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YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

AND

YMCA FOUNDATION OF THE PIKES PEAK REGION

Consolidated Financial Statements

For the Year Ended December 31, 2019

And

Independent Auditors' Report

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION AND YMCA FOUNDATION OF THE PIKES PEAK REGION

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STOCKMAN KAST RYAN + COMPANY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Young Men's Christian Association of the Pikes Peak Region

We have audited the accompanying consolidated financial statements of Young Men's Christian Association of the Pikes Peak Region and YMCA Foundation of the Pikes Peak Region (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated May 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan + Co, LLP

June 25, 2020

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION AND YMCA FOUNDATION OF THE PIKES PEAK REGION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019 (with comparative totals for 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	2018 Total
ASSETS				
Cash and cash equivalents	$ 2,144,630	$ 837,221	$ 2,981,851	$ 3,883,902
Accounts receivable	176,859		176,859	341,584
Promises to give, net	12,500	1,677,604	1,690,104	3,947,293
Investments	1,418,392	222,044	1,640,436	1,401,891
Prepaid expenses and other	369,513		369,513	357,477
Beneficial interest in trusts		1,277,679	1,277,679	1,142,576
Property and equipment, net	46,647,282	257,759	46,905,041	45,811,433
TOTAL ASSETS	$ 50,769,176	$ 4,272,307	$ 55,041,483	$ 56,886,156
LIABILITIES AND NET ASSETS				
Accounts payable	$ 874,938		$ 874,938	$ 1,813,399
Accrued expenses	848,182		848,182	930,634
Deferred revenue	1,136,110		1,136,110	835,904
Charitable gift annuity	545,099		545,099	566,301
Notes payable	4,929,949		4,929,949	2,162,588
Bonds payable, net	12,849,372		12,849,372	13,471,305
Deferred rent	750,706		750,706	761,572
Total liabilities	21,934,356	$ —	21,934,356	20,541,703
NET ASSETS				
Without donor restrictions	28,834,820		28,834,820	30,556,789
With donor restrictions		4,272,307	4,272,307	5,787,664
Total net assets	28,834,820	4,272,307	33,107,127	36,344,453
TOTAL LIABILITIES AND NET ASSETS	$ 50,769,176	$ 4,272,307	$ 55,041,483	$ 56,886,156

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION AND YMCA FOUNDATION OF THE PIKES PEAK REGION

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019 (with comparative totals for 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	2018 Total
PUBLIC SUPPORT AND REVENUE				
Contributions	$ 1,483,159	$ 456,675	$ 1,939,834	$ 3,211,323
Special events, net of expenses of $152,410 and $128,420 in 2019 and 2018, respectively	87,927		87,927	148,022
Total public support	1,571,086	456,675	2,027,761	3,359,345
Memberships	16,195,384		16,195,384	16,222,077
Program service fees	8,279,086		8,279,086	7,935,045
Management fees	427,651		427,651	67,620
Investment income (loss)	313,186	10,530	323,716	(60,838)
Rental income	162,737		162,737	141,437
Change in value of split interest agreements	(21,585)	135,104	113,519	(175,168)
Merchandise sales	113,282		113,282	132,617
Other	116,118		116,118	141,261
Total revenue	25,585,859	145,634	25,731,493	24,404,051
Net assets released from restrictions	2,117,666	(2,117,666)		
Total public support and revenue	29,274,611	(1,515,357)	27,759,254	27,763,396
EXPENSES AND LOSSES				
Program services	24,758,583		24,758,583	22,922,065
General and administrative	4,273,223		4,273,223	4,651,924
Fundraising	671,291		671,291	682,020
Total expenses	29,703,097	—	29,703,097	28,256,009
Loss on uncollectable promises to give	1,293,483		1,293,483	68,195
Total expenses and losses	30,996,580	—	30,996,580	28,324,204
CHANGE IN NET ASSETS	(1,721,969)	(1,515,357)	(3,237,326)	(560,808)
NET ASSETS, beginning of year	30,556,789	5,787,664	36,344,453	36,905,261
NET ASSETS, end of year	$ 28,834,820	$ 4,272,307	$ 33,107,127	$ 36,344,453

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION AND YMCA FOUNDATION OF THE PIKES PEAK REGION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019 (with comparative totals for 2018)

	2019							
	Program Services				Supporting Services			
	Healthy Living	Youth Development	Social Responsibility	Total	Management and General	Fund Raising	Total	2018 Total
OPERATING EXPENSES								
Salaries, benefits and payroll taxes	$ 9,167,384	$ 5,156,925	$ 152,338	$ 14,476,647	$ 2,807,416	$ 333,268	$ 17,617,331	$ 16,849,600
Occupancy	2,369,448	1,449,194	52,496	3,871,138	54,152		3,925,290	3,695,752
Supplies	700,540	659,822	91,429	1,451,791	95,366	72,953	1,620,110	1,562,078
Contractual services	321,239	262,239	34,379	617,857	579,319	168,777	1,365,953	1,276,246
Printing, publications and promotions	116,708	36,515	1,395	154,618	270,368	52,814	477,800	470,688
Education, conferences and training	118,153	73,497	2,258	193,908	168,899	7,712	370,519	378,131
Insurance	205,232	110,573	4,495	320,300	47,188		367,488	321,810
Organization dues	243,268	79,832	5,642	328,742	27,547	3,831	360,120	378,549
Travel and transportation	66,127	100,110	908	167,145	71,728	6,408	245,281	198,066
Telephone	100,289	58,587	1,832	160,708	24,500	1,240	186,448	232,664
Special event						152,410	152,410	128,420
Miscellaneous	17,553	2,791	178	20,522	32,967	24,288	77,777	119,943
Total operating expenses before interest and depreciation	13,425,941	7,990,085	347,350	21,763,376	4,179,450	823,701	26,766,527	25,611,947
Depreciation	1,794,215	579,776	47,116	2,421,107	60,236		2,481,343	2,226,101
Interest	395,590	170,563	7,947	574,100	33,537		607,637	546,381
Total expenses by function	15,615,746	8,740,424	402,413	24,758,583	4,273,223	823,701	29,855,507	28,384,429
Less expenses included with revenues on the Statement of Activities:								
Special event expense						152,410	152,410	128,420
Total expenses included in the expenses section of the Statement of Activities	$ 15,615,746	$ 8,740,424	$ 402,413	$ 24,758,583	$ 4,273,223	$ 671,291	$ 29,703,097	$ 28,256,009
Percent of total	53%	29%	1%	83%	15%	2%	100%	
Comparative totals - 2018	$ 14,832,432	$ 7,723,552	$ 366,081	$ 22,922,065	$ 4,651,924	$ 682,020		$ 28,256,009
Percent of total	52%	27%	1%	80%	18%	2%		100%

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION AND YMCA FOUNDATION OF THE PIKES PEAK REGION

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019 (with comparative totals for 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (3,237,326)	$ (560,808)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,481,343	2,226,101
Loss on uncollectable promises to give	1,293,483	68,195
Contributions restricted for long term purposes	(228,868)	(1,319,248)
Other		(97)
Net realized and unrealized loss (gain) on investments	(239,077)	151,538
Change in value of split interest agreement	(113,519)	175,168
Change in operating assets and liabilities:		
Accounts receivable	121,242	184,215
Promises to give	(41,387)	7,135
Prepaid expenses and other	(12,036)	42,861
Accounts payable and accrued expenses	(1,020,913)	730,606
Deferred revenue	300,206	49,868
Deferred rent	(10,866)	(10,867)
Net cash provided by (used in) operating activities	(707,718)	1,744,667
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale and maturities of investments	378,307	330,978
Purchase of investments	(377,775)	(372,849)
Purchase of property and equipment	(2,581,530)	(3,793,410)
Proceeds from insurance claims		597,590
Net cash used in investing activities	(2,580,998)	(3,237,691)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash collected restricted for long-term purposes	1,277,444	1,217,905
Payment on gift annuity	(42,786)	(41,475)
Principal payments on promissory notes	(496,359)	(300,603)
Principal payments on bonds	(621,933)	(557,600)
Payments on line of credit		(2,023,275)
Borrowings on promissory notes	2,270,299	1,225,775
Net cash provided by (used in) financing activities	2,386,665	(479,273)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(902,051)	(1,972,297)
CASH AND CASH EQUIVALENTS, Beginning of year	3,883,902	5,856,199
CASH AND CASH EQUIVALENTS, End of year	$ 2,981,851	$ 3,883,902

(Continued)

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION AND YMCA FOUNDATION OF THE PIKES PEAK REGION

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019 (with comparative totals for 2018)

	2019	2018
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 607,637	$ 546,382
Property and equipment acquired through issuance of promissory notes	$ 993,421	$ 204,139

(Concluded)

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Young Men's Christian Association of the Pikes Peak Region's (YMCA) purpose and objectives are to operate institutions exclusively for religious, charitable, scientific and educational purposes, including the rehabilitation and welfare of youth and to establish and maintain a fellowship of individuals and families of all faiths. Including, helping persons develop Christian personalities and to aid in building a Christian society through the improvement of physical, mental, social, moral and educational conditions of persons who participate in YMCA programs and the community served by the YMCA. The YMCA currently has seventeen centers operating out of eight facilities (including Camp Shady Brook) serving individuals in the Colorado Springs and surrounding El Paso County area.

The YMCA Foundation of the Pikes Peak Region (Foundation) was established as a supporting organization of the YMCA. The Foundation entered dissolution in 2018, and all net assets were transferred to the YMCA during 2018.

Principles of Consolidation — The consolidated financial statements include the accounts of the YMCA and the Foundation (collectively referred to as the Organization). The Foundation is consolidated since the YMCA has both an economic interest in and control over the Foundation. All material interorganization transactions have been eliminated.

Net Assets — The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets available for use in general operations - not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Comparative Financial Information — The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Cash and Cash Equivalents — For purposes of the statement of cash flows, the Organization considers cash, amounts due from banks and highly liquid investments purchased with original maturities of three months or less to be cash and cash equivalents.

Accounts Receivable — Accounts receivable relate to amounts due for various services. Accounts receivable are stated at the amount management expects to collect from outstanding balances.

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables.

Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. At December 31, 2019 and 2018 no allowance has been recorded on the accounts receivable.

Promises to Give — Unconditional promises to give are recognized as revenues in the period received as assets, decreases of liabilities or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments — Investments are recorded at fair value, with realized and unrealized gains and losses included as revenue in the consolidated statements of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Donated investments are recorded at fair value on the date of donation. Fair values for mutual funds, REITs and common stocks are determined principally through quoted market prices.

Property and Equipment — Property and equipment are stated at cost or, if donated, at the fair market value at the date of the donation. Acquisitions of property and equipment in excess of $3,000 and having a useful life exceeding one year and expenditures, repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. Depreciation is computed using the straight-line method over estimated useful lives of ten to fifty years for buildings and improvements and three to twenty-five years for furniture, fixtures and equipment.

Contributions — Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. 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. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and is reported as contribution revenue.

Donation of Long-Lived Assets — The Organization has recorded donations of the use of long-lived assets in which the donor retains legal title as contribution revenue in the period in which the contribution or promise to give is received and expenses in the period the long-lived assets are used. The Organization has adopted a policy of not implying a time restriction and has recorded donated assets as increases in net assets without donor restrictions.

Income Tax Status — The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

Revenue Recognition — Income from membership dues is deferred and recognized over the periods to which the dues relate.

Marketing — The Organization expenses marketing costs as they are incurred. Total marketing expenses for 2019 and 2018 were $477,800 and $470,688, respectively.

Use of Estimates — The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle — In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which replaces numerous requirements in U.S. GAAP, including industry-specific requirements, and provides companies with a single revenue recognition model for recognizing revenue from contracts with customers.

The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. During the year ended December 31, 2019, management implemented ASU 2014-09 and adjusted the presentation in these financial statements accordingly. The ASU has been applied using a modified retrospective approach during the year ended December 31, 2019. The implementation of the ASU had no effect on the financial statements.

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, N*ot-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides clarity related to determination of contributions, including conditional contributions, and exchange transactions. During the year ended December 31, 2019, management implemented ASU 2018-08 and adjusted the presentation in these financial statements accordingly. The ASU has been applied using a modified-prospective approach during the year ended December 31, 2019 and had no effect on the financial statements.

Reclassifications — Certain reclassifications to prior year amounts have been made to conform to the current year presentation.

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

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

	2019	2018
Cash and cash equivalents	$ 2,981,851	$ 3,883,902
Accounts receivable	176,859	341,584
Promises to give, net	1,690,104	3,947,293
Beneficial interest in trusts	1,277,679	1,142,576
Investments	1,640,436	1,401,891
Total financial assets	7,766,929	10,717,246
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	1,106,022	497,673
Restricted by donors with time restrictions	1,677,605	3,944,493
Restricted by donors for funds held in perpetuity	1,488,680	1,345,498
Total amounts unavailable for general expenditures within one year	4,272,307	5,787,664
Total financial assets available to management to meet cash needs for general expenditures within one year	$ 3,494,622	$ 4,929,582

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments.

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a board approved, balanced budget and anticipates sufficient revenue to cover general expenditures, liabilities, and other obligations throughout the budget cycle.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2019	2018
Land	$ 7,264,093	$ 7,264,093
Buildings and improvements	66,289,054	60,948,598
Furniture and equipment	5,277,481	4,451,799
Construction in progress	573,825	3,343,269
Total	79,404,453	76,007,759
Less accumulated depreciation	32,499,412	30,196,326
Net property and equipment	$ 46,905,041	$ 45,811,433

Included in buildings and improvements is $4,600,000 paid by the City of Colorado Springs for the aquatics portion of the Southeast facility. Under the terms of the contribution the City will retain title for 25 years at which time the Organization will receive title. However, the Organization has unrestricted use of the aquatics facilities and is responsible for its operation and management.

4. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

Level 3: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by Level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of December 31:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2019:				
ASSETS				
INVESTMENTS				
Bond mutual funds:				
Domestic	$ 388,473	$ 388,473		
International	55,030	55,030		
Corporate stocks:				
Domestic	245,179	245,179		
International	40,185	40,185		
Mixed strategy mutual funds	330,707	330,707		
Equity mutual funds:				
Domestic	233,325	233,325		
International	214,056	214,056		
REITs and other mutual funds	133,481	133,481		
Total investments	1,640,436	1,640,436	$ —	$ —
OTHER ASSETS				
Beneficial interest in trusts	1,277,679		1,277,679	
Total	$ 2,918,115	$ 1,640,436	$ 1,277,679	$ —
LIABILITIES				
Charitable gift annuity	$ 545,099	$ —	$ —	$ 545,099

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2018:				
ASSETS				
INVESTMENTS				
Bond mutual funds:				
Domestic	$ 265,895	$ 265,895		
International	105,985	105,985		
Corporate stocks:				
Domestic	187,054	187,054		
International	31,039	31,039		
Mixed strategy mutual funds	273,675	273,675		
Equity mutual funds:				
Domestic	192,074	192,074		
International	146,982	146,982		
REITs and other mutual funds	199,187	199,187		
Total investments	1,401,891	1,401,891	$ —	$ —
OTHER ASSETS				
Beneficial interest in trusts	1,142,576		1,142,576	
Total	$ 2,544,467	$ 1,401,891	$ 1,142,576	$ —
LIABILITIES				
Charitable gift annuity	$ 566,301	$ —	$ —	$ 566,301

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2019 and 2018:

	Charitable Gift Annuity
Balance January 1, 2018	$ 546,099
Distribution	(41,474)
Change in value	61,676
Balance December 31, 2018	566,301
Distribution	(42,786)
Change in value	21,584
Balance December 31, 2019	$ 545,099

5. PROMISES TO GIVE

The Organization instituted a capital campaign to improve existing facilities. Cash and promises to give raised through the capital campaign are restricted to payment of costs related to the facilities and campaign costs. Those restrictions are deemed to expire as payments are made. In addition, the Organization received promises to give through its annual Community Support Campaign which may be used for operations. Discounts on future promises to give are recorded using a discount rate of 2.7%.

Unconditional promises to give are as follows at December 31:

	2019	2018
Due in less than one year	$ 1,766,282	$ 1,534,529
Due in one to five years		2,683,683
Total	1,766,282	4,218,212
Allowance for uncollectible amounts	(76,178)	(170,475)
Discount to present value		(100,444)
Promises to give, net	$ 1,690,104	$ 3,947,293

6. BENEFICIAL INTEREST IN TRUSTS

The Organization is the beneficiary of various irrevocable, perpetual trusts held and administered by third parties. Under the terms of the trust agreements, the Organization is to receive a stated percentage of the interest earned on the corpus of the trust assets in perpetuity for its unrestricted use. The Organization's share of the assets held in the trusts totaled $1,265,679 and $1,130,576 as of December 31, 2019 and 2018, respectively, and are reported at fair value and included in net assets with donor restrictions in the Organization's consolidated statement of financial position. Fair value in the trusts is determined primarily based on the Organization's proportionate share of the fair value of the underlying assets of the trusts. Fair value of the underlying assets is determined using quoted market prices and pricing services.

The Organization is also a beneficiary under other charitable remainder trusts recorded at their estimated fair values of $12,000 at December 31, 2019 and 2018.

7. CHARITABLE GIFT ANNUITY

In a prior year, the Organization entered into a charitable gift annuity under which the Organization obtained ownership of land and a building, valued at $1,260,000. In exchange for the gift, the Organization is obligated to pay the donor monthly payments of $6,300 for as long as the donor lives. A liability is recognized for the present value of future payments over the donor's estimated remaining life expectancy of 7.31 years, using a discount rate of 6%.

8. DEFERRED RENT

During 2016, the Organization entered into a 75-year land lease which can be extended by the lessee for two 10-year periods. The lessee prepaid base rent of $815,000 which the Organization has deferred and is recognizing on a straight-line basis over the term of the lease. During 2019 and 2018, the Organization recognized rental income of $10,867 each year under the lease agreement.

The lessee constructed a building on the leased land to be used for healthcare related services. At the end of the lease term, the lessee will convey the building to the Organization.

9. NOTES PAYABLE

Notes payable consist of the following at December 31:

	2019	2018
Construction draw loan with draw maximum not to exceed $3,500,000. Interest only payments are due for the first 18 months, followed by 66 equal payments of principal and interest of $14,583 plus one final payment based on an amortization period of 20 years with interest at LIBOR plus 2.1% (4.1% at December 31, 2019) and is due September 2025.	$ 3,487,126	$ 1,216,827
Promissory note due to vendor for construction. The outstanding balance is to be repaid by 2023.	475,469	475,469
Notes payable to vendors, payable in monthly installments of $28,855, including interest at various rates from 0.001% to 4.5%, due January 2017 through September 2023, secured by equipment carried at an amount approximately equal to the balance of the notes.	967,354	470,292
Total	$ 4,929,949	$ 2,162,588

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

2020	$ 585,776
2021	549,124
2022	288,863
2023	675,310
2024	175,000
Thereafter	2,655,876
Total	$ 4,929,949

10. BONDS PAYABLE

Bonds payable consist of the following at December 31:

	2019	2018
Bonds payable, Series 2016A, 2016B and 2016C	$ 12,969,796	$ 13,611,799
Less bond issuance costs, net	(120,424)	(140,494)
Bonds payable, net of bond issuance costs	$ 12,849,372	$ 13,471,305

In 2016, El Paso County, Colorado (the County) issued $11,250,000 of Colorado Fixed Rate Refunding and Improvement bonds, Series 2016A; $3,250,000 of Colorado Variable Rate Refunding and Improvement bonds, Series 2016B; and $500,000 Colorado Variable Rate Refunding and Improvement bonds, Series 2016C, (together, 2016 Bonds) the proceeds of which were loaned to the Organization. The Bonds were issued to finance the costs of: 1) reimbursing the Organization for the construction, improvements and equipping of property located at 1750 Jackson Creek Parkway in connection with the construction in Monument, Co, 2) paying off the Series 2006 Bonds and 3) paying certain costs of issuance relating to the Bonds. The Series 2016A and Series 2016B Bonds are set to mature on July 1, 2026. As of December 31, 2017, the Series 2016C were paid in full.

The County issued the 2016 Bonds under a Financing Agreement between the County and a financial institution. The 2016 Bonds bear interest as follows: Series 2016A bears interest at a fixed annual rate of 2.84%. Series 2016B bears interest at a variable rate of 1.55% in excess of adjusted LIBOR (effective rate of 2.00% and 3.08% at December 31, 2019 and 2018, respectively), and Series 2016C, (which was paid in full in 2017) bore interest at a variable rate of 2.38% in excess of adjusted LIBOR .

The loan agreement contains certain restrictive covenants including limitations on new indebtedness, disposal of assets or investments and a minimum rate of net income available for debt service to current debt expenses. As of December 31, 2019, the Organization was not in compliance with these covenants. Failure to comply with such covenants is an event that is considered to be Events of Default. Provisions of the Financing Agreement provide for various remedies in Events of Default, including the ability for the Registered Owner of the Bonds and the County to call for immediate repayment of outstanding balances. The Registered Owner has not provided a waiver of the financial covenants.

Required annual minimum principal payments on the above bonds, assuming the bonds are not called for immediate repayment, are as follows:

2020	$ 656,416
2021	670,382
2022	684,749
2023	699,529
2024	714,735
Thereafter	9,543,985
Total	$ 12,969,796

11. BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

It is the policy of the Board of Directors of the Organization to review its plans for future needs and to designate appropriate sums to assure adequate financing for the needs identified. Amounts designated by the Board of Directors for specific future needs are treated as board designated net assets without donor restrictions. The balance can be transferred to the undesignated portion of net assets without donor restrictions at the Board's discretion.

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

	2019	2018
Designated for:		
Endowment funds	$ 949,414	$ 746,507
Future maintenance	880,202	763,643
Health and dental plans	383,095	251,615
Contingencies	382,990	391,983
Unemployment	139,952	139,952
Technology	91,916	53,049
Use in specific programs	48,000	48,000
Future building improvements	14,505	119,149
Other	6,176	6,176
Total	$ 2,896,250	$ 2,520,074

Future maintenance – Each month, YMCA centers contribute an allocated amount of earnings into this Association fund to pay for pre-approved projects and emergency repairs. The fund is controlled by the Association Offices and the centers do not own their contributions or use of the fund. The intent of management is that the fund will grow to cover future center projects to keep the centers in a like new condition.

Endowment funds – Board designated endowment funds are comprised primarily of the proceeds from three trusts of which the Organization was a beneficiary. At the time of receipt, the Board determined that there was not sufficient language in the Trust to permanently restrict the corpus; but, chose to designate the funds to provide long-term benefit to the Organization. The trust name, amount received, date received, and stated use is as follows:

> $239,023 was received from the Violet Linscott Trust in June 2002 to fund programs that benefit children.
>
> $254,546 was received from the Carl C. Fingel Trust in December 2006 to add to the building fund or “for some other worthwhile purpose”.
>
> $139,457 was received from the Dorothy Shockley Chandler Trust in December 2011 to be used for the maintenance, improvement, and upkeep of the facilities.

Other endowment funds consist of $316,388.

Contingencies – The contingency reserve is funded through allocated charges to certain centers and can be used to balance the operating budget at year-end. This fund is used as a mechanism to create cash savings to help the YMCA meet its days cash on hand requirement bond covenant.

Health and dental plans – Both the Organization and YMCA employees contribute into the health and dental reserves for the payment of insurance premiums and claims. The Board has designated the balance of the fund to be used for the benefit of employees in keeping insurance offerings as reasonable as possible while maintaining an adequate balance to cover potential claims.

Unemployment – The Organization is self-funded and billed directly by the State of Colorado for all unemployment claims. This fund is designated to fund potential future claims by current and past employees.

Future building improvements – This reserve is funded through annual operating surpluses and is used to pay property acquisition cost and property taxes on non-exempt YMCA properties.

Technology – The technology reserve is funded through center allocations and is used to purchase and update technology throughout the Organization. Expenditures are planned as part of the budgeting cycle and allow the Association Offices to control the replacement and upgrades of technology at the centers.

Use in specific programs – This fund was established to fund new and innovative program ideas presented by YMCA employees.

Other – This category of net assets was set aside by the Board to cover ongoing expenses related to Organization vehicles and center equipment.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31:

	2019	**2018**
Subject to the expenditure for specified purpose:		
Capital campaign funds collected	$ 848,263	$ 239,914
Land for Briargate facility	257,759	257,759
Total	1,106,022	497,673
Subject to the passage of time:		
Time period restrictions	1,677,605	3,944,493
Endowments subject to the Organization's spending policy and appropriation	223,001	214,922
Beneficial interest in perpetual trusts	1,265,679	1,130,576
Total	1,488,680	1,345,498
Total net assets with donor restrictions	$ 4,272,307	$ 5,787,664

13. ENDOWMENT FUNDS

The Organization's endowment consists of nine individual funds established for a variety of purposes. Its endowment includes both donor-related endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as net assets with donor restrictions restricted for a specified purpose or the passage of time until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Organization
7) The investment policies of the Organization

Endowment Net Asset Composition by Type of Fund as of December 31, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds		$ 223,001	$ 223,001
Board-designated endowment funds	$ 949,414		945,414
Total funds	$ 949,414	$ 223,001	$ 1,172,415

Changes in Endowment Net Assets for the year ended December 31, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 746,507	$ 214,922	$ 961,429
Total investment return	242,463	8,079	250,542
Appropriation of endowment assets for expenditures	(39,556)		(39,556)
Endowment net assets, end of year	$ 949,414	$ 223,001	$ 1,172,415

Endowment Net Asset Composition by Type of Fund as of December 31, 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds		$ 214,922	$ 214,922
Board-designated endowment funds	$ 746,507		746,507
Total funds	$ 746,507	$ 214,922	$ 961,429

Changes in Endowment Net Assets for the year ended December 31, 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 814,521	$ 218,775	$ 1,033,296
Total investment return	(51,278)	(3,853)	(55,131)
Appropriation of endowment assets for expenditures	(16,736)		(16,736)
Endowment net assets, end of year	$ 746,507	$ 214,922	$ 961,429

	2019	2018
Net Assets with donor restrictions:		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 221,900	$ 213,821
The portion of perpetual endowment funds subject to a time restriction under UPMIFA	$ 1,101	$ 1,101

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. No deficiency existed as of December 31, 2019 or 2018.

The Organization has adopted investment and spending policies for endowment assets with a balanced objective with an emphasis on long-term capital appreciation over current income to insure preservation of real purchasing power and growth of principal.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization 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.

14. DONATED SERVICES, FACILITIES AND MATERIALS

The Organization recognizes donated services as contributions if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed materials are recorded in the financial statements at their estimated fair value on the date of receipt.

A school district has provided local school facilities for use in YMCA programs at no charge to the Organization. No value has been placed on this donation of space and accordingly no contribution or expense is recorded because management does not believe it to have material value.

In addition, a substantial number of volunteers have donated significant amounts of their time in the Organization's fundraising and membership development programs. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Generally Accepted Accounting Principles.

15. FUNCTIONAL EXPENSES ALLOCATION METHODS

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program category (youth development, healthy living, social responsibility) or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of percentage of total expense incurred and estimates made by management.

16. RELATED PARTY TRANSACTIONS

The Organization receives contributions from time to time from their Board of Directors, with some in the form of promises to give. As of December 31, 2019 and 2018, there were outstanding balances totaling $187,500 and $311,417, respectively.

17. RETIREMENT PLAN

The Organization participates in The YMCA Retirement Fund Retirement Plan (the Retirement Plan) which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan (Tax-Deferred Savings Plan) which is a retirement income account plan as defined in Section 403(b)(9) of the code. Both Plans are sponsored by The Young Men's Christian Association Retirement Fund (the Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs through-out the United States.

The Plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with the Retirement Plan agreement, contributions for the Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the Organization. Total contributions charged to retirement costs were $836,955 and $727,575 in 2019 and 2018, respectively, of which $91,319 and $82,758 was payable at December 31, 2019 and 2018, respectively.

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

18. CONCENTRATIONS OF CREDIT RISK

The Organization has various money market accounts with brokerage firms which are not insured. The Organization has not experienced any losses in such accounts.

The Organization has significant investments in mutual funds, common stock and REITs and is, therefore, subject to concentrations of credit risk. Investments are made by investment managers engaged by the Organization and the investments are monitored by the Organization. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

19. SUBSEQUENT EVENT

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The pandemic has caused the Organization to temporarily close all of its fitness facilities and suspend nearly all of its programs. As of the date of this report, a date to reopen its facilities or to restart normal programs has not been determined. These impacts have been partially mitigated by a Paycheck Protection Program loan received pursuant to the CARES Act.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.