

**YOUNG MEN'S CHRISTIAN ASSOCIATION  
OF MIDDLE TENNESSEE**

**FINANCIAL STATEMENTS**

*As of and for the Years Ended December 31, 2020 and 2019*

*And Report of Independent Auditor*

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

## ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF

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### **Board of Directors**

(As of December 31, 2020)

Liz Allbritton, Chair  
Lawson Allen, Chair Elect  
David Wilds, Treasurer  
Decosta Jenkins, Assistant Treasurer  
Kelvin Ault, Board Member  
H. Lee Barfield II, Board Member  
Catherine Birdwell, Board Member  
David Bohan, Board Member  
Leilani Boulware, Board Member  
Stewart Bronaugh, Jr., Board Member  
Terrence Brooks, Board Member  
Laura Beth Brown, Board Member  
George Buck, Board Member  
Norah Buikstra, Board Member  
Trudy Carpenter, Board Member  
George H. Cate, Jr., Board Member  
Jonathan Cole, Board Member  
Kate Chinn, Board Member  
Florence Davis, Board Member  
Marty Dickens, Board Member  
Paula Farmer, Board Member  
Rich Ford, Board Member  
Catherine Gemmato-Smith, Board Member  
Sheila Gibson, Board Member  
Wes Golden, Board Member  
Jimmy Granbery, Board Member  
Steve Greene, Board Member  
John Gromos, Board Member

James Harbison, Board Member  
Michael Harris, Board Member  
Bill Henderson, Board Member  
Dr. Phyllis Hildreth, Board Member  
Chip Howorth, Board Member  
Cooper Jones, Board Member  
Walter Knestrick, Board Member  
Ronald F. Knox, Jr., Board Member  
Shaun Knox, Board Member  
Leah Dupree Love, Board Member  
Ann Mayo, Board Member  
Michael McBride, Board Member  
Maresa Morrow, Board Member  
Brandon Oliver, Board Member  
Jerry Painter, Board Member  
Brian Poynter, Board Member  
Dr. Kenyae Reese, Board Member  
Michelle Robertson, Board Member  
A. Dexter Samuels, Board Member  
Robin Shope, Board Member  
Bill Thompson, Board Member  
Kevin Tilbury, Board Member  
Tony Wall, Board Member  
William M. Wilson, Board Member  
Caroleen Wilkes, Board Member  
Carol Yochem, Board Member  
Stephen Young, Board Member

### **Executive Staff**

Dan Dummermuth, President &  
Chief Executive Officer  
Jessica Fain, Senior Vice President &  
Chief Strategy Officer  
Joey Harwell, Chief Financial Officer  
Bob Knestrick, Executive Vice President &  
Chief Operating Officer  
Peter Oldham, Executive Vice President &  
Chief Administrative Officer  
Julie Sistrunk, Chief Development Officer

David Abbott, Senior Vice President of Technology  
David Shipman, Senior Vice President of Operations  
Jill Tramel, Senior Vice President of Youth Development  
Walker Schul, Controller  
Keith Russell, Vice President of Marketing  
Rebecca Walker, Vice President of People Services  
Dori Gorman, Chaplain

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

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## Report of Independent Auditor

To the Board of Directors  
Young Men's Christian Association of Middle Tennessee  
Nashville, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Young Men's Christian Association of Middle Tennessee (the "YMCA") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Young Men's Christian Association of Middle Tennessee as of December 31, 2020 and 2019, 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.

**Emphasis of Matter**

As more fully described in Note 15 to the financial statements, the YMCA has been impacted by the outbreak of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to this matter.

*Cheng Bekant LLP*

Nashville, Tennessee  
June 15, 2021

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 19,384,646	\$ 10,393,255
Accounts and Grants Receivable:		
Membership and program fees, net	289,288	1,004,231
Grants and contracts	1,570,726	61,129
Pledges receivable, net	1,149,587	770,950
Prepaid expenses and other assets	412,331	689,639
Total Current Assets	<u>22,806,578</u>	<u>12,919,204</u>
Pledges receivable, less current portion, net	332,567	142,132
Property and equipment, net	100,676,601	107,783,981
Cash restricted for investment in property and equipment	749,651	615,197
<b>Total Assets</b>	<u><u>\$ 124,565,397</u></u>	<u><u>\$ 121,460,514</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 801,183	\$ 1,616,588
Accrued expenses	5,812,691	3,605,700
Deferred membership and other revenues	1,020,230	1,621,238
Current portion of notes payable	5,875	5,875
Current portion of bonds payable	1,820,266	1,238,218
Current portion of capital leases	-	6,630
Total Current Liabilities	<u>9,460,245</u>	<u>8,094,249</u>
Line of credit	7,500,000	-
Deferred lease revenue	430,217	564,092
Interest rate swap liability	3,562,605	2,196,801
Long-term notes payable, less current portion	8,295	14,519
Long-term bonds payable, less current portion	35,956,510	37,803,911
Total Liabilities	<u>56,917,872</u>	<u>48,673,572</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	51,515,872	62,500,996
Board designated	13,020,459	8,316,824
Total Without Donor Restrictions	<u>64,536,331</u>	<u>70,817,820</u>
With Donor Restrictions	<u>3,111,194</u>	<u>1,969,122</u>
Total Net Assets	<u>67,647,525</u>	<u>72,786,942</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 124,565,397</u></u>	<u><u>\$ 121,460,514</u></u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**

*YEAR ENDED DECEMBER 31, 2020 (WITH SUMMARIZED FINANCIAL DATA FOR YEAR ENDED DECEMBER 31, 2019)*

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>	<b>2019 Total</b>
<b>Operating Activities:</b>				
Public support:				
Contributions	\$ 2,158,013	\$ 1,141,119	\$ 3,299,132	\$ 3,093,031
Foundation and corporate grants	1,248,101	449,281	1,697,382	953,825
Special events, net	207,289	-	207,289	602,967
Gains on disposal of property and equipment	4,906,785	-	4,906,785	-
Release from restriction	1,026,120	(1,026,120)	-	-
<b>Total Public Support</b>	<b>9,546,308</b>	<b>564,280</b>	<b>10,110,588</b>	<b>10,842,049</b>
<b>Revenue:</b>				
Membership fees, net	28,702,483	-	28,702,483	46,694,461
Program fees, net	8,194,735	-	8,194,735	25,594,477
Government grants and contracts	10,552,320	-	10,552,320	3,445,148
Sales to members	467,808	-	467,808	871,105
Other income	563,473	-	563,473	1,042,604
Consulting and management fees	69,641	-	69,641	196,245
Interest income	28,794	-	28,794	61,891
<b>Total Revenue</b>	<b>48,579,254</b>	<b>-</b>	<b>48,579,254</b>	<b>77,905,931</b>
<b>Total Public Support and Revenue</b>	<b>58,125,562</b>	<b>564,280</b>	<b>58,689,842</b>	<b>88,747,980</b>
<b>Expenses:</b>				
Program services	52,883,991	-	52,883,991	71,921,905
Administrative	9,592,508	-	9,592,508	11,218,225
Fundraising	1,496,960	-	1,496,960	2,183,252
<b>Total Expenses</b>	<b>63,973,459</b>	<b>-</b>	<b>63,973,459</b>	<b>85,323,382</b>
<b>Changes in Net Assets from Operations</b>	<b>(5,847,897)</b>	<b>564,280</b>	<b>(5,283,617)</b>	<b>3,424,598</b>
<b>Nonoperating Activities:</b>				
Unrealized loss on interest rate swap	(1,365,804)	-	(1,365,804)	(1,215,727)
Contributions for capital assets	654,675	855,329	1,510,004	1,111,802
Release from restriction	277,537	(277,537)	-	-
<b>Total Nonoperating Activities</b>	<b>(433,592)</b>	<b>577,792</b>	<b>144,200</b>	<b>(103,925)</b>
<b>Change in net assets</b>	<b>(6,281,489)</b>	<b>1,142,072</b>	<b>(5,139,417)</b>	<b>3,320,673</b>
<b>Net assets, beginning of year</b>	<b>70,817,820</b>	<b>1,969,122</b>	<b>72,786,942</b>	<b>69,466,269</b>
<b>Net assets, end of year</b>	<b>\$ 64,536,331</b>	<b>\$ 3,111,194</b>	<b>\$ 67,647,525</b>	<b>\$ 72,786,942</b>

The accompanying notes to the financial statements are an integral part of these statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Operating Activities:			
Public support:			
Contributions	\$ 2,460,533	\$ 632,498	\$ 3,093,031
Foundation and corporate grants	555,470	398,355	953,825
Special events, net	602,967	-	602,967
Gains on disposal of property and equipment	6,192,226	-	6,192,226
Release from restriction	1,007,247	(1,007,247)	-
Total Public Support	<u>10,818,443</u>	<u>23,606</u>	<u>10,842,049</u>
Revenue:			
Membership fees, net	46,694,461	-	46,694,461
Program fees, net	25,594,477	-	25,594,477
Government grants and contracts	3,445,148	-	3,445,148
Sales to members	871,105	-	871,105
Other income	1,042,604	-	1,042,604
Consulting and management fees	196,245	-	196,245
Interest Income	61,891	-	61,891
Total Revenue	<u>77,905,931</u>	<u>-</u>	<u>77,905,931</u>
Total Public Support and Revenue	<u>88,724,374</u>	<u>23,606</u>	<u>88,747,980</u>
Expenses:			
Program services	71,921,905	-	71,921,905
Administrative	11,218,225	-	11,218,225
Fundraising	2,183,252	-	2,183,252
Total Expenses	<u>85,323,382</u>	<u>-</u>	<u>85,323,382</u>
Changes in Net Assets from Operations	<u>3,400,992</u>	<u>23,606</u>	<u>3,424,598</u>
Nonoperating Activities:			
Unrealized loss on interest rate swap	(1,215,727)	-	(1,365,804)
Contributions for capital assets	224,815	886,987	1,375,425
Release from restriction	337,516	(337,516)	-
Total Nonoperating Activities	<u>(539,850)</u>	<u>549,471</u>	<u>9,621</u>
Change in net assets	2,747,596	573,077	3,320,673
Net assets, beginning of year	<u>68,070,224</u>	<u>1,396,045</u>	<u>69,466,269</u>
Net assets, end of year	<u>\$ 70,817,820</u>	<u>\$ 1,969,122</u>	<u>\$ 72,786,942</u>

The accompanying notes to the financial statements are an integral part of these statements.



**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2020

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Healthy Living	Youth Development	Social Responsibility		Administrative	Fundraising		
Personnel Costs:								
Salaries and wages	\$ 14,385,935	\$ 8,864,659	\$ 227,428	\$ 23,478,022	\$ 4,684,252	\$ 824,004	\$ 5,508,256	\$ 28,986,278
Employee benefits	1,484,436	1,111,677	35,792	2,631,905	936,289	142,224	1,078,513	3,710,418
Payroll taxes	1,308,958	757,394	16,244	2,082,596	1,322,989	56,398	1,379,387	3,461,983
Total Personnel Costs	17,179,329	10,733,730	279,464	28,192,523	6,943,530	1,022,626	7,966,156	36,158,679
Nonpersonnel Costs:								
Depreciation and amortization	4,808,640	2,724,575	127,552	7,660,767	109,124	-	109,124	7,769,891
Occupancy	4,524,732	2,398,535	67,274	6,990,541	208,177	-	208,177	7,198,718
Supplies	1,054,583	1,037,016	491	2,092,090	98,176	9,017	107,193	2,199,283
Awards, grants, and assistance	433,126	1,473,302	7,177	1,913,605	-	-	-	1,913,605
Technology system and services	685,075	339,334	9,490	1,033,899	755,442	37,462	792,904	1,826,803
Financing costs	984,624	557,888	26,118	1,568,630	-	-	-	1,568,630
Purchased services	758,800	351,593	32,161	1,142,554	315,275	37,752	353,027	1,495,581
Equipment	269,363	241,699	80	511,142	272,508	8,216	280,724	791,866
Bad debt expense	357,335	9,447	-	366,782	-	349,252	349,252	716,034
Miscellaneous	43,958	53,843	2,170	99,971	128,422	9,214	137,636	237,607
Membership and professional dues	270,086	89,741	248	360,075	126,272	2,750	129,022	489,097
Promotion and publication	30,125	41,772	10	71,907	368,976	8,339	377,315	449,222
Travel, meals, and entertainment	17,612	270,475	5,689	293,776	112,296	2,732	115,028	408,804
Conferences, meetings, and staff development	74,182	238,311	3,500	315,993	37,410	7,317	44,727	360,720
Liability and other insurance	166,301	95,110	843	262,254	49,059	-	49,059	311,313
Postage and shipping	5,889	1,593	-	7,482	67,841	2,283	70,124	77,606
Total Nonpersonnel Costs	14,484,431	9,924,234	282,803	24,691,468	2,648,978	474,334	3,123,312	27,814,780
Total Expenses	\$ 31,663,760	\$ 20,657,964	\$ 562,267	\$ 52,883,991	\$ 9,592,508	\$ 1,496,960	\$ 11,089,468	\$ 63,973,459

The accompanying notes to the financial statements are an integral part of these statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2019

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Healthy Living	Youth Development	Social Responsibility		Administrative	Fundraising		
Personnel Costs:								
Salaries and wages	\$ 21,725,183	\$ 11,262,990	\$ 309,907	\$ 33,298,080	\$ 5,825,267	\$ 1,317,658	\$ 7,142,925	\$ 40,441,005
Employee benefits	2,006,992	1,478,783	56,595	3,542,370	1,236,472	253,782	1,490,254	5,032,624
Payroll taxes	1,962,059	958,172	28,247	2,948,478	407,565	90,749	498,314	3,446,792
Total Personnel Costs	25,694,234	13,699,945	394,749	39,788,928	7,469,304	1,662,189	9,131,493	48,920,421
Nonpersonnel Costs:								
Occupancy	8,519,447	1,337,357	-	9,856,804	311,289	-	311,289	10,168,093
Depreciation and amortization	4,644,524	2,423,603	55,508	7,123,635	178,814	-	178,814	7,302,449
Supplies	2,382,787	1,839,919	1,143	4,223,849	117,563	113,253	230,816	4,454,665
Purchased services	1,217,720	795,921	47,086	2,060,727	463,896	47,541	511,437	2,572,164
Financing costs	1,182,123	616,855	14,128	1,813,106	-	-	-	1,813,106
Technology system and services	760,837	318,647	1,044	1,080,528	853,164	59,888	913,052	1,993,580
Awards, grants, and assistance	378,924	1,078,645	2,428	1,459,997	-	-	-	1,459,997
Conferences, meetings, and staff development	256,189	1,135,461	5,480	1,397,130	265,397	27,268	292,665	1,689,795
Equipment	686,754	227,155	506	914,415	295,312	12,673	307,985	1,222,400
Promotion and publication	126,234	83,198	188	209,620	652,548	19,994	672,542	882,162
Travel, meals, and entertainment	96,420	603,339	19,473	719,232	157,962	10,088	168,050	887,282
Membership and professional dues	389,634	124,068	4,146	517,848	48,558	4,034	52,592	570,440
Bad debt expense	310,004	-	-	310,004	-	206,108	206,108	516,112
Miscellaneous	124,533	120,108	12,202	256,843	241,176	19,694	260,870	517,713
Liability and other insurance	107,384	62,912	2,382	172,678	40,705	-	40,705	213,383
Postage and shipping	14,420	2,141	-	16,561	122,537	522	123,059	139,620
Total Nonpersonnel Costs	21,197,934	10,769,329	165,714	32,132,977	3,748,921	521,063	4,269,984	36,402,961
Total Expenses	\$ 46,892,168	\$ 24,469,274	\$ 560,463	\$ 71,921,905	\$ 11,218,225	\$ 2,183,252	\$ 13,401,477	\$ 85,323,382

The accompanying notes to the financial statements are an integral part of these statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Cash received from program activities	\$ 37,978,200	\$ 74,017,393
Cash received from contributions and grants	14,120,793	8,126,385
Cash payments to employees and vendors	(52,960,423)	(75,980,930)
Cash payments for interest	(1,574,253)	(1,824,211)
Cash received from interest-bearing deposits	28,794	61,891
Net cash flows from operating activities	<u>(2,406,889)</u>	<u>4,400,528</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(1,409,379)	(5,559,407)
Proceeds from sale of property and equipment	5,653,655	6,955,708
Net cash flows from investing activities	<u>4,244,276</u>	<u>1,396,301</u>
<b>Cash flows from financing activities:</b>		
Proceeds received from contributions for property and equipment	1,066,665	1,025,274
Proceeds from debt obligations	7,500,000	-
Principal payments on debt obligations	(1,271,577)	(7,200,996)
Principal payments on capital lease obligations	(6,630)	(395,567)
Net cash flows from financing activities	<u>7,288,458</u>	<u>(6,571,289)</u>
Change in cash and cash equivalents	9,125,845	(774,460)
Cash and cash equivalents, beginning of year	11,008,452	11,782,912
Cash and cash equivalents, end of year	<u>\$ 20,134,297</u>	<u>\$ 11,008,452</u>
<b>Reconciliation to statements of financial position:</b>		
Cash and cash equivalents, unrestricted	\$ 19,384,646	\$ 10,393,255
Cash restricted for investment in property and equipment	749,651	615,197
	<u>\$ 20,134,297</u>	<u>\$ 11,008,452</u>

The accompanying notes to the financial statements are an integral part of these statements.

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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### Note 1—General and summary of significant accounting policies

*General* – The Young Men's Christian Association of Middle Tennessee (the "YMCA") is a worldwide charitable fellowship united by a common loyalty to Jesus Christ for the purpose of helping people grow in spirit, mind, and body. As the region's leading nonprofit dedicated to strengthening community, the YMCA works side by side with neighbors to make sure everyone, regardless of age, income, or background, has the opportunity to learn, grow, and thrive. With 14 family wellness centers and over 150 program locations, the YMCA exists to nurture the potential of children and teens, improve the region's health and well-being, and to provide opportunities to give back and support neighbors.

*Basis of Presentation* – The accompanying financial statements present the financial position and operations of the corporate office and all YMCA centers on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant transactions and balances between and among the corporate office and the centers have been eliminated in combination.

Resources are classified as with or without donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the YMCA. These net assets may be used at the discretion of YMCA's management and the Board of Directors.

*Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the YMCA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

*Contributions and Support* – Contributions received are recorded as increases in net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as increases to net assets without donor restrictions.

The YMCA also receives grant revenue from various federal and state agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

Any gifts of equipment or materials are reported as increases to net assets without donor restrictions unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as increases to net assets with donor restrictions. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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### Note 1—General and summary of significant accounting policies (continued)

*Donated Services* – Many individuals volunteer their time and perform a variety of tasks for or on behalf of the YMCA. During 2020 and 2019, contributed services meeting the requirements for recognition in the financial statements was not significant.

*Cash and Cash Equivalents* – For the purposes of the statements of cash flows, the YMCA considers all cash funds, cash bank accounts, and highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

*Accounts and Grants Receivable* – Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. The allowance for doubtful accounts for accounts and grants receivable at December 31, 2020 and 2019 is \$285,571 and \$223,118, respectively.

*Promises to Give* – Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using an appropriate discount rate commensurate with the rate on U.S. government bonds whose maturities correspond to the maturities of the contributions and management's estimate of credit risk for each contribution. Amortization of the discount is recognized using the interest method over the term of the gift and is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Contributions received are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

The allowance for uncollectible contributions is provided based on management's estimate of uncollectible pledges and historical trends.

*Prepaid Expenses and Other Assets* – Prepaid expenses include certain marketing and promotional costs pertaining to future campaigns and are paid in advance and charged to operating expense when the campaign occurs.

Advertising, marketing, and promotional costs incurred totaled \$517,090 and \$1,171,055 for the years ended December 31, 2020 and 2019, respectively.

*Property and Equipment* – Land, building, equipment, furniture, and software are reported at cost at the date of purchase or at estimated fair value at date of gift to the YMCA. The YMCA's policy is to capitalize purchases with a cost of \$5,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets ranging from 2 to 20 years for equipment and furniture; 5 to 7 years for software; 15 to 20 years for land improvements; and 40 years for buildings and building improvements.

Interest costs are capitalized in connection with construction of qualifying assets. Capitalization begins when expenditures for qualifying assets are made, activities necessary to prepare the asset for its intended use are in progress, and interest cost is being incurred. Capitalization ends when the asset is ready for its intended use. Capitalized interest cost is depreciated the same as the associated qualifying asset.

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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### **Note 1—General and summary of significant accounting policies (continued)**

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The YMCA assesses recoverability of the carrying value of the asset by estimating future net cash flows expected to result from the assets, including eventual disposition. If the future cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and its estimated fair value.

*Derivatives* – The YMCA utilizes derivative financial instruments to manage its interest rate exposure by reducing the impact of fluctuating interest rates on its debt service requirements. Derivatives are recognized as either assets or liabilities in the statements of financial position at fair value. Changes in the fair value of derivatives are recognized currently in the statements of activities.

*Deferred Revenues* – Deferred revenue consists of membership dues, unearned revenue from a lease, and advance operational and maintenance costs received from a lessee.

Income from membership dues is deferred initially and recognized over the periods to which dues relate.

Deferred lease revenue is recognized into income on the straight-line method over the term of the lease.

Grant funds received prior to expenditure are recorded initially as deferred revenue. Revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

*Income Taxes* – The YMCA qualifies as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The YMCA pays tax on unrelated business income from certain activities. These activities and the related tax were insignificant in 2020 and 2019.

The YMCA files U.S. federal Form 990 for organizations exempt from income tax and Form 990-T, an exempt organization business income tax return. In addition, the YMCA files a Tennessee state income tax return.

The YMCA follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The YMCA has no tax penalties or interest reported in the accompanying financial statements. There is no accrual for uncertain tax positions at December 31, 2020 and 2019.

*Program and Supporting Services* – The following program and supporting services are included in the accompanying financial statements:

*Program Services* – Includes activities carried out to fulfill the YMCA's mission to provide nurturing and healthy development of children, teens, adults, seniors, families, and communities, and to provide opportunities to give back and support neighbors.

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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### Note 1—General and summary of significant accounting policies (continued)

*Supporting Services* – Administrative expenses relate to the overall direction of the organization. These expenses are not identifiable with a particular program or event or with fundraising, but are indispensable to the conduct of those activities and are essential to the organization. Fundraising expenses include the costs of activities directed toward appeals for financial support including annual giving campaigns and grants. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

As part of its fundraising efforts, the YMCA holds periodic special events. Direct expenses related to special events are included within special event revenue in the accompanying statements of activities and totaled \$66,362 and \$248,452 for the years ended December 31, 2020 and 2019, respectively.

*Allocation of Functional Expenses* – The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, interest, occupancy, salaries and wages, and conferences, meetings, and staff development, which are allocated on a basis of estimated time and effort.

*Use of Estimates* – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Fair Value Measurements* – The YMCA classifies its financial assets and liabilities based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market but for which observable market inputs are readily available; inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies), and Level 3 (securities valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for financial assets and liabilities:

Interest rate swaps are measured at fair value on a recurring basis utilizing Level 2 inputs. The YMCA obtains bank quotations to value its interest rate swaps. For purposes of potential valuation adjustments to its derivative positions, the YMCA evaluates the credit risk of its counterparties as well as that of the YMCA.

No changes in the valuation methodologies were made during 2020 or 2019.

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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### **Note 1—General and summary of significant accounting policies (continued)**

*New Accounting Pronouncement* – In May 2014, FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*. The YMCA adopted this ASU during 2020. There were no material impacts to the financial statements and underlying accounts as a result of this implementation, which has been applied retrospectively to these financial statements

*Accounting Policies for Future Pronouncements* – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the fiscal year ending December 31, 2022. The YMCA is currently evaluating the effect of the implementation of this new standard.

### **Note 2—Revenue**

On January 1, 2020, the YMCA adopted ASC 606 using the modified retrospective approach. The YMCA determined there was no cumulative effect adjustment to net assets upon adoption of the new revenue standard as of January 1, 2020. Under ASC 606, revenue is recognized when the YMCA transfers the promised good or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

*Member Fees and Program Fees* – The YMCA receives revenue from member fees, which are based on the number of people in the household. Membership in the YMCA entitles members to enjoy the use of YMCA facilities and to participate in YMCA programs at reduced fees. Program fees are charged for both members and non-members to participate in various programming including camping, aquatics, child care, fitness and wellness, sports, and special events. Members and program participants may apply to pay reduced rates, which are offered on a sliding scale based on household income. Membership and program fees are recognized when the performance obligation is met. Such fees received in advance are recorded as deferred membership and other revenues.

### **Note 3—Liquidity and availability of resources**

The YMCA has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The YMCA maintains a line of credit with maximum borrowings of \$15 million (see Note 7) with a financial institution that is drawn upon as needed during the year primarily to finance fixed asset purchases, and also to manage cash flow, if needed.



**YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 3—Liquidity and availability of resources (continued)**

The following table represents the YMCA’s financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the governing board has set aside the funds for a specific contingency reserve. These board designations could be drawn upon if the board approves that action. The YMCA considers general expenditures to be all expenditures related to its ongoing activities of achieving its mission of helping people grow in spirit, mind, and body:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 19,384,646	\$ 10,393,255
Accounts and grants receivable, net	1,860,014	1,065,360
Pledges receivable, net	1,149,587	770,950
Cash restricted for investment in property and equipment	749,651	615,197
Financial assets, at year-end	<u>23,143,898</u>	<u>12,844,762</u>
Less those unavailable for general expenditure within one year, due to:		
Board-designated reserves	(13,020,459)	(8,316,824)
Net assets restricted for capital improvements	(1,532,122)	(954,330)
Net assets restricted for specific programs	(469,042)	(406,907)
Net assets restricted for future year operations	<u>(1,110,030)</u>	<u>(607,885)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 7,012,245</u>	<u>\$ 2,558,816</u>

**Note 4—Pledges receivable**

Pledges receivable consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 1,298,064	\$ 857,616
One year to five years	<u>381,000</u>	<u>170,553</u>
	1,679,064	1,028,169
Less allowance for uncollectible contributions	(186,577)	(103,721)
Less discount to net present value	<u>(10,333)</u>	<u>(11,366)</u>
	<u>\$ 1,482,154</u>	<u>\$ 913,082</u>

Contributions receivable are discounted at rates ranging from .37% to 1.69%.

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 5—Property and equipment**

Property and equipment consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 18,448,673	\$ 18,629,630
Buildings and improvements	135,644,806	136,732,549
Equipment and furniture	44,313,487	43,718,041
Software	2,436,042	2,436,042
Construction in progress	683,603	236,472
	<u>201,526,611</u>	<u>201,752,734</u>
Less accumulated depreciation	<u>(100,850,010)</u>	<u>(93,968,753)</u>
	<u>\$ 100,676,601</u>	<u>\$ 107,783,981</u>

Construction in progress includes architectural plans, renovations and additions that were underway at December 31, 2020 and 2019 at YMCA centers.

**Note 6—Deferred lease revenue**

The YMCA maintains a joint occupancy agreement with a nonprofit organization for facility use and maintenance. Under the terms of the joint occupancy agreement, the nonprofit organization has the right to occupy certain space at the Bellevue Family YMCA and J.L. Turner Center for Lifelong Learning until February 28, 2029. The initial agreement required an advance payment of \$2,000,000, of which \$1,486,636 was prepaid rent for the entire initial lease term, and \$513,364 was a prepayment for estimated operational costs and maintenance for approximately 15 years. The remaining unamortized balance of deferred lease revenue for the Bellevue facility totaled \$430,217 and \$564,092 at December 31, 2020 and 2019, respectively.

**Note 7—Line of credit**

The YMCA maintains a line of credit with a financial institution. The line of credit provides for maximum borrowings of \$15 million through February 26, 2026. The agreement requires monthly interest payments calculated at a rate of LIBOR plus 1.30% (1.45% and 3.00% at December 31, 2020 and 2019, respectively) in addition to a fee of 0.25% of the unused principal balance. The line of credit contains a provision to periodically convert portions of the balance to term notes, based upon the purpose for which the funds were drawn as well as the length of time the funds remain unpaid. Effective February 26, 2021, the line of credit was amended to provide additional security and adjust the interest rate to the greater of 2.30% or the Secured Overnight Financing Rate (SOFR) as defined in the loan agreement.

Outstanding borrowings on the line of credit totaled \$7,500,000 and \$-0- at December 31, 2020 and 2019, respectively. The line of credit contains restrictive covenants and is secured by a negative pledge of the YMCA’s assets.

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 8—Notes and bonds payable**

On July 1, 2012, the YMCA entered into an agreement with a financial institution to provide up to \$57 million in financing through a guaranty and credit qualified tax exempt loan and up to \$15 million in financing (see line of credit discussed in Note 7) through a taxable debt facility. These debt instruments served to refinance substantially all existing debt and provide additional borrowing capacity. The industrial development bond associated with the tax exempt loan was approved by the Davidson County Industrial Development Board on May 8, 2012. The guaranty and credit agreement contains restrictive covenants and is secured by a negative pledge of the YMCA’s real property. The agreement contains a provision to adjust the monthly payment requirement and provide the financial institution the option to call the bonds, with 90-days’ notice, on October 1, 2015, October 1, 2030, and October 1, 2035. On April 30, 2020, the guaranty and credit agreement was amended to defer principal payments previously due in May through July 2020. Such deferred payments will be repaid during the years 2021 through 2024. Notes and bonds payable consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
<u>Bonds Payable</u> <sup>(1)</sup>		
2012 Industrial Revenue bonds, face value \$57,000,000, final maturity date of June 1, 2037. Payments toward principal repayment are due monthly. Interest is determined monthly based on LIBOR plus a margin. Rates at December 31, 2020 and 2019 were 1.46% and 2.72%, respectively.	\$ 37,776,776	\$ 39,042,129
<u>Notes Payable</u>		
Note payable on a vehicle purchased for employee and program usage. The note matures in 2023 and has a required monthly payment of \$489, including interest at 4.89% per annum.	14,170	20,394
Total notes and bonds payable	<u>\$ 37,790,946</u>	<u>\$ 39,062,523</u>

<sup>(1)</sup> Effective November 1, 2015, the YMCA entered into a fixed-for-floating interest rate swap agreement with a financial institution in order to lessen exposure to fluctuating interest rates on the bonds. The agreement provides for a 10-year term (maturity of November 1, 2025) and an original notional amount of \$46,426,417. The agreement requires the YMCA to make a monthly interest payment equal to a per annum rate of 2.32% times the current notional amount (\$38,638,629 at December 31, 2020), and the financial institution adjusts monthly interest due from (or payable) to the YMCA based on the difference between the fixed rate and the floating rate for the period (0.12% at December 31, 2020).

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 8—Notes and bonds payable (continued)**

Annual principal maturities and required reimbursement payments of notes and bonds payable as of December 31, 2020, revised for the amendment to the guaranty and credit agreement discussed above, are as follows:

<b>Years Ending December 31,</b>	<b>Notes Payable</b>	<b>2012 Bond Issue</b>	<b>Total</b>
2021	\$ 5,875	\$ 1,820,266	\$ 1,826,141
2022	5,875	1,886,730	1,892,605
2023	2,420	1,955,767	1,958,187
2024	-	2,027,472	2,027,472
2025	-	1,998,943	1,998,943
Thereafter	-	28,087,598	28,087,598
	<u>\$ 14,170</u>	<u>\$ 37,776,776</u>	<u>\$ 37,790,946</u>

**Note 9—Net assets with donor restrictions**

Net assets with donor restrictions consist principally of contributions restricted for the following at December 31:

	<b>2020</b>	<b>2019</b>
Capital improvements	\$ 1,532,122	\$ 954,330
Grants restricted for specific programs	469,042	406,907
Contributions restricted for future year operations	1,110,030	607,885
	<u>\$ 3,111,194</u>	<u>\$ 1,969,122</u>

**Note 10—Commitments and contingencies**

The YMCA has received certain federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to the grantors.

**Note 11—Concentrations of credit risk**

The YMCA maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to statutory limits. As of December 31, 2020 and 2019, the YMCA’s depositor accounts exceeded FDIC insurance limits by approximately \$20,388,580 and \$11,200,000, respectively.

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 12—Employee benefit plans**

The YMCA participates in a defined contribution, individual account, and money purchase retirement plan which is administered by the Young Men’s Christian Association Retirement Fund (a separate corporation) (the “Retirement Fund”). This plan is for the benefit of all eligible professional and nonprofessional staff of duly organized and reorganized YMCA’s throughout the United States.

Contributions to the plan by employees and employer YMCAs are based on a percentage of the participating employees’ salaries. Employer contribution rates ranged from 10% to 1% for the years ended December 31, 2020 and 2019. Total contributions to the plan by the YMCA, which are included in employee benefits in the accompanying statements of functional expenses amounted to \$1,322,793 and \$2,314,541 for the years ended December 31, 2020 and 2019, respectively.

The Retirement Fund is operated as a church pension plan and is a nonprofit, tax-exempt New York State corporation. As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations.

**Note 13—Related party transactions and related entities**

The YMCA purchases insurance, contracts for marketing services, law services, construction services, and architectural services from entities in which certain board members are affiliated. The total of such expenditures approximated \$267,280 in 2020 and \$238,000 in 2019.

The YMCA Foundation of Middle Tennessee (the “YMCA Foundation”) was formed to establish a sustaining means of support, using its income primarily for the benefit of the YMCA. The YMCA has representation on the YMCA Foundation’s Board of Directors but does not have a majority voting interest. The YMCA Foundation receives donor-designated funds and also makes grants to other nonprofit organizations. For the year ended December 31, 2020, the YMCA Foundation paid out total grants of \$818,912 (\$386,004 in 2019), of which \$814,824 (\$373,900 in 2019) was paid to the YMCA and included in grant revenues.

A condensed summary of financial information of the YMCA Foundation as of and for the years ended December 31 follows:

	<u>2020</u>	<u>2019</u>
Total assets	\$ 11,773,040	\$ 10,584,415
Total liabilities	425,942	35,379
Net assets	<u>\$ 11,347,098</u>	<u>\$ 10,549,036</u>
Net assets:		
Without donor restrictions	\$ 10,393,381	\$ 9,595,319
With donor restrictions	953,717	953,717
Total net assets	<u>\$ 11,347,098</u>	<u>\$ 10,549,036</u>
Total support and revenue, including realized and unrealized (losses) gains on investments of \$982,992 in 2020 and \$1,696,996 in 2019	<u>\$ 1,682,853</u>	<u>\$ 2,085,006</u>
Total expenses	<u>\$ 884,791</u>	<u>\$ 489,506</u>
Resources held for the benefit of the YMCA	<u>\$ 11,340,616</u>	<u>\$ 10,514,121</u>

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 14—Leases**

The YMCA is obligated under several noncancelable operating leases for office space, equipment, and vehicles that expire at various dates through 2024. Total rental expense incurred under these leases for the years ended December 31, 2020 and 2019 amounted to: office space – \$454,958 and \$715,656, respectively; equipment – \$92,684 and \$125,358, respectively; and vehicles – \$9,342 and \$102,699, respectively.

The YMCA has also entered into several noncancelable capital leases for equipment and as of December 31, 2020, the single remaining capital lease expired in 2020. Total capital lease payments made under these leases for the years ended December 31, 2020 and 2019 amounted to \$6,641 and \$415,940, including \$11 and \$20,373, respectively, of imputed interest.

Assets recorded under capital leases are included in property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Cost	\$ 2,541,581	\$ 2,541,581
Accumulated depreciation	(2,440,539)	(1,921,782)
Net book value	<u>\$ 101,042</u>	<u>\$ 619,799</u>

Future minimum lease payments required under all noncancelable leases as of December 31, 2020 are:

<u>Years Ending December 31,</u>	<u>Office</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total Operating Leases</u>
2021	\$ 221,088	\$ 105,072	\$ 8,959	\$ 335,119
2022	100,816	105,072	3,733	209,621
2023	69,071	105,072	-	174,143
2024	2,312	17,512	-	19,824
	<u>\$ 393,287</u>	<u>\$ 332,728</u>	<u>\$ 12,692</u>	<u>\$ 738,707</u>

**Note 15—Uncertainty**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak could have a material, adverse impact on the economic and market conditions and trigger a period of global economic shutdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the YMCA, its performance, and its financial results.

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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### **Note 16—Subsequent events**

The YMCA evaluated subsequent events through June 15, 2021 when the financial statements were available to be issued.

On March 29, 2021, the YMCA received a loan under the Paycheck Protection Program (“PPP”) for an amount of \$8,966,919, which was established under the Coronavirus Aid, Relief, and Economic Security Act and administered by the Small Business Administration (“SBA”). The application for the PPP loan requires the YMCA to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the organization. This certification further requires the YMCA to take into account our current business activity and our ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on the YMCA having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan. There is no assurance that the YMCA's obligation under the PPP loan will be forgiven. If the PPP loan is not forgiven, the YMCA will need to repay the PPP loan over a two-year period, commencing six months after the funding of the PPP loan, at an interest rate of 1% per annum.

Presently, the SBA and other government communications have indicated that all loans in excess of \$2 million will be subject to audit and that those audits could take up to seven years to complete.

In January, 2021 the YMCA received an unrestricted grant in the amount of \$18,000,000. Plans for utilization of the grant are currently in the development stage.

In March, 2021 the YMCA entered into an agreement that provides for a non-revolving line of credit loan secured by a first lien deed of trust on certain YMCA property. The loan provides for maximum borrowings of \$16,000,000 to finance construction renovations at YMCA wellness centers. The loan provides for interest at 3% per annum, payable at maturity. The loan is scheduled to mature on May 27, 2023. The YMCA property securing the loan will be purchased by the lender at the loan maturity date, with any outstanding borrowings applied against the purchase price.