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YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOULDER VALLEY

d/b/a YMCA OF NORTHERN COLORADO

Financial Statements

For the Year Ended December 31, 2020

And

Independent Auditors' Report

YOUNG MEN’S CHRISTIAN ASSOCIATION OF BOULDER VALLEY
d/b/a YMCA OF NORTHERN COLORADO

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Young Men's Christian Association of Boulder Valley

We have audited the accompanying financial statements of Young Men's Christian Association of Boulder Valley d/b/a YMCA of Northern Colorado (the Organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of the Organization as of December 31, 2019 were audited by other auditors whose report dated September 11, 2020 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan + Co, LLP

September 23, 2021

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOULDER VALLEY
d/b/a YMCA OF NORTHERN COLORADO

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 (with comparative totals for 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	$ 1,334,107	$ 1,324,833
Restricted cash and cash equivalents	232,631	226,427
Accounts receivable, net	126,580	192,162
Accounts receivable - Head Start	450,000	1,050,000
Unconditional promises to give and grants receivable, net	1,424,732	193,990
Investments, at fair value	1,669,816	1,294,129
Prepaid expenses	74,869	73,533
Property and equipment, at cost, less accumulated depreciation	14,679,686	14,199,532
Water rights, net of accumulated amortization	18,121	19,167
TOTAL ASSETS	$ 20,010,542	$ 18,573,773
LIABILITIES AND NET ASSETS		
Accounts payable	$ 238,285	$ 190,214
Accrued expenses and other liabilities	730,977	377,262
Deferred revenue	205,065	367,860
Deferred revenue - Head Start	1,762,500	1,800,000
Capital lease obligation	341,332	382,301
Notes payable	7,707,692	4,692,384
Total liabilities	10,985,851	7,810,021
NET ASSETS		
Without donor restrictions:		
Undesignated	4,944,546	5,661,934
Quasi-endowment	866,876	1,639,147
Total net assets without donor restrictions	5,811,422	7,301,081
With donor restrictions	3,213,269	3,462,671
Total net assets	9,024,691	10,763,752
TOTAL LIABILITIES AND NET ASSETS	$ 20,010,542	$ 18,573,773

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOULDER VALLEY
d/b/a YMCA OF NORTHERN COLORADO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020 (with comparative totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND PROGRAM REVENUE				
Membership dues and fees	$ 3,157,033		$ 3,157,033	4,218,064
Program fees	3,899,042		3,899,042	7,161,447
Grant and contract income	1,682,478	$ 80,449	1,762,927	425,968
Contributions	189,707	1,306,911	1,496,618	1,188,896
United Way contributions	116		116	61
Return on investments	37,087	145,451	182,538	159,156
Loss on disposal of property and equipment	(1,133)		(1,133)	(9,483)
Other revenue	235,742		235,742	270,320
Net assets released from donor restrictions	1,782,213	(1,782,213)		
TOTAL SUPPORT AND PROGRAM REVENUE	10,982,285	(249,402)	10,732,883	13,414,429
EXPENSES				
Program activities:				
Membership	4,933,614		4,933,614	4,951,428
School age	2,149,901		2,149,901	1,982,891
Youth sports	650,714		650,714	829,975
Camps	848,062		848,062	1,594,486
Community	69,051		69,051	177,306
TOTAL PROGRAM ACTIVITIES EXPENSES	8,651,342	–	8,651,342	9,536,086
Supporting services:				
Management and general	3,615,502		3,615,502	3,973,264
Fundraising	205,100		205,100	263,060
TOTAL SUPPORTING SERVICES EXPENSES	3,820,602	–	3,820,602	4,236,324
TOTAL EXPENSE	12,471,944	–	12,471,944	13,772,410
CHANGE IN NET ASSETS	(1,489,659)	(249,402)	(1,739,061)	(357,981)
NET ASSETS, beginning of year	7,301,081	3,462,671	10,763,752	11,121,733
NET ASSETS, end of year	$ 5,811,422	$ 3,213,269	$ 9,024,691	$ 10,763,752

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOULDER VALLEY
d/b/a YMCA OF NORTHERN COLORADO

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020 (with comparative totals for 2019)

	2020										
	Program Services						Supporting Services				
	Membership	School Age	Youth Sports	Camps	Community	Program Services Total	Management and General	Fund Raising	Supporting Services Total	Total	2019 Total
Salaries	$ 2,441,141	$ 1,380,728	$ 361,812	$ 469,287	$ 52,158	$ 4,705,126	$ 1,661,326	$ 105,799	$ 1,767,125	$ 6,472,251	$ 6,604,154
Occupancy and related expenses	631,720	211,202	26,876	154,395	310	1,024,503	396,361		396,361	1,420,864	1,653,672
Depreciation and amortization	863,174	78,836	70,025	21,782		1,033,817	33,188		33,188	1,067,005	1,080,608
Employee benefits	172,885	133,775	60,854	41,561		409,075	294,615	10,963	305,578	714,653	659,875
Payroll expenses	236,011	134,995	35,664	49,098	2,452	458,220	104,195	9,590	113,785	572,005	602,898
Contract services	24,611	1,989	21,908	4,371		52,879	379,557		379,557	432,436	618,263
Program costs	61,035	103,747	28,713	43,217	10,934	247,646	64,704	43,814	108,518	356,164	579,454
Supplies	156,940	620	67	962	350	158,939	62,637		62,637	221,576	262,833
Interest expenses	203,037					203,037	5,701		5,701	208,738	307,272
Advertising	106	156			600	862	202,340		202,340	203,202	265,385
Administrative costs		1,108	4,539			5,647	170,496	385	170,881	176,528	212,942
Fair share support costs	71,452	55,749	19,412	35,837	549	182,999	(25,069)	13,757	(11,312)	171,687	170,714
Telephone	26,744	10,967	3,720	12,139	1,029	54,599	86,880	1,440	88,320	142,919	125,565
Equipment costs	31,105	9,358	4,202	9,990		54,655	66,988	14,895	81,883	136,538	149,968
Employee costs and training	12,114	18,413	12,922	2,568	639	46,656	25,634	2,094	27,728	74,384	130,934
Travel and transportation costs	1,060	8,258		2,680	30	12,028	56,572	335	56,907	68,935	176,783
Postage				175		175	27,918	34	27,952	28,127	45,397
Fundraising costs	479					479	18	1,994	2,012	2,491	8,381
Bad debt expense							1,441		1,441	1,441	45,338
TOTAL	$ 4,933,614	$ 2,149,901	$ 650,714	$ 848,062	$ 69,051	$ 8,651,342	$ 3,615,502	$ 205,100	$ 3,820,602	$ 12,471,944	$ 13,700,436
Percent of total	39%	17%	5%	7%	1%	69%	29%	2%	31%	100%	
TOTAL - 2019	$ 4,951,428	$ 1,982,891	$ 829,975	$ 1,594,486	$ 177,306	$ 9,536,086	$ 3,973,264	$ 263,060	$ 4,236,324		$ 13,772,410
Percent of total - 2019	36%	14%	6%	12%	1%	69%	29%	2%	31%		100%

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOULDER VALLEY
d/b/a YMCA OF NORTHERN COLORADO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020 (with comparative totals for 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,739,061)	$ (357,981)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,067,005	1,080,608
Other	6,591	145,380
Realized and unrealized investment gains	(176,193)	(101,744)
Change in operating assets and liabilities:		
Accounts receivable	664,141	(1,063,154)
Unconditional promises to give and grants receivable	(1,230,742)	573
Prepaid expenses	(1,336)	(32,821)
Accounts payable	48,071	(79,172)
Accrued expenses and other liabilities	353,715	(24,657)
Deferred revenue	(200,295)	1,808,359
Net cash provided by (used in) operating activities	(1,208,104)	1,375,391
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,547,246)	(1,267,522)
Redemptions of investments	30,763	55,530
Purchases of investment	(230,257)	(131,721)
Net cash used in investing activities	(1,746,740)	(1,343,713)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	3,064,000	4,850,000
Payments on notes payable	(52,709)	(4,678,638)
Repayment of capital lease obligation	(40,969)	(87,811)
Financing costs incurred on long-term debt		(160,210)
Net cash provided by (used in) financing activities	2,970,322	(76,659)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,478	(44,981)
CASH AND CASH EQUIVALENTS, Beginning of year	1,551,260	1,596,241
CASH AND CASH EQUIVALENTS, End of year	$ 1,566,738	$ 1,551,260
Cash and cash equivalents are included in the statements of financial position as follows:		
Cash and equivalents	$ 1,334,107	$ 1,324,833
Restricted cash	232,631	226,427
Total	$ 1,566,738	$ 1,551,260
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 204,721	$ 210,994

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities — Young Men's Christian Association of Boulder Valley, d/b/a YMCA of Northern Colorado (the Association) is a non-profit organization under the laws of the State of Colorado. The Association's mission is to advance our cause of strengthening community through youth development, healthy living and social responsibility. The Association is a powerful association of men, women and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being and providing opportunities to give back and support neighbors, the Association enables youth, adults, families and communities to be healthy, confident, connected and secure. As part of our mission our programs are accessible, affordable and open to all faiths, backgrounds, abilities and income levels. We provide financial assistance to people who otherwise may not have been able to afford to participate.

Basis of Presentation — The Association's policy is to prepare its financial statements on the accrual basis in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP).

Net Assets — The Association records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions can generally be used in a manner to support the Association's purpose and general activities. In addition to the undesignated net assets, the Board of Directors has designated a portion of the net assets without donor restrictions into two areas. These are for building repairs and improvements and for its quasi-endowment.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and granters. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and change in net assets.

Comparative Financial Information — The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Going Concern — The Association follows the guidance in ASC 205-40, Presentation of Financial Statements - Going Concern which requires management to assess an entity's ability to continue as a going concern and to provide related disclosure in certain circumstances. See Note 18 to the financial statements for the results of management's assessment of its ability to continue as a going concern.

Cash, Cash Equivalents and Restricted Cash — The Association considers cash on hand, bank checking accounts and temporary investments with an original maturity of three months or less to be cash equivalents. Restricted cash and cash equivalents are limited in use to the payment of costs for certain projects.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets to that sum to the total of the same such amounts shown on the statements of cash flows:

	2020	**2019**
Cash and cash equivalents	$ 1,334,107	$ 951,271
Restricted cash	232,631	599,989
Total cash, cash equivalents and restricted cash presented in the statements of cash flows	$ 1,566,738	$ 1,551,260

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

Accounts Receivable — The Association grants credit to members and other parties. Accounts receivable are carried at cost less an allowance for losses, if an allowance is deemed necessary. The Association does not accrue finance or interest charges. On a periodic basis, the Association evaluates its accounts receivable and determines the requirement for an allowance for losses, based on history of past write-offs, collections and current credit conditions. An account receivable is written-off when it is determined that all collection efforts have been exhausted. There was no allowance for losses relating to accounts receivable as of December 31, 2020 and 2019.

Unconditional Promises to Give — Unconditional promises to give are recognized as revenues in the period the promise is received. Contributions receivable are recorded at net realizable value if expected to be collectible within one year and fair value if expected to be collected in more than one year. A contribution receivable is written-off when it is determined that all collection efforts have been exhausted. The allowance for losses relating to unconditional promises to give as of December 31, 2019 is $36,440. There is no allowance as of December 31, 2020.

Investments — Investments in equity and debt securities, including negotiable certificates of deposit, are reported at their fair values. Unrealized gains and losses are included in the statements of activities and change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment — Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

Assets	**Useful Lives**
Land improvements	5 – 39 years
Building and improvements	3 – 50 years
Furniture, fixtures and equipment	3 – 10 years
Vehicles	5 years
Software	3 years

Expenditures for renewals and betterments greater than $2,500 that materially extend the life of an asset or increase its productivity are capitalized in the property and equipment accounts and are stated at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Expenditures for repairs and maintenance that do not extend asset lives or improve productivity are charged to the appropriate expense accounts as incurred. When assets are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and a gain or loss is recognized.

Debt Discount (Deferred Financing Costs) — Deferred financing costs are amortized over the life of the loans, on a straight line basis, which approximates the effective interest method. Amortization of loan fees is included in interest expense and was $5,615 for each the years ended December 31, 2020 and 2019.

Contributions — The Association evaluates grants and contributions for evidence of the transfer of commensurate value from the Association to the granter or resource provider. The transfer of commensurate value from the Association to the grantor or resource provider may include instances when (a) the goods or services provided by the Association directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider or (b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by the Association. When such factors exist, the Association accounts for the grants or contributions as exchange transactions under ASC 606, Revenue from Contracts with Customers, or other appropriate guidance. In the absence of these factors, the Association accounts for the award under the contribution accounting model.

In the absence of the transfer of commensurate value from the Association to the resource provider, the Association evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for the Association or the right of return to the resource provider. A barrier to entitlement is subject to judgment and generally represents an unambiguous threshold for entitlement that provides clarity to both the Association and resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of the Association to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

Donation of Long-Lived Assets — The Association evaluates the realizability of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss exists when estimated undiscounted net cash flows expected to be generated by the use of the asset including its eventual disposition are less than its carrying value. The excess of the asset's carrying value as compared to its estimated fair value would result in the need to recognize an impairment loss. The Association did not identify any events or circumstances that would require the recognition of an impairment loss for the years ended December 31, 2020 and 2019.

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

The Financial Accounting Standards Board (FASB) guidance requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements.

Functional Allocation of Expenses — The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs and indirect expenses have been allocated among the program activities and supporting services benefited. Such allocation are determined by management on an equitable basis.

The expenses that are allocated are salaries, utilities, and administrative costs, which are allocated on the basis of estimates of time and effort based on expenses. Depreciation and occupancy are allocated on a square-foot basis. The remaining expenses are reported as actual expenses incurred.

Grants and Contracts — The Association receives grant and contract funding from various state and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing and other requirements. These program services range from child care after school programs, day camp, family programs, programs for seniors, and immigration and health and welfare related programs. Such Association's government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred.

Cash received on government grants and contracts prior to incurring allowable expenses are recorded as deferred revenue upon receipt.

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

Donated Services — The Association recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. The Association recognized $33,472 for the year ended December 31, 2019. No amounts were recognized for the year ended December 31, 2020.

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

Revenue Recognition — The Association has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees, and contract revenues.

Membership dues and program fees - Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs. Members join for varying lengths of time and may cancel at any time. Members generally pay a one-time joining fee plus monthly dues in advance. Memberships provide use of the ecreation facilities, access to free classes, programs and activities, and discounts to fee- based programs. The Association offers a variety of programs including family, child care, day camp, resident camp, teen, scholastic, fitness, aquatics, health and international services. Fee- based programs are available to the public. Program fees for short duration programs of two months or less, such as aquatics classes, are typically paid in advance at the time of registration. Program fees for longer duration programs, such as fee-based childcare, are usually paid monthly in advance. Cancellation provisions vary by program, but most transactions are cancellable with 14 days' notice. Refunds may be available for services not provided.

Financial assistance is available to members and program participants. Such financial assistance is reflected as a reduction of gross membership dues and program fees.

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

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

Advertising — The Association uses advertising, primarily in the form of print media, to promote its programs. Advertising costs are charged to expense when incurred. Advertising expense was $203,202 and $265,385 for the years ended December 31, 2020 and 2019, respectively.

Use of Estimates — The preparation of these financial statements in conformity with U.S. GAAP 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. Significant estimates include, but are not limited to, management's estimates of allowance for doubtful accounts and promises to give, capitalization decisions related to property and equipment and the estimated useful lives and salvage values of those assets, estimates related to deferred revenue, allocations of expenses to program and support activities, and estimates related to releases from donor restrictions. Actual results could differ from those estimates.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following represents the Association's financial assets available for general expenditures as of December 31:

	2020	2019
Cash and cash equivalents	$ 1,334,107	$ 1,324,833
Restricted cash and cash equivalents	232,631	226,427
Accounts receivable, net	126,580	192,162
Accounts receivable – Head Start	450,000	1,050,000
Unconditional promises to give and grants receivable, net	1,424,732	193,990
Investments	1,669,816	1,294,129
Total financial assets	5,237,866	4,281,541
Less amounts not available to be used within one year due to:		
Quasi-endowment established by the board	(866,876)	(1,639,147)
Donor restricted	(3,213,269)	(3,462,671)
Total amounts unavailable for general expenditures within one year	(4,080,145)	(4,119,089)
Total financial assets available to management to meet cash needs for general expenditures within one year	$ 1,157,721	$ 162,452

The Association's goal is to maintain financial assets to meet the upcoming 60 days of general expenditures. If achieved, the Association will determine the upcoming needs and if applicable, decide what to do with the excess funds.

3. UNCONDITIONAL PROMISES TO GIVE AND GRANT RECEIVABLES, NET

Unconditional promises to give and grants receivable consist of the following as of December 31:

	2020	2019
Amounts due in less than one year	$ 10,985	$ 976
Grants receivable	1,413,747	193,014
Unconditional promises to give, net	$ 1,424,732	$ 193,990

As of December 31, 2020 and 2019, all promises to give and grant receivables were collectible in less than one year, as such, no discount was applied. All promises to give and grant receivables, as of December 31, 2020 and 2019, were deemed to be fully collectible and, therefore, no allowance was recorded.

4. FUNDING FROM BOULDER COUNTY FOR HEAD START PROGRAM

Boulder County Head Start (Head Start) is a program funded and operated by Boulder County which promotes school readiness for children, ages three to five, in families with low income by offering educational, nutritional, heath, social and other services. During 2019 the Association received two funding arrangements (Arrangements) from Boulder County for the purpose of rehabilitating existing space and constructing new space to be used by the Head Start program. In return for the funding, the Association and Boulder County entered into a 20-year, zero-payment lease. Key terms of the Arrangements were as follows:

Arrangement #1 - In June 2019, the Association received $750,000 for the above stated purpose. The Association entered into a 99-year loan agreement and deed of trust, which is forgivable over 99-years as long as the space is used for youth programming. The loan is repayable to Boulder County should the Association change the use of the space. Management has advised they intend to utilize the space for youth programming for the duration of the loan agreement and they consider a change in use to be remote.

Arrangement #2 - In July 2020, the Association entered into a Construction and Lease Agreement (Lease) with Boulder County for $1,050,000. Under the terms of the lease, the Association will make the space available for the Head Start Program for 20 years, and there will be no rent due to the Association for the duration of the Lease. The $1,050,000 is payable to the Association in two payments of $600,000 to be paid in January 2020 and $450,000 to be paid in January 2021. The $600,000 payment was received in 2020.

Management has determined the Arrangements above are inseparable and both relate to the provision of space to Boulder County, and has therefore accounted for the Arrangements as one unit of account. At December 31, 2020, the Association has an account receivable related to the Arrangements in the amount of $450,000 and deferred revenue in the amount of $1,762,500. The Association will recognize lease revenue over the 20-year life of the lease.

5. FAIR VALUE MEASUREMENTS

The Organization uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The investment'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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables summarize the Association's financial assets and liabilities that are measured at fair value on a recurring basis subsequent to initial recognition, and indicates the fair value hierarchy of the valuation techniques utilized by the Association to determine such fair value:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2020:				
Investments:				
Money market funds	$ 300,370	$		300,370
Certificates of deposit		31,094		31,094
Mutual funds	482,555			482,555
Exchange traded funds	855,797			855,797
Total investments	$ 1,638,722	$ 31,094	$ —	$ 1,669,816

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2019:				
Investments:				
Money market funds	$ 101,557			$ 101,557
Certificates of deposit		$ 281,098		281,098
Mutual funds	437,419			437,419
Exchange traded funds	414,687			414,687
Corporate bonds		59,368		59,368
Total investments	$ 953,663	$ 340,466	$ —	$ 1,294,129

The Association's investments in FDIC-insured, fixed-rate certificates of deposits are valued using a net present value model that discounts the future cash flows at the current market rates.

The Association's investments in corporate bonds and certificates of deposit are measured using quoted market prices multiplied by the quantity held when quoted market prices are observable. If quoted market prices are not available, fair value is determined using one, or a combination, of the following methods (1) a matrix pricing for similar bonds, (2) quoted prices for recent trading activity of assets with similar characteristics to the bond or (3) using an income approach valuation technique that considers, among other things, rates currently observed in publicly traded debt markets for debt of similar terms to companies with comparable credit risk and credit value adjustment to consider the likelihood of counterparty nonperformance, after considerations of the impact of collateralization and netting agreements, if applicable.

Return on investments consists of the following for the year ended December 31:

	2020	2019
2020		
Interest and dividends	43,187	$ 63,843
Gains on investments	146,912	101,744
Investment fees	(7,561)	(6,431)
Return on investments	$ 182,538	$ 159,156

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2020	2019
Land and improvements	$ 4,897,836	$ 4,891,568
Buildings and improvements	15,804,916	15,776,581
Furniture, fixtures and equipment	4,400,284	4,264,111
Vehicles	410,825	410,825
Software	68,810	53,327
Construction in progress	1,386,612	41,891
Total	26,969,283	25,438,303
Less accumulated depreciation	(12,584,087)	(11,621,072)
Net property and equipment	14,385,196	13,817,231
Costs of property and equipment under capital lease:		
Fitness equipment	643,296	643,296
Less accumulated amortization	(348,806)	(260,995)
Net leased property and equipment	294,490	382,301
Total net property and equipment	$ 14,679,686	$ 14,199,532

Total depreciation expense on property and equipment charged to operations was $1,067,005 and $1,080,608 for the years ended December 31, 2020 and 2019, respectively. Amortization of equipment held under capital leases is calculated on a straight-line basis over the life of the asset and is included in depreciation expense.

7. WATER RIGHTS

Water rights were acquired by the Association associated with its development of the Arapahoe Center. The water rights are being amortized using the straight-line method over the remaining useful life of the Arapahoe Center, which is 32 years.

Water rights consist of the following:

	2020	2019
Water rights, at cost	$ 34,500	$ 34,500
Less accumulated amortization	(16,378)	(15,333)
Total intangibles, net	$ 18,122	$ 19,167

Amortization expense was $1,045 for each of the years ended December 31, 2020 and 2019. Estimated amortization expense to be charged to operations will be approximately $1,045 for each of the next five fiscal years.

8. CAPITAL LEASE OBLIGATION

The Association has entered into capital lease agreements for fitness equipment with monthly principal and interest payments of $2,299 and $7,064 per month at an interest rate of 5.44% and 5.78%, respectively, and is secured by the fitness equipment. The leases include mandatory purchase commitments at the end of the leasing period and expire at various times through November 2023.

The following is a schedule of future minimum lease payments at December 31, 2020 under the Association's capital lease:

2021	$ 113,976
2022	113,976
2023	111,645
2024	35,835
	375,432
Less amounts representing interest	34,100
Total	$ 341,332

9. NOTES PAYABLE

Notes payable consist of the following at December 31:

	2020	2019
During April 2019, the Association entered into a financing agreement (Agreement) with The Public Financing Authority and a Bank. The Agreement consists of Series 2019A and Series 2019B revenue bonds, in the amounts of $4,850,000 and $1,400,000, respectively. Under the Agreement $4,850,000 was disbursed in 2019 and $1,400,000 was disbursed in 2020. For Series 2019A, the instrument matures April 1, 2049, however amortization schedule goes through June 1, 2044, allowing for a potential refinance and bears interest at 3.75% multiplied by the Margin Rate Factor, as defined. The first year of the note payable is interest only payments with principal payments beginning May 1, 2020. For Series 2019B, the instrument matures April 1, 2049, however amortization schedule goes through April 1, 2044 allowing for a potential refinance and bears interest at 3.79% multiplied by the Margin Rate Factor, as defined. The first 8 months of the note payable was interest only payments with principal payments beginning May 1, 2021. As of December 31, 2020, the interest rate is 3.75%. and 3.79% on the Series 2019A and Series 2019B, respectively.		

The note payable is subject to certain financial covenants and is collateralized by all land and related land rights and personal property of the Association's facilities in Longmont and Lafayette, Colorado.	6,197,291	4,850,000
Loan issued by a bank bearing interest at 1% in the aggregate amount of $1,514,000 pursuant to the Paycheck Protection Program (the PPP), of the CARES Act, matures on April 15, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on October 1, 2020. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Associations intends to use the entire loan amount for qualifying expenses.	1,514,000	
Loan issued by Small Business Administration bearing interest at 2.75% payable in monthly payments of $641 beginning in June 2021 matures on June 1, 2050, and secured by all assets of the Association.	150,000	
Total	7,861,291	4,850,000
Deferred financing costs	(153,599)	(157,616)
Total notes payable	$ 7,707,692	$ 4,692,384

Required annual minimum principal payments on the above notes are as follows:

2021	$ 174,003
2022	1,676,147
2023	183,830
2024	191,035
2025	198,651
Thereafter	5,284,026
Total	$ 7,707,692

In conjunction with the 2019 note payable, the Association has agreed to comply with certain financial and non-financial covenants. Specifically, the Association is required to provide audited financial statements within 180 days of fiscal year end, as defined in the loan agreement, and to meet a minimum debt service coverage ratio of at least 1.15 to 1.00 measured annually at December 31, and maintain a minimum liquidity (as defined) of no less than $850,000 measured bi-annually at December 31 and June 30. The Association was not in compliance with the timely reporting requirement and the bank has not waived this requirement. At the banks discretion, they may give notice to the Association that the note is immediately due and payable. (See Note 18.)

As of December 31, 2020, the Association was not in compliance with the debt service coverage ratio covenant described above. A covenant violation gives the lender a number of rights which include to accelerate the maturities on the note payable such that it becomes due on demand.

10. BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

Board designated amounts included in net assets without donor restrictions as of December 31, are as follows:

	2020	2019
Improvements	$ 664,184	$ 1,344,599
Quasi-endowment	202,692	294,548
Total board designated	$ 866,876	$ 1,639,147

Building repairs and improvements - The nature of the designation is to maintain funds for building repairs and improvements. The funds can only be utilized by the Association upon approval by the Association's board.

Board designated endowment funds - The board has designated funds to be set aside to establish and maintain an endowment for the purpose of securing the Association's long-term financial viability and continuing to meet the needs of the Association.

11. NET ASSETS WITH DONOR RESTRICTIONS

The Association signed an agreement during the year ended December 31, 2015, with Boulder County to accept funds totaling $60,000 for renovations to the Longmont property. The agreement included a deed of trust which restricts the related use of the properties for 99 years. During the year ended December 31, 2015, the Association transferred the value of the new improvements, totaling $60,000, to net assets with donor restrictions. The restriction is released on a straight-line basis over 99 years, which is the term of the deed of trust.

The Association signed an agreement during the year ended December 31, 2016, with Boulder County to accept funds totaling $202,652 for renovations to the Longmont property. The agreement included a deed of trust which restricts the related use of the properties for 99 years. During the year ended December 31, 2016, the Association transferred the value of the new improvements, totaling $202,652, to net assets with donor restrictions. The restriction is released on a straight-line basis over 99 years, which is the term of the deed of trust.

The Association signed an agreement during the year ended December 31, 2017, with Boulder County to accept funds totaling $125,000 for renovations to the Longmont property. The agreement included a deed of trust which restricts the related use of the properties for 99 years. During the year ended December 31, 2017, the Association transferred the value of the new improvements, totaling $125,000, to net assets with donor restrictions. The restriction is released on a straight-line basis over 99 years, which is the term of the deed of trust.

The Association signed an agreement during the year ended December 31, 2018 with Boulder County to accept funds totaling $100,000 for renovations to the Longmont property. The agreement included a deed of trust which restricts the related use of the properties for 99 years. During the year ended December 31, 2018, the Association transferred the value of the new playground improvements, totaling $100,000, to net assets with donor restrictions. The restriction is released as the underlying assets depreciate, and in the case of land, over 99 years, which is the term of the deed of trust.

The Association signed an agreement during the year ended December 31, 2019 with Boulder County to accept funds totaling $898,113 for renovations to the Longmont and Arapahoe properties. The agreement included a deed of trust which restricts the related use of the properties for 99 years. During the year ended December 31, 2019, the Association transferred the value of the new preschool and improvements, totaling $898,113, to net assets with donor restrictions. The restriction is released as the underlying assets depreciate, and in the case of land, over 99 years, which is the term of the deed of trust.

During 2020 and 2019, the Association released $14,046 and $119,736 to net assets without donor restrictions, respectively. In the unlikely event that the Association decides to sell the Longmont or Arapahoe properties, Boulder County would be reimbursed for the value of the grant per the contract signed by both parties.

Net assets with donor restrictions are available for the following purposes:

	2020	2019
Subject to the expenditure for specified purpose:		
Grants		
Collaborative	$ 20,830	$ 37,055
Teens		85,930
Camping		
Expansion	3,228	45,000
Preschool		49,106
Restricted cash and investment funds	420,014	226,427
Endowments, held in perpetuity	675,427	467,250
Accumulated earnings subject to the Association's spending policies	289,058	189,168
Other		33,546
Subject to the passage of time:		
Longmont assets	468,157	2,329,189
Arapahoe	1,366,555	
Total net assets with donor restrictions	$ 3,213,269	$ 3,462,671

Net assets with donor restrictions released were as follows:

	2020	2019
Community programs	$ 781,442	$ 231,672
Preschool	137,717	
Ryder's fund	79,471	30,110
Teens	50,319	
Health and wellness	49,868	89,677
Longmont renovations		50,000
Support of Arapahoe ice facility		4,356
Longmont deed of trust		119,736
Strong kids		731,184
Other	16,399	19,653
Total net assets released with donor restrictions	$ 1,782,213	$ 1,276,388

12. ENDOWMENTS

The Association's endowment consists of three individual funds established for the purposes of the Association's ice rink at its Arapahoe Center, for a scholarship fund and a memorial fund, which are the donor-restricted endowment funds, and also includes a board designated endowment.

Interpretation of relevant law - The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies the following as net assets with donor restrictions; (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. Risk aversion based on the goals of the Association and the donor-restricted endowment fund
3. General economic condition
4. The liquidity of the investment based on the Association's fund requirements
5. The expected total return from income and the appreciation of investments
6. Alternative fund sources of the Association
7. The investment policies of the Association

The following table presents the endowment net assets composition by type of fund as of December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 202,692	$ —	$ 202,692
Donor-designated endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		675,427	675,472
Accumulated investment gains		289,058	289,058
Endowment net assets, end of year	$ 202,692	$ 964,485	$ 1,167,176

The following table presents the endowment net assets composition by type of fund as of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 294,548	$ —	$ 294,548
Donor-designated endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		$ 467,250	$ 467,250
Accumulated investment gains		189,168	189,168
Endowment net assets, end of year	$ 294,548	$ 656,418	$ 950,966

The following table presents the change in endowment net assets for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 294,548	$ 656,418	$ 950,966
Investment gain, net	14,685	99,890	114,575
Contributions	1,610	208,177	209,787
Net assets released from restrictions	(108,152)		(108,152)
Endowment net assets, end of year	$ 202,691	$ 964,485	$ 1,167,176

The following table presents the change in endowment net assets for the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 270,555	$ 575,176	$ 845,731
Investment gain, net		114,571	114,571
Contributions	27,552		27,552
Net assets released from restrictions	(3,559)	(33,329)	(36,888)
Endowment net assets, end of year	$ 294,548	$ 656,418	$ 950,966

Funds with deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. If the endowments were underwater, the Association would cease spending until the endowments were replenished. There were no such deficiencies as of December 31, 2020 and 2019.

Return objectives and risk parameters - The Association has adopted an investment policy for endowment assets to achieve three objectives: preservation of capital, asset appreciation and to use current income to support its operations. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s).

Under this policy, as approved by the Board of Directors, the endowment assets are invested to achieve a targeted real return of approximately five percentage points (net of expenses) above inflation as measured by the Consumer Price Index (CPI). It is understood an average real return (investment return less rate of inflation) will require superior management performance to retain principal value, and purchasing power.

Strategies employed for achieving objectives - To satisfy the short and long-term rate-of- return objectives of the funds, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association's investment guidelines imply a balanced investment approach, with fifty percent of the assets in equity investments, thirty-five percent in fixed income investments, ten percent in alternative investments, and five percent in cash or cash equivalents with an allowable temporary range for each investment category as defined in the Association's investment policy statement.

Expenditure policy - The endowments are administered by the Board of Directors in accordance with the terms of the endowment. The net assets with donor restrictions are to be held in perpetuity. The net assets with and without donor restricted funds may be expended by the Board of Directors in accordance with the endowment.

13. OPERATING LEASES

The Association leases office equipment, vehicles and school buildings under non-cancellable operating lease agreements expiring at various dates through August 2023.

The future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year are as follows:

2021	$ 16,488
2022	12,834
2023	3,825
Total	$ 33,147

Total rental expense was $329,709 and $593,095 for the years ended December 31, 2020 and 2019, respectively.

14. RETIREMENT PLAN

The Association participates in the YMCA Retirement Fund Retirement Plan (Retirement Fund) (a separate organization) which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan (Tax- Deferred Savings Plan) which is a retirement income account plan as defined in section 403(b)(9) of the code. Both Plans are sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Fund and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with our agreement, contributions for the Retirement Fund are a percentage of the participating employees' salary. These amounts are paid by the Association. Retirement fund contributions charged to expense were $349,511 and $343,804 for the years ended December 31, 2020 and 2019, respectively.

Contributions to the Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the Retirement Fund. There is no matching employer contribution to this plan.

15. CONTINGENCIES

Indemnification - Under the Articles of Incorporation, the Association's directors and officers are indemnified against certain liability arising out of the performance of their duties to the Association. The Association also has an insurance policy for its directors and officers to insure it against liabilities arising from the performance of their duties required by their positions with the Association. The Association's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Association that have not yet occurred. However, based on experience, the Association expects the risk of loss to be remote.

Head Start forgivable loan - As described in Note 4, during 2019 the Association entered into two arrangements with Boulder County, one of which is in the form of a 99-year forgivable loan, and which is repayable should the Association change the use of the space from a youth- programming oriented format to another purpose.

Management has determined the Arrangements are inseparable and both relate to the provision of space to Boulder County, and management considers a change in use such that the forgivable loan becomes repayable, to be remote. Management has therefore accounted for the Arrangements as one unit of account and will recognize both Arrangements as lease revenue over the 20-year life of the lease, commencing when Boulder County takes possession of the space. Should the Association chance the use of the space, the forgivable loan described in Note 4 will become repayable to Boulder County.

16. CONCENTRATIONS

The Association's facilities are located in Boulder and Weld County, Colorado and the programs served are in Boulder, Broomfield, Weld, and Larimer Counties. Therefore, the Association's revenues are dependent upon the economy in that region.

17. RELATED PARTY TRANSACTIONS

During 2019, the Association received janitorial services from an organization which was controlled by a member of the board of directors. During the year ended December 31, 2019 the Association incurred expenses to this organization of $208,057.

During 2020 and 2019, the Association received legal services from an organization which is controlled by a member of the board of directors. During the years ended December 31, 2020 and 2019 the Association incurred expenses to this organization of $13,750 and $29,176, respectively.

During 2020 and 2019, the Association received mechanical services from an organization which is controlled by a member of the board of directors. During the years ended December 31, 2020 and 2019 the Association incurred expenses to this organization of $240,343 and $483,440, respectively.

The Association pays due to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2020 and 2019, were $144,329 and $174,372, respectively. Dues expensed to the YMCA of the USA for the years ended December 31, 2020 and 2019, were $171,687 and $167,714, respectively.

18. GOING CONCERN

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended worldwide mitigation measures. The COVID-19 outbreak has caused, and continues to cause, significant disruption across a range of organizations, including the health and fitness, childcare and other programming offered by YMCAs across the Country.

The Association's facilities were closed and programs ceased between mid-March and the end of May when the Association started re-opening their facilities and programming in accordance and compliance with state and local health directives. As of the date of these financial statements, the Association's facilities and programs are open and operating with reduced operational capacity and reduced demand. The Association has generated deficits and negative cash flows from operations since the outbreak of COVID-19 and the duration and effect of COVID-19 on the Association's future operational and financial performance remains unknown.

Additionally, as described in Note 10, the Association has a note payable which contains financial covenants that the Association maintain a minimum debt service coverage ratio (as defined in the credit agreement) measured annually at December 31 and to maintain a minimum liquidity threshold (as defined in the credit agreement) and which is measured at June 30 and December 31 each year. As of December 31, 2020 the Association was in violation of the debt service coverage ratio covenant. The note payable also requires annual audited financial statements to be submitted to the bank within 180 days of fiscal year end. The Association was in violation of this covenant. A covenant violation gives the lender a number of rights which include to accelerate the maturities on the note payable such that it becomes due on demand. The Association has not received a waiver of these covenants, but expects to obtain such waivers upon submission of its audited financial statements.

The Association has taken a number of proactive steps to manage the effects of COVID, including obtaining two Paycheck Protection Program loans, each in the amount of $1,514,000, which management expects both loans will be fully eligible for forgiveness, obtaining an Economic Injury Disaster Loan in the amount of $150,000, which must be paid back over 30 years. The Association has also applied for Employee Retention Tax Credits (ERTC) totaling $2,023,984 and is awaiting IRS approval of its amended payroll tax returns for 2020 and 2021.

In addition to the PPP loans and tax credits, the Association is also managing personnel and discretionary expenses, working with vendors and lenders to reduce and/or defer obligations, improving its operating plan for efficiency and safety and working with funders to provide additional funding and/or to alleviate restrictions on funds given in past. As a result of management's efforts, the lender agreed to defer scheduled payments of principal through August 2, 2020. Management strongly believes they have a positive relationship with the lender, and that the lender will continue to be flexible to the needs of the Association in future, as they have been in past. Additionally, during 2021 management witnessed the revival of its core programs of health and wellness, childcare, summer resident and day camp, and youth sports, once the effects of COVID subsided.

The success of the efforts described above are uncertain and depend on many factors, including those which are beyond the control of the Association, and these factors give rise to substantial doubt about the Association's ability to continue as a going concern.

The Association's ability to continue as a going concern is dependent on its ability to remain open and compliant with state and local heath and government regulations and to operate at sufficient levels to enable it to generate sufficient cash flow to satisfy obligations. Additionally, the Association will need to generate sufficient financial performance to enable it to achieve the required financial covenants for measurement periods described above. If the Association is unable to achieve these objectives, they may find it necessary to dispose of assets, or undertake other actions as may be appropriate.

Because of the uncertainties described above, there is substantial doubt about the Association's ability to continue as a going concern for a period of at least one year from the date these financial statements were available to be issued. The financial statements do not include any adjustments that might be necessary should the Association be unable to continue as a going concern, and such adjustments could be material.

19. SUBSEQUENT EVENTS

On February 8, 2021, the Association received a second loan through the Payroll Protection Program for $1,514,000. On June 17, 2021, the Association’s first loan through the Payroll Protection Program for $1,514,000 was forgiven.

On September 14, 2021, the Association entered into a Management Service Agreement (the Agreement) with the Cheyenne Family YMCA (CFY), which expires on or about December 31, 2021. Under the Agreement, the Association will assume management responsibilities of CFY, as if CFY is operating as a branch of the Association. As consideration for these services, the CFY will pay the

Association $2,000 per month. The Agreement has been entered into while the parties negotiate the terms of an Asset Acquisition Agreement (AAA). The Association anticipates that under the terms of the AAA the Association will acquire the assets and assume the liabilities of CFY. It is further anticipated that upon execution of the AAA that CFY will cease to exist as a stand-alone corporation and will become a branch of the Association.