YMCA of the Rockies

Independent Auditor's Report and Financial Statements

December 31, 2021 and 2020

YMCA of the Rockies

December 31, 2021 and 2020

Contents

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Independent Auditor's Report

Board of Directors
YMCA of the Rockies
Estes Park, Colorado

Opinion

We have audited the financial statements of YMCA of the Rockies (the YMCA), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 accompanying financial statements present fairly, in all material respects, the financial position of YMCA of the Rockies 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of YMCA of the Rockies 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 these 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 YMCA of the Rockies' ability to continue as a going concern within one year after the date that these financial statements are issued.

Board of Directors
YMCA of the Rockies

Auditor's 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 auditor's 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 YMCA of the Rockies' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about YMCA of the Rockies' 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.

BKD, LLP

Denver, Colorado
March 2, 2022

YMCA of the Rockies

Statements of Financial Position

December 31, 2021 and 2020

Assets

	2021	2020
Cash	$ 2,357,171	$ 2,602,067
Investments - without donor restrictions	37,019,350	30,247,646
Investments - with donor restrictions	18,695,525	14,279,870
Accounts receivable	809,159	450,277
Insurance recovery receivable	4,598	1,699,427
Inventories	591,611	817,549
Prepaid expenses	1,517,873	1,086,567
Contributions receivable, net	3,750,109	3,982,168
Right-of-use assets - operating leases	86,307	149,752
Property and equipment, net	104,059,824	103,885,771
Total assets	$ 168,891,527	$ 159,201,094

Liabilities

	2021	2020
Accounts payable	$ 1,036,587	$ 2,147,755
Accrued expenses	1,872,772	1,236,949
Deferred membership income	1,797,643	1,786,350
Deferred rental income	1,093,455	800,976
Advance deposits	5,047,031	4,217,838
Operating lease liabilities	86,307	149,752
Interest rate swap agreement	7,245,700	9,494,424
Long-term debt, net	31,615,548	32,882,148
Total liabilities	49,795,043	52,716,192

Net Assets

	2021	2020
Without donor restrictions		
Board-designated for endowment	30,594,376	29,038,882
Undesignated	66,061,665	59,194,816
	96,656,041	88,233,698
With donor restrictions		
Purpose restrictions	12,862,026	8,798,043
Perpetual in nature	9,578,417	9,453,161
	22,440,443	18,251,204
Total net assets	119,096,484	106,484,902
Total liabilities and net assets	$ 168,891,527	$ 159,201,094

YMCA of the Rockies

Statement of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Public support			
Membership dues	$ 960,075	$ -	$ 960,075
Grant income	2,000,000	-	2,000,000
Contributions	2,108,083	5,737,263	7,845,346
Total public support	5,068,158	5,737,263	10,805,421
Program service revenue			
Estes Park Center	23,368,450	-	23,368,450
Snow Mountain Ranch	10,881,208	-	10,881,208
Total program service revenue	34,249,658	-	34,249,658
Investment return, net	2,498,276	1,436,346	3,934,622
Other	(124,664)	-	(124,664)
	41,691,428	7,173,609	48,865,037
Net assets released from restrictions	2,984,370	(2,984,370)	-
Total revenue, gains and other support	44,675,798	4,189,239	48,865,037
Expenses			
Program services			
Estes Park Center	22,075,469	-	22,075,469
Snow Mountain Ranch	11,731,523	-	11,731,523
Total program services	33,806,992	-	33,806,992
Supporting services	4,300,143	-	4,300,143
Fundraising	753,023	-	753,023
Total expenses	38,860,158	-	38,860,158
Change in Net Assets Before Nonoperating Activities	5,815,640	4,189,239	10,004,879
Gain on involuntary conversion	357,979	-	357,979
Change in fair value of interest rate swap agreement	2,248,724	-	2,248,724
Change in Net Assets	8,422,343	4,189,239	12,611,582
Net Assets, Beginning of Year	88,233,698	18,251,204	106,484,902
Net Assets, End of Year	$ 96,656,041	$ 22,440,443	$ 119,096,484

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Public support			
Membership dues	$ 801,217	$ -	$ 801,217
Grant income	3,544,216	-	3,544,216
Contributions	2,881,827	4,158,798	7,040,625
Total public support	7,227,260	4,158,798	11,386,058
Program service revenue			
Estes Park Center	12,805,264	-	12,805,264
Snow Mountain Ranch	6,779,856	-	6,779,856
Total program service revenue	19,585,120	-	19,585,120
Investment return, net	3,266,516	1,832,745	5,099,261
Other	(119,056)	-	(119,056)
	29,959,840	5,991,543	35,951,383
Net assets released from restrictions	4,238,075	(4,238,075)	-
Total revenue, gains and other support	34,197,915	1,753,468	35,951,383
Expenses			
Program services			
Estes Park Center	18,047,132	-	18,047,132
Snow Mountain Ranch	8,905,166	-	8,905,166
Total program services	26,952,298	-	26,952,298
Supporting services	3,736,781	-	3,736,781
Fundraising	613,219	-	613,219
Total expenses	31,302,298	-	31,302,298
Change in Net Assets Before Nonoperating Activities	2,895,617	1,753,468	4,649,085
Gain on involuntary conversion	192,396	-	192,396
Change in fair value of interest rate swap agreement	(1,924,215)	-	(1,924,215)
Change in Net Assets	1,163,798	1,753,468	2,917,266
Net Assets, Beginning of Year	87,069,900	16,497,736	103,567,636
Net Assets, End of Year	$ 88,233,698	$ 18,251,204	$ 106,484,902

YMCA of the Rockies

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services			Support Services		
	Estes Park Center	Snow Mountain Ranch	Total	Management and General	Fundraising	Total Expenses
Cost of goods sold	$ 2,344,525	$ 1,373,057	$ 3,717,582	$ -	$ -	$ 3,717,582
Salary expense	6,374,285	4,421,926	10,796,211	2,274,247	427,122	13,497,580
Payroll taxes and benefits	1,512,982	1,007,031	2,520,013	570,083	125,468	3,215,564
Other employee expenses	141,388	141,455	282,843	30,842	27,167	340,852
Supplies	732,327	317,054	1,049,381	8,299	2,044	1,059,724
Equipment	645,974	465,258	1,111,232	85,105	31,815	1,228,152
Repair and replacement	1,491,785	458,600	1,950,385	-	-	1,950,385
Utilities	1,227,763	570,691	1,798,454	-	-	1,798,454
Telephone	240,813	115,433	356,246	18,358	5,221	379,825
Credit card fees	489,930	261,369	751,299	33,278	-	784,577
Bond fees	26,873	-	26,873	-	-	26,873
Insurance	1,052,059	499,789	1,551,848	-	-	1,551,848
Property taxes	22,550	17,064	39,614	-	-	39,614
Interest expense	1,473,669	-	1,473,669	-	-	1,473,669
Professional services	117,708	42,230	159,938	259,387	53,303	472,628
Communications	-	-	-	618,052	-	618,052
Other	372,462	271,899	644,361	402,492	80,883	1,127,736
Depreciation	3,808,376	1,768,667	5,577,043	-	-	5,577,043
	$ 22,075,469	$ 11,731,523	$ 33,806,992	$ 4,300,143	$ 753,023	$ 38,860,158

YMCA of the Rockies

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services			Support Services		
	Estes Park Center	Snow Mountain Ranch	Total	Management and General	Fundraising	Total Expenses
Cost of goods sold	$ 1,195,166	$ 762,192	$ 1,957,358	$ -	$ -	$ 1,957,358
Salary expense	5,478,076	3,370,945	8,849,021	2,018,281	378,331	11,245,633
Payroll taxes and benefits	1,651,050	980,214	2,631,264	591,123	106,880	3,329,267
Other employee expenses	94,725	86,331	181,056	15,334	9,913	206,303
Supplies	507,664	249,331	756,995	12,724	302	770,021
Equipment	441,568	257,817	699,385	53,120	22,188	774,693
Repair and replacement	842,932	269,517	1,112,449	-	-	1,112,449
Utilities	1,038,076	509,521	1,547,597	-	-	1,547,597
Telephone	249,343	112,065	361,408	17,677	1,703	380,788
Credit card fees	280,890	179,289	460,179	36,824	-	497,003
Bond fees	26,957	-	26,957	-	-	26,957
Insurance	479,466	225,631	705,097	-	-	705,097
Property taxes	30,632	13,555	44,187	-	-	44,187
Interest expense	1,583,217	-	1,583,217	-	-	1,583,217
Professional services	66,045	42,689	108,734	181,247	32,726	322,707
Communications	-	-	-	596,246	-	596,246
Other	120,389	132,707	253,096	214,205	61,176	528,477
Depreciation	3,960,936	1,713,362	5,674,298	-	-	5,674,298
	$ 18,047,132	$ 8,905,166	$ 26,952,298	$ 3,736,781	$ 613,219	$ 31,302,298

YMCA of the Rockies

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	$ 12,611,582	$ 2,917,266
Items not requiring (providing) cash		
Depreciation	5,577,043	5,674,298
Amortization of debt issuance costs	13,400	13,401
Net realized and unrealized gain on investments	(3,654,098)	(4,768,857)
Donated securities	(1,061,233)	(578,488)
Bad debt expense (recoveries)	1,042	(1,473)
Change in fair value of interest rate swap agreements	(2,248,724)	1,924,215
Contributions restricted to investment in property and equipment	(5,094,712)	(3,598,089)
Contributions restricted for long-term investment	(125,256)	(45,528)
Loss on disposal of property and equipment	257,824	212,166
Loss (gain) on involuntary conversion	(411,077)	538,311
Forgiveness of Paycheck Protection Loan	(2,000,000)	(3,544,216)
Proceeds received from Paycheck Protection Loan	2,000,000	3,544,216
Changes in		
Accounts and contributions receivable	(127,865)	366,457
Insurance recovery receivable - business interruption	901,480	(901,480)
Insurance recovery receivable - involuntary conversion	793,349	(797,947)
Inventories	225,938	(66,534)
Prepaid expenses	(431,306)	(503,197)
Accounts payable and accrued expenses	(441,045)	707,514
Deferred rental and membership income	303,772	151,633
Advanced deposits	829,193	(687,939)
Net cash provided by operating activities	7,919,307	555,729
Investing Activities		
Purchase of property and equipment	(6,009,923)	(6,049,910)
Proceeds from sale of property and equipment	-	71,996
Proceeds from involuntary conversion	377,780	-
Purchase of investment securities	(37,562,169)	(38,245,160)
Proceeds from sale and maturity of investment securities	31,090,141	43,331,042
Net cash used in investing activities	(12,104,171)	(892,032)
Financing Activities		
Principal payments on long-term debt	(1,280,000)	(1,235,000)
Contributions restricted to purchase of property and equipment	5,094,712	3,598,089
Contributions restricted for long-term investment	125,256	45,528
Net cash provided by financing activities	3,939,968	2,408,617

YMCA of the Rockies

Statements of Cash Flows (continued)

Years Ended December 31, 2021 and 2020

	2021	2020
Change in Cash	(244,896)	2,072,314
Cash, Beginning of Year	2,602,067	529,753
Cash, End of Year	$ 2,357,171	$ 2,602,067
Supplemental Cash Flows Information		
Interest paid	$ 1,480,048	$ 1,587,785
Property and equipment purchases in accounts payable	393,487	427,787
Involuntary Conversion Reconciliation (See Note 1)		
Gain on involuntary conversion, per statements of activities	357,979	192,396
Plus: Non property and equipment-related expenses	24,399	567,240
Plus (Less): Insurance recovery on expenses	28,699	(500,000)
Less insurance recoveries, received after year-end	-	(797,947)
Gain (loss) on involuntary conversion, per statements of cash flows	$ 411,077	$ (538,311)

YMCA of the Rockies
Notes to Financial Statements
December 31, 2021 and 2020

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

Nature of Operations

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

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

At December 31, 2021, the YMCA's cash accounts exceeded federally insured limits by approximately $2,325,000. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents for financial reporting purposes.

Investments and Investment Return, Net

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

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

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

Accounts Receivable

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

Insurance Recovery Receivable and Involuntary Conversion

During 2020, wildfires threatened the YMCA's Estes Park Center. While there was no substantial property damage as a direct result of the fires, due to the proximity of the fire, this location had to be temporarily evacuated and closed, including the shut-off of utilities. When combined with the below-freezing temperatures, this resulted in damage to plumbing and equipment which, in turn, caused significant damage to certain facilities. As a result of this, the YMCA filed a claim for both real and personal property as well as a business interruption claim for lost revenues.

Regarding the real and personal property claims, during 2021 and 2020, the YMCA received payments and incurred various mitigation, disposal and repair expenses resulting in net gains on the involuntary conversions of $357,979 and $192,396, respectively, as reported in the statements of activities.

Regarding the business interruption claim, during 2021 and 2020, the YMCA received payments included in Estes Park Center program service revenues on the statements of activities.

The following tables summarize the insurance proceeds received and receivable, costs incurred and net gains recognized during 2021 and 2020:

	Involuntary Conversion				
December 31, 2021	**Property and Equipment**	**Operating Items**	**Total**	**Business Interruption**	**Total**
Insurance proceeds, received	$ 406,479	$ (28,699)	$ 377,780	$ 226,747	$ 604,527
Insurance proceeds, receivable	4,598	-	4,598	-	4,598
Cost of repairs and disposals	-	(24,399)	(24,399)	-	(24,399)
Net gain (loss) on insurance	$ 411,077	$ (53,098)	$ 357,979	$ 226,747	$ 584,726

	Involuntary Conversion				
December 31, 2020	**Property and Equipment**	**Operating Items**	**Total**	**Business Interruption**	**Total**
Insurance proceeds, received	$ -	$ 500,000	$ 500,000	$ -	$ 500,000
Insurance proceeds, receivable	747,431	50,516	797,947	901,480	1,699,427
Cost of repairs and disposals	(538,311)	(567,240)	(1,105,551)	-	(1,105,551)
Net gain (loss) on insurance	$ 209,120	$ (16,724)	$ 192,396	$ 901,480	$ 1,093,876

Inventories

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

Property and Equipment

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

	Years
Buildings	33 years
Improvements	25 years
Transportation and other equipment	5 years

Long-lived Asset Impairment

The YMCA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2021 and 2020.

Deferred Revenue

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

Debt Issuance Costs

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

Net Assets

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

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

YMCA of the Rockies
Notes to Financial Statements
December 31, 2021 and 2020

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Membership and Program Service Revenue

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

Membership Dues Revenue

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

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

Program Service Revenue

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

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

Transaction Price and Recognition

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

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

For the years ended December 31, 2021 and 2020, the YMCA recognized revenue of approximately $34,535,000 and $20,020,000, respectively, from membership dues and program service revenues that transfer to the customer over time and approximately $2,050,000 and $1,350,000, respectively, from "general store" or other point-of-sale revenues that transfer to the customer at a point in time.

Contributions

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

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

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

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

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

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Grant Income

On April 23, 2020, the YMCA received a Paycheck Protection Program (PPP) loan of $3,544,216, established by the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) and has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Under ASC 958-605, revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. The YMCA believes they substantially met the terms and conditions of the program during 2020, as they have incurred sufficient qualifying expenses, maintained adequate FTE and salary levels, as well as complied with program eligibility requirements. In addition, the YMCA received formal notice that this loan was forgiven in its entirety. As such, the YMCA recognized grant income of $3,544,216 in the 2020 statement of activities.

On February 23, 2021, the YMCA received a second PPP loan of $2,000,000. The YMCA believes they substantially met the terms and conditions of the program during 2021, as they have incurred sufficient qualifying expenses, maintained adequate FTE and salary levels, as well as complied with program eligibility requirements. In addition, the YMCA received formal notice that this loan was forgiven in its entirety. As such, the YMCA recognized grant income of $2,000,000 in the 2021 statement of activities.

PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration and/or lender; as a result of such audits, adjustments may be required to the recognition of revenue.

Nonoperating Revenues and Expenses

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

Functional Allocation of Expenses

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

Income Taxes

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

Revisions to Prior Year's Financial Statements

Certain revisions have been made to the 2020 statement of cash flows for amounts reported under purchase of investment securities and proceeds from sale and maturity of investment securities to better align with portfolio activity. These revisions did not have any impact on net cash used in investing activities. The changes resulted in an increase in purchase of investment securities of $13,036,097 and a corresponding increase in proceeds from sale and maturity of investment securities of $13,036,097.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Liquidity and Availability

Financial assets available for general expenditure; that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020, comprise the following:

	2021	2020
Financial assets at year-end		
Cash	$ 2,357,171	$ 2,602,067
Investments	55,714,875	44,527,516
Accounts and insurance recovery receivables	813,757	2,149,704
Contributions receivable, net	3,750,109	3,982,168
	62,635,912	53,261,455
Less amounts not available to be used for general expenditures within one year		
Board-designated net assets	(30,594,376)	(29,038,882)
Net assets with donor restrictions	(22,440,443)	(18,251,204)
	(53,034,819)	(47,290,086)
Financial assets available to meet cash needs for general expenditures within one year	$ 9,601,093	$ 5,971,369

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

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

Note 3: Disclosures About Fair Value of Assets and Liabilities

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

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2021 and 2020:

	2021			
		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market funds	$ 10,608,471	$ 10,608,471	$ -	$ -
Equity securities	160,569	160,569	-	-
Mutual funds	243,955	243,955	-	-
Alternative investments, measured at net asset value (A)				
Fixed income (B)	3,948,211	-	-	-
Equities (C)				
Large-cap	12,913,081	-	-	-
Small/mid-cap	4,785,868	-	-	-
International	5,944,574	-	-	-
Money market investment fund (D)	17,110,146	-	-	-
	$ 55,714,875	$ 11,012,995	$ -	$ -
Liabilities				
Interest rate swap agreement	$ (7,245,700)	$ -	$ (7,245,700)	$ -

	2020			
		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market funds	$ 3,100,046	$ 3,100,046	$ -	$ -
Equity securities	8,166	8,166	-	-
Mutual funds	226,193	226,193	-	-
Alternative investments, measured at net asset value (A)				
Fixed income (B)	3,636,552	-	-	-
Equities (C)				
Large-cap	14,547,655	-	-	-
Small/mid-cap	5,122,720	-	-	-
International	6,659,724	-	-	-
Money market investment fund (D)	11,226,460	-	-	-
	$ 44,527,516	$ 3,334,405	$ -	$ -
Liabilities				
Interest rate swap agreement	$ (9,494,424)	$ -	$ (9,494,424)	$ -

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

	2021	2020
Investments - without donor restrictions	$ 37,019,350	$ 30,247,646
Investments - with donor restrictions	18,695,525	14,279,870
	$ 55,714,875	$ 44,527,516

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

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

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market, equity and mutual funds. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. Level 2 securities include certificates of deposit, which generally have maturity dates greater than three months. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The YMCA did not have any Level 3 securities at December 31, 2021 and 2020.

Interest Rate Swap Agreement

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

Alternative Investments

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

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

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

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

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

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

Note 4: Contributions Receivable

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

	2021	2020
Due within one year	$ 2,145,432	$ 1,630,543
Due in one to five years	1,661,977	2,490,554
	3,807,409	4,121,097
Less: unamortized discount	57,300	138,929
	$ 3,750,109	$ 3,982,168

Discount rates were 2% for 2021 and 2020. The YMCA believes that contributions receivable are fully collectible.

Note 5: Property and Equipment

Property and equipment at December 31 consists of the following:

	2021	2020
Buildings	$ 148,731,293	$ 144,259,359
Land and improvements	27,121,199	27,069,896
Transportation and other equipment	9,704,575	9,190,152
	185,557,067	180,519,407
Less accumulated depreciation	84,383,939	79,062,237
	101,173,128	101,457,170
Construction in progress	2,886,696	2,428,601
	$ 104,059,824	$ 103,885,771

Note 6: Interest Rate Swap Agreement

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

2011 Swap Agreement

The YMCA entered into a swap agreement to fix the interest rate on the Series 2011 Colorado Education and Cultural Facilities Authority Variable Rate Demand Refunding Bonds through October 1, 2038. Under the 2011 swap agreement, the YMCA is to receive interest from the counterparty at 70% of Libor and to pay interest to the counterparty at a fixed rate of 3.52% on an original notional amount of $43,420,000. The notional amount as of December 31, 2021, was $31,840,000. In December 2019, the mandatory tender on the bonds was exercised which resulted in a reduction of the interest rate on the bonds (as described in Note 7). This amendment had no effect on the 2011 swap agreement.

The agreement is recorded at its fair value with subsequent changes in fair value included in the statements of activities. The fair value of the 2011 swap agreement was a liability of $7,245,700 and $9,494,424 as of December 31, 2021 and 2020, respectively. The corresponding gain or loss related to the change in fair value was a $2,248,724 gain and a $1,924,215 loss for the years ended December 31, 2021 and 2020, respectively, and was reported as nonoperating in the statements of activities.

Note 7: Long-term Debt

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

	2021	2020
Colorado Education and Cultural Facilities Authority Bonds - Series 2011 (A)	$ 31,840,000	$ 33,120,000
Less unamortized debt issuance costs	(224,452)	(237,852)
	$ 31,615,548	$ 32,882,148

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

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

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

Aggregate maturities of long-term debt at December 31, 2021:

2022	$ 1,330,000
2023	1,385,000
2024	1,440,000
2025	1,500,000
2026	1,565,000
Thereafter	24,620,000
	$ 31,840,000

Note 8: Net Assets

Net Assets With Donor Restrictions

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

	2021	2020
Subject to expenditure for specified purpose		
Program activities	$ 1,778,586	$ 1,608,144
Property and equipment	7,615,995	4,856,228
Life income agreements	243,923	224,374
	9,638,504	6,688,746
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Program and facilities	3,223,522	2,109,297
Subject to NFP endowment spending policy and appropriation		
Program and facilities	9,578,417	9,453,161
	12,801,939	11,562,458
	$ 22,440,443	$ 18,251,204

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

Net Assets Released from Restrictions

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

	2021	2020
Purpose restrictions accomplished		
Capital releases for property and equipment	$ 1,373,274	$ 2,860,799
Noncapital releases for property and equipment	275,645	452,638
Program activities	1,335,451	924,638
	$ 2,984,370	$ 4,238,075

Note 9: Endowment

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

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

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

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

YMCA of the Rockies
Notes to Financial Statements
December 31, 2021 and 2020

The composition of net assets by type of endowment fund at the YMCA at December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 30,594,376	$ -	$ 30,594,376
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	9,578,417	9,578,417
Accumulated investment gains	-	3,223,522	3,223,522
Total endowment funds	$ 30,594,376	$ 12,801,939	$ 43,396,315

Changes in endowment net assets for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 29,038,882	$ 11,562,458	$ 40,601,340
Investment return, net	2,497,861	1,264,686	3,762,547
Contributions and deposits	62,140	125,256	187,396
Amounts appropriated and/or released from restrictions	(1,004,507)	(150,461)	(1,154,968)
Endowment net assets, end of year	$ 30,594,376	$ 12,801,939	$ 43,396,315

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

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

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

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

Investment and Spending Policies

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

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

Underwater Endowments

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

a) the original value of initial and subsequent gift amounts donated to the fund and

b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The YMCA has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. There were no underwater funds at December 31, 2021 and 2020.

Note 10: Pension Plan

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

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

In accordance with the agreement with the Retirement Fund, contributions made by the YMCA are a percentage of the participating employee's salary and are to be remitted to the Retirement Fund monthly. The YMCA contributes 12% of the participating employee's salary. Participants are not required to make contributions but may elect to contribute an additional amount. The YMCA pension plan contributions for the years ended December 31, 2021 and 2020 were $810,779 and $840,298, respectively.

Note 11: Related Parties

The contributions receivable balance includes approximately $1,625,000 and $1,975,000 at December 31, 2021 and 2020, respectively, which were pledged by Board members and staff.

Annual support contributions of $276,748 and $148,528 for the years ended December 31, 2021 and 2020, respectively, were paid to the YMCA of The USA for annual support.

Note 12: Significant Estimates and Concentrations

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

Contributions

During 2021 and 2020, there was one donor (not the same) who accounted for a combined 10% and 20%, respectively, of the YMCA's total contributions.

Investments

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

Environmental Remediation Obligation

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

COVID-19

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, the economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the YMCA. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 13: Subsequent Events

Subsequent to year-end, the YMCA became obligated under an agreement to receive water service from a municipality at its Estes Park Center. Receiving water service from the municipality will result in recognition of various assets and liabilities and derecognition of various water treatment infrastructure assets once water service commences. In anticipation of this water service change, during the year ended December 31, 2021, the YMCA disposed of approximately $200,000 of various water infrastructure assets as it became apparent the assets would not be used in the future.

Subsequent to year-end, the YMCA purchased property in Estes Park, Colorado that will provide workforce housing to employees. The total purchase price of the land and building of $4,000,000 was paid in cash.

Subsequent events have been evaluated through March 2, 2022, which is the date the financial statements were available to be issued.