>749,740</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,131)	(4,049)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>23,771</u>	<u>27,820</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,640</u>	<u>\$ 23,771</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 29,115</u>	<u>\$ 28,254</u>
Equipment purchases included in accounts payable	<u>\$ -</u>	<u>\$ 21,960</u>

See accompanying Notes to Financial Statements.

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Cook Young Men's Christian Associations, Inc. (the YMCA), rooted in Judeo-Christian tradition, is dedicated to developing the spirit, mind, and body of all persons through quality leadership, programs, and services. The programs the YMCA runs consist of physical education and recreational services, youth programs for all ages, and residence for males 18 years and older. The YMCA serves the youth and families in Oak Park, River Forest, Forest Park, Illinois, and several other surrounding areas.

The YMCA's fiscal year ends on December 31. Significant accounting policies followed by the YMCA are presented below.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America for nonprofit organizations. Accounting principles generally accepted in the United States of America require the YMCA to report information regarding its financial position and activities according to the following two classes of net assets:

Net Assets Without Donor Restrictions – Amounts that are not subject to donor-imposed stipulations. Net assets without donor restrictions include net assets subject to designations that may be imposed or removed at the discretion of the YMCA's board of directors (board).

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the YMCA, the passage of time, or those resources subject to donor-imposed stipulations that they be maintained permanently. When a donor or time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. As of December 31, 2021 and 2020, the YMCA has no net assets subject to permanent donor restrictions.

Cash and Cash Equivalents

The YMCA considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all high liquid investments with an initial maturity of one year or less to be cash equivalents.

At times, YMCA's cash balances may exceed federally insured limits; however, the YMCA has not experienced any losses in such accounts and limits its exposure to credit risk by maintaining its cash and cash equivalents in highly reputable financial institutions.

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Market Value Risk

The YMCA invests in a variety of investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. 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.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Investments

Investments consist primarily of mutual funds. Investments – board-designated, includes funds which had been specifically identified by the YMCA's board to establish a long-term reserve to support the mission of the YMCA. Investments are carried at fair value with unrealized and realized gains and losses on investments reported as increases or decreases in net assets without donor restrictions. Realized and unrealized gains and losses are reported in the Statements of Activities.

Accounts Receivable

Accounts receivable are stated at the amount the YMCA expects to collect from outstanding balances. The YMCA provides for probable uncollected amounts as an expense on the Statements of Activities and a credit to an allowance for doubtful accounts based on its assessment of the current status of individuals accounts. Balances that are still outstanding after the YMCA has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and credit to accounts receivable.

Contributions Receivable

Contributions are recognized as revenues in the period pledged. Contributions are recorded at net realizable value less allowance for uncollectible accounts if expected to be collected in more than one year. The allowance for uncollectible accounts is based on YMCA historical collections experience. Conditional contributions are recognized only when the conditions on which they depend are substantially met and the contributions become unconditional.

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Purchased property and equipment are stated at cost. Property and equipment purchases in excess of \$1,000 per unit are capitalized. Donated property and equipment are stated at fair market value at the date of the donation. The YMCA depreciates its property and equipment using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

Impairment of Long-Lived Assets

The YMCA reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Revenue Recognition

Membership and Program Fees

The YMCA recognizes membership and program revenue in the period to which the related membership and program applies. Accordingly, membership and program fees received for subsequent fiscal periods are deferred and recognized as revenue in those periods.

Annual membership fees are recognized as revenue over a 12-month period on a straight-line basis. Program fees are recognized as revenue over the program period on a straight-line basis as the program takes place. Unearned membership revenue is reflected as deferred revenue on the statement of financial position.

Contributions

The YMCA records contributions in accordance with accounting principles generally accepted in the United States of America for nonprofit organizations. Contributions are recognized as revenue when the donor makes a promise to give that is, in substance, unconditional. Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the year in which the contributions are recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "Net assets released from restrictions".

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions (Continued)

Revenues from nonexchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional, nonexchange transactions are recognized when the barrier is satisfied. Amounts received prior to satisfaction of the barrier are included in deferred revenue in the statements of financial position. The Organization received grants of \$61,088 that have not yet been recognized as of December 31, 2021, because the related barrier has not yet been made.

Special Events

Revenues from various fundraising events are recognized at the time the related event occurs. Any income received in advance of the event is deferred.

In-Kind Donations

In-kind donations of property, equipment, or materials are recorded as financial support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such donor-imposed time stipulations, contributions of property and equipment are recorded as unrestricted support when the assets are placed in service. Conditional transfers of assets are recognized when the conditions on which they depend are substantially met.

Donations of services are recorded if they create or enhance a nonfinancial asset or are specialized skills that would be purchased if they were not donated.

The YMCA also receives donated services from volunteers that are not measurable and, therefore, are excluded from the financial statements.

Residential Rental Income

The YMCA leases rooms solely to men under operating leases which include a full YMCA membership with terms of one month to one year. Rents received in advance are deferred. Total rental income earned for the years ended December 31, 2021 and 2020 was \$285,506 and \$348,776, respectively.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include office, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The YMCA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), except for amounts representing unrelated business income under Section 511 of the IRC. The YMCA had no unrelated business income for the years ended December 31, 2021 and 2020.

The YMCA has adopted the requirements for accounting for uncertain tax positions. The YMCA has determined that it is not required to record a liability related to uncertain tax positions for the years ended December 31, 2021 and 2020.

Pending Accounting Pronouncement

Leases

In February 2016, the Financial Accounting Standards Board issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of an organization's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for the YMCA for fiscal year 2022.

Reclassifications

Certain reclassifications have been made to the December 31, 2020 financial statement amounts in order to conform to the December 31, 2021 presentation. These reclassifications have had no impact on the total assets, net assets with and without donor restrictions, or changes in net assets previously reported.

NOTE 2 – LIQUIDITY

As part of the YMCA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other commitments come due. Financial assets available as of December 31 to meet cash needs for general expenditures and commitments within one year include the following:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 22,640	\$ 23,771
Contributions Receivable	3,700	4,915
Accounts Receivable	<u>358,440</u>	<u>291,055</u>
Less: Donor-Restricted Funds	384,780	319,741
	<u>(353,740)</u>	<u>(283,825)</u>
Total Financial Assets Available to Meet Needs for General Expenditures and Commitments Within One Year	<u>\$ 31,040</u>	<u>\$ 35,916</u>

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NOTE 2 – LIQUIDITY (CONTINUED)

There is also a board-designated investment account from which the board could approve to draw upon in the event of financial distress or an immediate liquidity need. As of December 31, 2021 and 2020, the board-designated investment account was \$386,532 and \$337,788, respectively. In addition, the YMCA has a bank line of credit to supplement liquidity needs. See Note 5.

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The YMCA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. Fair values of assets and liabilities measured on a recurring basis at December 31, 2021 and 2020 are as follows:

<u>December 31, 2021</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Investments:				
Money markets	\$ 1,946	\$ 1,946	\$ -	\$ -
Mutual funds:				
U.S. large cap	13,792	13,792	-	-
U.S. mid/small cap	145,682	145,682	-	-
International	97,403	97,403	-	-
Real estate	15,056	15,056	-	-
Bond funds	112,653	112,653	-	-
Total investments	<u>\$ 386,532</u>	<u>\$ 386,532</u>	<u>\$ -</u>	<u>\$ -</u>

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
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NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
<u>December 31, 2020</u>				
Investments:				
Money markets	\$ 1,466	\$ 1,466	\$ -	\$ -
Mutual funds:				
U.S. large cap	12,218	12,218	-	-
U.S. mid/small cap	108,817	108,817	-	-
International	108,437	108,437	-	-
Real estate	11,616	11,616	-	-
Bond funds	<u>95,234</u>	<u>95,234</u>	-	-
Total investments	<u>\$ 337,788</u>	<u>\$ 337,788</u>	<u>\$ -</u>	<u>\$ -</u>

The following schedule summarizes the investment return in the statements of activities:

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 8,813	\$ 5,578
Investment management fees	<u>(3,787)</u>	<u>(3,110)</u>
Investment income	<u>5,026</u>	<u>2,468</u>
Net realized gains	11,242	24,324
Net unrealized gains (losses)	<u>34,164</u>	<u>(4,149)</u>
Net realized and unrealized gain	<u>45,406</u>	<u>20,175</u>
Total investment return	<u>\$ 50,432</u>	<u>\$ 22,643</u>

NOTE 4 – BOARD-DESIGNATED ENDOWMENT

As of December 31, 2021 and 2020, the board has designated investments of \$386,532 and \$337,788, respectively, as a general endowment fund to support the mission of the YMCA. Since the endowment resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions. Consequently, all corpus and earnings thereon are considered to be without donor restrictions.

The YMCA has a spending policy of appropriating for distribution each year 4% of its board-designated endowment fund's average balance of the "unrestricted" custodial accounts for the prior three years through the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the YMCA considered the long-term expected investment return on its endowment.

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NOTE 4 – BOARD-DESIGNATED ENDOWMENT (CONTINUED)

To achieve that objective, the YMCA has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in mutual funds that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the fund, if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets, and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in endowment net assets for the years ended December 31, 2021 and 2020 were as follows:

<u>December 31, 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 337,788	\$ -	\$ 337,788
Investment return:			
Investment income, Net	5,026	-	5,026
Net appreciation (realized and unrealized)	<u>45,406</u>	<u>-</u>	<u>45,406</u>
Total investment return	<u>50,432</u>	<u>-</u>	<u>50,432</u>
Appropriation of endowment assets for expenditures	<u>(1,688)</u>	<u>-</u>	<u>(1,688)</u>
Endowment net assets, end of year	<u>\$ 386,532</u>	<u>\$ -</u>	<u>\$ 386,532</u>

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
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NOTE 4 – BOARD-DESIGNATED ENDOWMENT (CONTINUED)

<u>December 31, 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 331,522	\$ -	\$ 331,522
Investment return:			
Investment income, Net	2,468	-	2,468
Net appreciation (realized and unrealized)	<u>20,175</u>	<u>-</u>	<u>20,175</u>
Total investment return	<u>22,643</u>	<u>-</u>	<u>22,643</u>
Appropriation of endowment assets for expenditures	<u>(16,377)</u>	<u>-</u>	<u>(16,377)</u>
Endowment net assets, end of year	<u>\$ 337,788</u>	<u>\$ -</u>	<u>\$ 337,788</u>

NOTE 5 – LINE OF CREDIT

The YMCA has an available line of credit agreement in place with maximum borrowings of up to \$800,000 under the agreement in effect at December 31, 2021. Advances on the line of credit are payable on demand with interest calculated at the prime rate of interest plus 0.5% subject to a floor rate of 4.5%. The line of credit is secured by a mortgage and assignment of rents on property located in Oak Park, Illinois and matures on September 1, 2022. At December 31, 2021, the balance outstanding was \$501,649. At December 31, 2020, the YMCA had a \$800,000 available line of credit agreement under similar terms. The balance outstanding at December 31, 2020 was \$671,566.

The prime rate was 3.25% at December 31, 2021 and 2020. The YMCA is subject to financial and nonfinancial covenants under the agreement. As of December 31, 2021, management believes they have complied with all financial and nonfinancial covenants.

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NOTE 6 – LONG-TERM DEBT

Long-term debt is summarized as follows:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Notes payable to the Manaaki Foundation. The notes bear interest at 1.5% and require quarterly payments ranging from \$5,368 to \$6,575 plus interest with final payment due on July 20, 2023.	\$ 36,251	\$ 62,550
Note payable to the U.S. Small Business Administration. The note bears interest at the rate of 2.75% and requires monthly payments of principal and interest of \$641 beginning July 18, 2021 through final payment due July 18, 2051.	150,000	150,000
Paycheck Protection Program Loan - See below	-	418,900
Total	186,251	631,450
Less: current portion	29,854	26,300
Long-term portion	<u>\$ 156,397</u>	<u>\$ 605,150</u>

Future maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 29,854
2023	13,604
2024	3,755
2025	3,860
2026	3,967
Thereafter	<u>131,211</u>
Total	<u>\$ 186,251</u>

On April 22, 2020, the YMCA received a loan through the Paycheck Protection Program (PPP Loan). The PPP Loan bore interest at a fixed rate of 1.0% per annum, had a term of two years, was unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the YMCA fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. In February of 2021, the YMCA received a second round of funding in the amount of \$418,900 under this program.

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 – LONG-TERM DEBT (CONTINUED)

The YMCA followed Accounting Standards Codification 470, *Debt*, to account for the initial receipts related to the PPP Loan. On July 8, 2021 and December 3, 2021, the SBA processed the YMCA's PPP loan forgiveness applications and notified Forest Park National Bank and Trust Company the PPP Loans (\$418,900 each) qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on these dates. Therefore, the YMCA was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included as PPP Loan Forgiveness on the 2021 statement of activities.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the YMCA's financial position.

NOTE 7 – PENSION PLAN

The YMCA participates in a defined contribution, individual account, money purchase retirement plan which is administered by the Young Men's Christian Associations Retirement Fund (a separate corporation). The plan is for the benefit of all eligible employees of the YMCA who qualify under the participation requirements.

The Young Men's Christian Associations Retirement Fund is operated as a church pension plan and is a nonprofit, tax-exempt New York state corporation. Participation is available to all duly organized and reorganized YMCAs in the United States.

Employees who have been employed for at least 24 months and worked at least 1,000 hours and have attained the age of 21, may participate in the fund. Employer YMCA contributions are 12% of the participating employee's salary, are paid for by the YMCA, and are remitted to the Young Men's Christian Associations Retirement fund monthly. Contributions to the plan are deducted as a current operating expense.

Expense incurred under the plan for the years ended December 31, 2021 and 2020 was \$106,824 and \$67,119, respectively, and is included as part of the fringe benefits expense.

NOTE 8 – AFFILIATED ORGANIZATION

The YMCA is affiliated with the National Council of Young Men's Christian Associations of the USA (YMCA of USA). The YMCA of USA provides various administrative services to the YMCA. The YMCA paid the YMCA of USA \$41,245 and \$43,353 for the years ended December 31, 2021 and 2020, respectively.

THE WEST COOK YOUNG MEN'S CHRISTIAN ASSOCIATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – LEASE COMMITMENTS

The YMCA leases certain office equipment and rental space under operating leases expiring through August 2022. Rental expense under these operating leases totaled \$11,790 and \$3,384 for the years ended December 31, 2021 and 2020, respectively.

Future minimum rental commitments for all noncancelable leases in effect as of December 31 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 7,090
Total	\$ 7,090

NOTE 10 – CAPITAL LEASE OBLIGATIONS

The YMCA leases certain equipment under capital leases that expire at various times through 2025. The cost of equipment under the capital lease at December 31, 2021 and 2020 is \$312,589 and has been included in property and equipment. Accumulated amortization related to this equipment at December 31, 2021 and 2020, was \$99,436 and \$69,138, respectively.

The YMCA's estimated future minimum lease payments under capital lease obligations together with the present value of the net minimum lease payments at December 31, 2021, are shown below:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 76,317
2023	44,250
2024	44,250
2025	40,563
Total	205,380
Less: Amount Representing Interest	18,263
Present Value of Minimum Lease Payments	\$ 187,117

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NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following programs, purposes, and periods as directed by the donors as of December 31:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
West Lake	\$ 150,000	\$ -
Proviso 2021-2022	25,000	-
Christopher 2021-2022	29,167	-
OPRF Yes Fund	4,377	-
HCF	45,073	45,073
CDBG COVID-19	-	2,320
OPRF Community Foundation Rental Assistance	7,500	15,000
WLHF HL COVID-19 Response Program	-	150,000
John G. Symons PSA Estate	50,000	50,000
Kott Healthy Aging - 146	<u>42,623</u>	<u>21,432</u>
Total Net Assets With Donor Restrictions	<u>\$ 353,740</u>	<u>\$ 283,825</u>

NOTE 12 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the funding agencies and/or by the expiration of time restrictions:

	<u>2021</u>	<u>2020</u>
OPRF Community Foundation Rental Assistance	\$ 15,000	\$ -
WLHF HL COVID-19 Response Program	150,000	-
Proviso	25,000	-
Christopher	20,833	-
OPRF Community	22,500	-
OPRF Yes Fund	1,624	-
PTMHC	-	7,875
Y-USA CDLI	-	7,500
HCF	60,000	64,928
Y-USA DPP	-	7,000
John G. Symons PSA Estate	50,000	30,311
Kott Healthy Aging	38,808	62,266
CDBG COVID-19	<u>2,320</u>	<u>7,680</u>
Total Net Assets Released From Donor Restrictions	<u>\$ 386,085</u>	<u>\$ 187,560</u>

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NOTE 13 – REVENUE, CONTRACT ASSETS AND LIABILITIES

The following table shows the YMCA's revenues from contracts with customers disaggregated according to the timing of the transfer of goods or services:

	<u>2021</u>	<u>2020</u>
Revenue Recognized over Time:		
Membership Dues	\$ 876,527	\$ 496,974
Program Fees	630,196	726,471
Special Events	<u>-</u>	<u>107,584</u>
Total Revenue Recognized over Time	<u>\$ 1,506,723</u>	<u>\$ 1,331,029</u>

The YMCA had no contract assets at December 31, 2021 and 2020. The YMCA has contract liabilities of \$43,754 and \$26,728 at December 31, 2021 and 2020, respectively, representing deferred revenues for payments received from individual customers and members in advance of services provided.

NOTE 14 – CONTINGENCIES

Financial assistance from governmental entities in the form of grants is subject to special audit. Such audits could result in claims against the YMCA for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time. Management believes that any disallowance of expenditures under these grants would not be material.

The World Health Organization has declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the YMCA, COVID-19 may impact various parts of its fiscal year 2022 operations and financial results. Management believes the YMCA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

The YMCA may be named a defendant in litigation in the ordinary course of business. As of the report date, no such lawsuits have been filed. If a lawsuit is filed, the YMCA anticipates defending its position vigorously, but could be open to the possibility of settlement if opportunities for resolution arise that would be advantageous to the organization. As no lawsuits have been filed, no provision for possible loss has been made in these financial statements.

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NOTE 15 – SUBSEQUENT EVENTS

Management evaluated subsequent events through July 5, 2022, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2021, but prior to July 5, 2022, that provided additional evidence about conditions that existed at December 31, 2021, have been recognized in the financial statements for the year ended December 31, 2021. Events or transactions that provided evidence about conditions that did not exist at December 31, 2021, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2021.

Subsequent to year-end, the YMCA applied for the Employee Retention Credit (ERC) grant funding from the Internal Revenue Service. Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. The YMCA applied for approximately \$626,000 of refundable credits. Eligibility and conditions for the ERC program may be audited by the IRS. The amount of liability, if any, from potential noncompliance cannot be determined with certainty. Management is of the opinion that any audit will not have a material adverse impact on the YMCA's financial position.



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