

YMCA of the Rockies

Independent Auditor's Report and Financial Statements

December 31, 2022 and 2021



YMCA of the Rockies
December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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 available to be 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.

FORVIS, LLP

Denver, Colorado
April 6, 2023

YMCA of the Rockies
Statements of Financial Position
December 31, 2022 and 2021

Assets

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,584,190	\$ 2,357,171
Investments - without donor restrictions	43,028,768	37,019,350
Investments - with donor restrictions	15,934,593	18,695,525
Accounts receivable	1,402,119	809,159
Insurance recovery receivable	-	4,598
Inventories	844,550	591,611
Prepaid expenses	1,796,730	1,517,873
Contributions receivable, net	6,586,370	3,750,109
Right-of-use assets - operating leases	17,910	86,307
Property and equipment, net	<u>117,022,940</u>	<u>104,059,824</u>
 Total assets	 <u>\$ 188,218,170</u>	 <u>\$ 168,891,527</u>

Liabilities

Accounts payable	\$ 1,862,594	\$ 1,036,587
Accrued expenses	2,326,270	1,872,772
Deferred membership income	1,813,900	1,797,643
Deferred rental income	1,119,770	1,093,455
Advance deposits	3,924,440	5,047,031
Operating lease liabilities	17,920	86,307
Water rights liability	2,994,690	-
Interest rate swap agreement	2,180,310	7,245,700
Long-term debt, net	<u>30,280,223</u>	<u>31,615,548</u>
 Total liabilities	 <u>46,520,117</u>	 <u>49,795,043</u>

Net Assets

Without donor restrictions		
Board-designated for endowment	43,388,565	30,594,376
Undesignated	<u>75,791,158</u>	<u>66,061,665</u>
	119,179,723	96,656,041
With donor restrictions		
Purpose restrictions	11,061,497	12,862,026
Perpetual in nature	<u>11,456,833</u>	<u>9,578,417</u>
	22,518,330	22,440,443
 Total net assets	 <u>141,698,053</u>	 <u>119,096,484</u>
 Total liabilities and net assets	 <u>\$ 188,218,170</u>	 <u>\$ 168,891,527</u>

YMCA of the Rockies
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Public support			
Membership dues	\$ 1,076,400	\$ -	\$ 1,076,400
Contributions	1,550,250	10,182,412	11,732,662
Total public support	<u>2,626,650</u>	<u>10,182,412</u>	<u>12,809,062</u>
Program service revenue			
Estes Park Center	31,130,300	-	31,130,300
Snow Mountain Ranch	14,285,680	-	14,285,680
Total program service revenue	<u>45,415,980</u>	<u>-</u>	<u>45,415,980</u>
Investment return, net	(3,330,020)	(2,451,049)	(5,781,069)
Gain on the sale of water rights	17,214,590	-	17,214,590
Other	(53,560)	-	(53,560)
Bond reissuance	(212,790)	-	(212,790)
	61,660,850	7,731,363	69,392,213
Net assets released from restrictions	<u>7,653,476</u>	<u>(7,653,476)</u>	<u>-</u>
Total revenue, gains and other support	<u>69,314,326</u>	<u>77,887</u>	<u>69,392,213</u>
Expenses			
Program services			
Estes Park Center	29,714,876	-	29,714,876
Snow Mountain Ranch	15,853,497	-	15,853,497
Total program services	<u>45,568,373</u>	<u>-</u>	<u>45,568,373</u>
Supporting services	5,476,715	-	5,476,715
Fundraising	819,636	-	819,636
Total expenses	<u>51,864,724</u>	<u>-</u>	<u>51,864,724</u>
Change in Net Assets Before Nonoperating Activities			
	17,449,602	77,887	17,527,489
Gain on involuntary conversion	8,690	-	8,690
Change in fair value of interest rate swap agreement	<u>5,065,390</u>	<u>-</u>	<u>5,065,390</u>
Change in Net Assets	22,523,682	77,887	22,601,569
Net Assets, Beginning of Year	<u>96,656,041</u>	<u>22,440,443</u>	<u>119,096,484</u>
Net Assets, End of Year	<u>\$ 119,179,723</u>	<u>\$ 22,518,330</u>	<u>\$ 141,698,053</u>

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	<u>2,108,083</u>	<u>5,737,263</u>	<u>7,845,346</u>
Total public support	<u>5,068,158</u>	<u>5,737,263</u>	<u>10,805,421</u>
Program service revenue			
Estes Park Center	23,368,450	-	23,368,450
Snow Mountain Ranch	<u>10,881,208</u>	<u>-</u>	<u>10,881,208</u>
Total program service revenue	<u>34,249,658</u>	<u>-</u>	<u>34,249,658</u>
Investment return, net	2,498,276	1,436,346	3,934,622
Other	<u>(124,664)</u>	<u>-</u>	<u>(124,664)</u>
	41,691,428	7,173,609	48,865,037
Net assets released from restrictions	<u>2,984,370</u>	<u>(2,984,370)</u>	<u>-</u>
Total revenue, gains and other support	<u>44,675,798</u>	<u>4,189,239</u>	<u>48,865,037</u>
Expenses			
Program services			
Estes Park Center	22,075,469	-	22,075,469
Snow Mountain Ranch	<u>11,731,523</u>	<u>-</u>	<u>11,731,523</u>
Total program services	33,806,992	-	33,806,992
Supporting services	4,300,143	-	4,300,143
Fundraising	<u>753,023</u>	<u>-</u>	<u>753,023</u>
Total expenses	<u>38,860,158</u>	<u>-</u>	<u>38,860,158</u>
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	<u>2,248,724</u>	<u>-</u>	<u>2,248,724</u>
Change in Net Assets	8,422,343	4,189,239	12,611,582
Net Assets, Beginning of Year	<u>88,233,698</u>	<u>18,251,204</u>	<u>106,484,902</u>
Net Assets, End of Year	<u>\$ 96,656,041</u>	<u>\$ 22,440,443</u>	<u>\$ 119,096,484</u>

YMCA of the Rockies
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services			Support Services		Total Expenses
	Estes Park Center	Snow Mountain Ranch	Total	Management and General	Fundraising	
Cost of goods sold	\$ 4,143,464	\$ 1,781,866	\$ 5,925,330	\$ -	\$ -	\$ 5,925,330
Salary expense	7,964,494	5,637,701	13,602,195	3,013,339	401,537	17,017,071
Payroll taxes and benefits	1,832,366	1,121,005	2,953,371	753,363	108,093	3,814,827
Other employee expenses	398,613	366,007	764,620	89,319	51,685	905,624
Supplies	1,191,527	511,370	1,702,897	10,236	3,799	1,716,932
Equipment	720,044	604,752	1,324,796	299,497	37,693	1,661,986
Repair and replacement	1,925,163	743,120	2,668,283	-	-	2,668,283
Utilities	2,264,566	702,521	2,967,087	-	-	2,967,087
Telephone	230,540	106,804	337,344	55,592	6,514	399,450
Credit card fees	603,950	332,018	935,968	29,863	-	965,831
Bond fees	26,293	-	26,293	-	-	26,293
Insurance	1,171,063	555,914	1,726,977	-	-	1,726,977
Property taxes	38,395	19,476	57,871	-	-	57,871
Interest expense	1,396,894	-	1,396,894	-	-	1,396,894
Professional services	129,017	65,386	194,403	270,604	79,355	544,362
Communications	-	-	-	571,541	-	571,541
Other	1,628,612	1,502,507	3,131,119	383,361	130,960	3,645,440
Depreciation	4,049,875	1,803,050	5,852,925	-	-	5,852,925
	<u>\$ 29,714,876</u>	<u>\$ 15,853,497</u>	<u>\$ 45,568,373</u>	<u>\$ 5,476,715</u>	<u>\$ 819,636</u>	<u>\$ 51,864,724</u>

YMCA of the Rockies
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services			Support Services		Total Expenses
	Estes Park Center	Snow Mountain Ranch	Total	Management and General	Fundraising	
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
	<u>\$ 22,075,469</u>	<u>\$ 11,731,523</u>	<u>\$ 33,806,992</u>	<u>\$ 4,300,143</u>	<u>\$ 753,023</u>	<u>\$ 38,860,158</u>

YMCA of the Rockies
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ 22,601,569	\$ 12,611,582
Items not requiring (providing) cash		
Depreciation	5,852,925	5,577,043
Amortization of debt issuance costs	14,079	13,400
Net realized and unrealized loss (gain) on investments	6,566,036	(3,654,098)
Donated securities	(1,196,363)	(1,061,233)
Bad debt expense	8,660	1,042
Change in fair value of interest rate swap agreements	(5,065,390)	(2,248,724)
Contributions restricted to investment in property and equipment and endowment	(9,065,570)	(5,094,712)
Contributions restricted for long-term investment	(1,330)	(125,256)
Loss on disposal of property and equipment	366,220	257,824
Bond reissuance	212,790	-
Gain on involuntary conversion	(8,690)	(411,077)
Gain on the sale of water rights	(17,214,590)	-
Forgiveness of Paycheck Protection loan	-	(2,000,000)
Proceeds received from Paycheck Protection loan	-	2,000,000
Changes in		
Accounts and contributions receivable	(3,437,881)	(127,865)
Insurance recovery receivable - business interruption	-	901,480
Insurance recovery receivable - involuntary conversion	4,598	793,349
Inventories	(252,939)	225,938
Prepaid expenses	(278,857)	(431,306)
Accounts payable and accrued expenses	900,538	(441,045)
Other assets - ROU	10	-
Deferred rental and membership income	42,572	303,772
Advanced deposits	(1,122,591)	829,193
	<u>(1,074,204)</u>	<u>7,919,307</u>
Investing Activities		
Purchase of property and equipment	(16,781,282)	(6,009,923)
Proceeds from sale of property and equipment	18,296,706	-
Proceeds from involuntary conversion	-	377,780
Purchase of investment securities	(48,320,819)	(37,562,169)
Proceeds from sale and maturity of investment securities	39,702,663	31,090,141
	<u>(7,102,733)</u>	<u>(12,104,171)</u>

YMCA of the Rockies
Statements of Cash Flows (continued)
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Financing Activities		
Principal payments on long-term debt	(1,330,000)	(1,280,000)
Principal payment on water rights liability	(100,748)	-
Proceeds from issuance of long-term debt	30,510,000	-
Retirement of long-term debt	(30,510,000)	-
Bond issuance costs	(232,196)	-
Contributions restricted to purchase of property and equipment and endowment	9,065,570	5,094,712
Contributions restricted for long-term investment	<u>1,330</u>	<u>125,256</u>
Net cash provided by financing activities	<u>7,403,956</u>	<u>3,939,968</u>
Change in Cash	(772,981)	(244,896)
Cash, Beginning of Year	<u>2,357,171</u>	<u>2,602,067</u>
Cash, End of Year	<u>\$ 1,584,190</u>	<u>\$ 2,357,171</u>
Supplemental Cash Flows Information		
Interest paid	\$ 1,392,767	\$ 1,480,048
Property and equipment purchases in accounts payable	772,454	393,487
Property and equipment and liabilities recognized - water rights sale	3,095,438	-
Involuntary Conversion Reconciliation (see Note 1)		
Gain on involuntary conversion, per statements of activities	8,690	357,979
Plus: Non property and equipment-related expenses	-	24,399
Plus: Insurance recovery on expenses	<u>-</u>	<u>28,699</u>
Gain on involuntary conversion, per statements of cash flows	<u>\$ 8,690</u>	<u>\$ 411,077</u>

YMCA of the Rockies
Notes to Financial Statements
December 31, 2022 and 2021

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, 2022, the YMCA's cash accounts exceeded federally insured limits by approximately \$1,915,000. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents for financial reporting purposes.

Investments and Investment Return, Net

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

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

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

Accounts Receivable

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

YMCA of the Rockies
Notes to Financial Statements
December 31, 2022 and 2021

Insurance Recovery Receivable and Involuntary Conversion

During 2020, wildfires threatened the YMCA’s Estes Park Center. While there was no substantial property damage as a direct result of the fires, due to the proximity of the fire, this location had to be temporarily evacuated and closed, including the shut-off of utilities. When combined with the below-freezing temperatures, this resulted in damage to plumbing and equipment which, in turn, caused significant damage to certain facilities. As a result of this, the YMCA filed a claim for both real and personal property as well as a business interruption claim for lost revenues. During 2021 the YMCA received payments and incurred various mitigation, disposal and repair expenses resulting in net gains on the involuntary conversions of \$357,979, as reported in the statements of activities. In addition the YMCA received payments related to the business interruption claim of \$226,747. These payments are recorded in the Estes Park Center program service revenues on the statements of activities for the year ended December 31, 2021.

During 2022, the YMCA filed a claim resulting from the loss of a vehicle and received payments of \$8,690. This amount is recorded to the 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 2022 and 2021:

December 31, 2022	Involuntary Conversion			Business Interruption	Total
	Property and Equipment	Operating Items	Total		
Insurance proceeds, received	\$ 8,690	\$ -	\$ 8,690	\$ -	\$ 8,690
Net gain on insurance	\$ 8,690	\$ -	\$ 8,690	\$ -	\$ 8,690

December 31, 2021	Involuntary Conversion			Business Interruption	Total
	Property and Equipment	Operating Items	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

YMCA of the Rockies
Notes to Financial Statements
December 31, 2022 and 2021

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 acquisitions greater than \$5,000 are stated at cost or at fair market value at the date of donation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset as follows:

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

Long-lived Asset Impairment

The YMCA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2022 and 2021.

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, 2022 and 2021

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, 2022 and 2021, the YMCA recognized revenue of approximately \$43,855,000 and \$33,160,000, respectively, from membership dues and program service revenues that transfer to the customer over time and approximately \$2,637,000 and \$2,050,000, respectively, from "general store" or other point-of-sale revenues that transfer to the customer at a point in time.

YMCA of the Rockies
Notes to Financial Statements
December 31, 2022 and 2021

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

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

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

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

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.

YMCA of the Rockies

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December 31, 2022 and 2021

Grant Income

On April 23, 2020, the YMCA received a Paycheck Protection Program (PPP) loan of \$3,544,216, and elected to account for the funding during 2020 under ASC 958-605, which allows for the recognition of revenue when certain conditions are met. Later in 2020, the YMCA applied for and received formal notification from the Small Business Administration (SBA) that the 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. As with the first PPP loan, the YMCA applied the relevant revenue recognition rules, and later in 2021, applied for and received formal notification from the SBA that the loan was forgiven in its entirety. As such, the YMCA recognized grant income of \$2,000,000 in the 2021 statement of activities.

On December 7, 2021, the YMCA was notified by the SBA Office of Inspector General (SBA-OIG) that the first PPP loan was randomly selected for audit to determine if eligibility requirements for forgiveness were met at the time of the forgiveness application in 2020. The YMCA responded to the SBA's documentation request on December 14, 2021, and to a follow up documentation request in January 2022, with no further response from the SBA. In late September 2022, the SBA-OIG released a public statement that YMCA of the Rockies was not eligible for the loan based on headcount requirements for eligibility. Included in the SBA-OIG public release was a statement that the SBA-OIG would be making a recommendation to the SBA Administrator that the first PPP loan should be repaid. While the YMCA has not received a repayment request, on November 22, 2022, the SBA requested additional supporting documentation from the YMCA to facilitate the SBA Administrator's forgiveness determination decision, which was provided by the YMCA to the SBA on December 13, 2022. On February 10, 2023, the YMCA was notified by the SBA that the loan forgiveness application should be resubmitted, with indications that the application would be considered for forgiveness based on the final rules and pronouncements issued by the SBA for all PPP loans in 2021, which the YMCA determined that it had met. The loan forgiveness application was resubmitted to the SBA on February 27, 2023, and a second and final forgiveness determination from the SBA is pending. As such, the YMCA expects to receive the second and final forgiveness determination from the SBA during 2023 for the first PPP loan of \$3,544,216, and has elected to make no adjustments to the statements of activities or statements of financial position related to the recognition of revenue for the loan.

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.

YMCA of the Rockies
Notes to Financial Statements
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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.

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, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end		
Cash	\$ 1,584,190	\$ 2,357,171
Investments	58,963,361	55,714,875
Accounts and insurance recovery receivables	1,402,119	813,757
Contributions receivable, net	<u>6,586,370</u>	<u>3,750,109</u>
	<u>68,536,040</u>	<u>62,635,912</u>
Less amounts not available to be used for general expenditures within one year		
Board-designated net assets	(43,388,565)	(30,594,376)
Net assets with donor restrictions	<u>(22,518,330)</u>	<u>(22,440,443)</u>
	<u>(65,906,895)</u>	<u>(53,034,819)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,629,145</u></u>	<u><u>\$ 9,601,093</u></u>

The YMCA 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 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.

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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, 2022 and 2021:

	2022			
	Total	Fair Value Measurements Using		
		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	\$ 10,156,343	\$ 10,156,343	\$ -	\$ -
Equity securities	33,856	33,856	-	-
Alternative investments, measured at net asset value (A)				
Fixed income (B)	4,692,703	-	-	-
Equities (C)				
Large-cap	15,511,178	-	-	-
Small/mid-cap	5,771,462	-	-	-
International	7,296,948	-	-	-
Money market investment fund (D)	<u>15,500,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 58,963,361</u>	<u>\$ 10,190,199</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Interest rate swap agreement	<u>\$ (2,180,310)</u>	<u>\$ -</u>	<u>\$ (2,180,310)</u>	<u>\$ -</u>

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	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	-	-	-
	<u>\$ 55,714,875</u>	<u>\$ 11,012,995</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Interest rate swap agreement	<u>\$ (7,245,700)</u>	<u>\$ -</u>	<u>\$ (7,245,700)</u>	<u>\$ -</u>

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

	2022	2021
Investments - without donor restrictions	\$ 43,028,768	\$ 37,019,350
Investments - with donor restrictions	15,934,593	18,695,525
	<u>\$ 58,963,361</u>	<u>\$ 55,714,875</u>

- (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.

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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, 2022 and 2021.

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. There are no unfunded commitments related to the alternative investments.

- (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.

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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:

	<u>2022</u>	<u>2021</u>
Due within one year	\$ 3,205,380	\$ 2,145,432
Due in one to five years	<u>3,439,820</u>	<u>1,661,977</u>
	6,645,200	3,807,409
Less: unamortized discount	<u>58,830</u>	<u>57,300</u>
	<u>\$ 6,586,370</u>	<u>\$ 3,750,109</u>

Discount rates were 2% for 2022 and 2021. The YMCA believes that contributions receivable are fully collectible.

Note 5: Property and Equipment

Property and equipment at December 31 consists of the following:

	<u>2022</u>	<u>2021</u>
Buildings	\$ 154,732,387	\$ 148,731,293
Land and improvements	32,812,360	27,121,199
Transportation and other equipment	<u>11,220,340</u>	<u>9,704,575</u>
	198,765,087	185,557,067
Less accumulated depreciation	<u>89,589,967</u>	<u>84,383,939</u>
	109,175,120	101,173,128
Construction in progress	<u>7,847,820</u>	<u>2,886,696</u>
	<u>\$ 117,022,940</u>	<u>\$ 104,059,824</u>

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Note 6: Water Rights

During the year ended December 31, 2022, the YMCA decided to begin receiving water service from the Town of Estes Park (the Town), at its Estes Park Center, as opposed to utilizing its own water rights. As part of receiving water service from the Town, the YMCA is obligated to pay the Town \$1,007,438 over a period of 10-years at 3% interest per annum. During the year ended December 31, 2022, the YMCA has paid \$100,748 of this amount. The remaining balance of \$906,690 is include on the statements of financial position in the water rights liability line item. In addition, the YMCA is obligated to provide the Town water rights of 32 units at a later date. The YMCA has recorded this obligation at an estimated fair value of \$2,088,000. This amount is also recorded on the statements of financial position in the water rights liability line item.

As a result of receiving water service from the Town, the YMCA has sold water rights of 281 units for a gain of \$17,214,590 as recognized on the statements of activities.

Note 7: 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.

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 was 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. Upon the issuance of the Colorado Educational and Cultural Facilities Authority Revenue Refunding Bonds (YMCA of the Rockies Project), Series 2022 (see Note 8 below), the 2011 swap agreement was amended and restated.

As part of the reissuance of the Colorado Education and Cultural Facilities Authority Revenue Refunding Bonds, Series 2022 on October 6, 2022, the swap agreement was amended and restated to be associated with the new bonds. Under the amended and restated swap agreement, the YMCA is to receive interest from the counterparty at 79% of USD-SOFR Average 30D and to pay interest to the counterparty at a fixed rate of 3.755% on an original notional amount of \$30,510,000. The notional amount as of December 31, 2022, was \$30,510,000 with a maturity of October 1, 2038.

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 interest rate swap was a liability of \$2,180,310 and \$7,245,700 as of December 31, 2022 and 2021, respectively. The corresponding gain related to the change in fair value was a gain of \$5,065,390 and \$2,248,724 for the years ended December 31, 2022 and 2021, respectively, and was reported as nonoperating activities in the statements of activities.

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Note 8: Long-term Debt

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

	2022	2021
Colorado Education and Cultural Facilities Authority Bonds - Series 2022 (A)	\$ 30,510,000	\$ -
Colorado Education and Cultural Facilities Authority Bonds - Series 2011 (B)	-	31,840,000
Less unamortized debt issuance costs	(229,777)	(224,452)
	\$ 30,280,223	\$ 31,615,548

- (A) In October 2022, the YMCA through the Colorado Educational and Cultural Facilities Authority and Wells Fargo Bank issued the Colorado Educational and Cultural Facilities Authority Revenue Refunding Bonds (YMCA of the Rockies Project), Series 2022. The purpose of the issuance was to refund the Colorado Educational and Cultural Facilities Authority Variable Rate Demand Refunding Bonds (YMCA of the Rockies Project), Series 2011 bonds and to pay any costs of issuance. The terms of the issuance are substantially the same as the Series 2011 bonds, with maturity at October 1, 2038 and a variable interest rate, reset monthly, based on an index rate with SOFR as the established benchmark. The bonds are subject to mandatory tender prior to the maturity date.
- (B) 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%. On October 1, 2022, the Series 2011 bonds were subject to a mandatory tender with a default variable interest rate set at the greatest of a fluctuating rate of interest per annum equal to the Prime Rate plus 4% or the federal funds rate plus 5% or 10%.

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.

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Aggregate maturities of long-term debt at December 31, 2022:

2023	\$ 1,385,000
2024	1,440,000
2025	1,500,000
2026	1,565,000
2027	1,625,000
Thereafter	<u>22,995,000</u>
	<u><u>\$ 30,510,000</u></u>

Note 9: Net Assets

Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose		
Program activities	\$ 2,097,316	\$ 1,778,586
Property and equipment	8,002,221	7,615,995
Life income agreements	<u>193,398</u>	<u>243,923</u>
	<u>10,292,935</u>	<u>9,638,504</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Program and facilities	<u>768,562</u>	<u>3,223,522</u>
Subject to endowment spending policy and appropriation		
Program and facilities	11,571,081	9,578,417
Underwater endowments	<u>(114,248)</u>	<u>-</u>
	<u>12,225,395</u>	<u>12,801,939</u>
	<u><u>\$ 22,518,330</u></u>	<u><u>\$ 22,440,443</u></u>

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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.

	2022	2021
Purpose restrictions accomplished		
Capital releases for property and equipment	\$ 5,777,896	\$ 1,373,274
Noncapital releases for property and equipment	338,523	275,645
Program activities	1,537,057	1,335,451
	\$ 7,653,476	\$ 2,984,370

Note 10: Endowment

The YMCA's governing body is subject to the state of Colorado *Uniform 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 11 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.

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The composition of net assets by type of endowment fund at the YMCA at December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 43,388,565	\$ -	\$ 43,388,565
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	11,571,081	11,571,081
Accumulated investment gains	-	768,562	768,562
	<u> </u>	<u> </u>	<u> </u>
Total endowment funds	<u>\$ 43,388,565</u>	<u>\$ 12,339,643</u>	<u>\$ 55,728,208</u>

Changes in endowment net assets for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 30,594,376	\$ 12,801,939	\$ 43,396,315
Transfer in	17,131,666	-	17,131,666
Investment return, net	(3,414,959)	(2,153,452)	(5,568,411)
Contributions and deposits	118,186	1,878,416	1,996,602
Amounts appropriated and/or released from restrictions	(1,040,703)	(301,508)	(1,342,211)
	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, end of year	<u>\$ 43,388,566</u>	<u>\$ 12,225,395</u>	<u>\$ 55,613,961</u>

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
	<u> </u>	<u> </u>	<u> </u>
Total endowment funds	<u>\$ 30,594,376</u>	<u>\$ 12,801,939</u>	<u>\$ 43,396,315</u>

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Notes to Financial Statements
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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	<u>(1,004,507)</u>	<u>(150,461)</u>	<u>(1,154,968)</u>
 Endowment net assets, end of year	 <u>\$ 30,594,376</u>	 <u>\$ 12,801,939</u>	 <u>\$ 43,396,315</u>

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.

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The YMCA has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law but as a matter of policy, does not allow underwater funds to be eligible for drawing. At December 31, 2022, there were three endowments that were underwater by a combined value of \$114,248. There were no underwater funds at December 31, 2021.

Note 11: 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 biweekly after each payroll. 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, 2022 and 2021 were \$950,220 and \$810,779, respectively.

Note 12: Related Parties

The contributions receivable balance includes approximately \$852,000 and \$1,625,000 at December 31, 2022 and 2021, respectively, which were pledged by board members and staff.

Annual support contributions of \$313,660 and \$276,748 for the years ended December 31, 2022 and 2021, respectively, were paid to the YMCA of The USA for annual support.

Note 13: 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 2022 and 2021 there was one donor (not the same donor) who accounted for approximately 40% and 10%, respectively, of the YMCA's total contributions.

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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.

Note 14: Subsequent Events

Subsequent events have been evaluated through April 6, 2023, which is the date the financial statements were available to be issued.