



The Family YMCA

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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The Family YMCA
Table of Contents
December 31, 2020 and 2019

REPORT

Independent Auditors' Report	1
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FINANCIAL STATEMENTS

Statements of Financial Position	3
----------------------------------	---

Statements of Activities	4
--------------------------	---

Statements of Functional Expenses	5
-----------------------------------	---

Statements of Cash Flows	7
--------------------------	---

Notes to Financial Statements	8
-------------------------------	---

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Family YMCA

Opinion

We have audited the accompanying financial statements of The Family YMCA (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Family YMCA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Family YMCA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute

assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Family YMCA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Family YMCA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The Family YMCA's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Santa Fe, New Mexico
April 22, 2021

The Family YMCA
Statements of Financial Position

<i>December 31,</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 764,955	\$ 440,036
Certificates of deposit	74,583	73,239
Accounts receivable	38,432	72,580
Investments	72,321	64,717
Prepaid expenses	22,830	27,463
Total current assets	973,121	678,035
Non-current assets		
Property and equipment, net	959,969	1,042,984
Total non-current assets	959,969	1,042,984
Total assets	\$ 1,933,090	\$ 1,721,019
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 16,299	\$ 54,708
Accrued expenses	83,230	90,728
Current portion of capital lease obligation	8,034	8,034
Current portion of note payable	56,344	41,507
Total current liabilities	163,907	194,977
Long-term liabilities		
Note payable, less current portion	1,056,690	1,133,880
Capital lease obligation, less current portion	-	8,034
Total long-term liabilities	1,056,690	1,141,914
Total liabilities	1,220,597	1,336,891
Net assets		
Without donor restrictions	492,935	225,308
With donor restrictions	219,558	158,820
Total net assets	712,493	384,128
Total liabilities and net assets	\$ 1,933,090	\$ 1,721,019

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

The Family YMCA Statements of Activities

<i>For the years ended December 31,</i>	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Summarized Total
Revenue and Other Support				
Membership dues	\$ 725,179	\$ -	\$ 725,179	\$ 1,048,880
Grants	400,419	131,750	532,169	241,346
Contract services	418,965	-	418,965	388,472
Program service fees	266,740	-	266,740	819,847
Contributions	94,340	64,887	159,227	228,002
Other operating income	32,988	-	32,988	71,521
In-kind	17,160	-	17,160	19,780
Investment income	9,033	7,604	16,637	14,354
Net assets released from restrictions	143,503	(143,503)	-	-
Total revenue and other support	2,108,327	60,738	2,169,065	2,832,202
Expenses				
<i>Program services</i>				
Childcare	221,185	-	221,185	402,587
Youth and adult	693,839	-	693,839	920,495
Member services	462,389	-	462,389	765,262
Total program services	1,377,413	-	1,377,413	2,088,344
<i>Supporting services</i>				
General and administrative	398,587	-	398,587	574,573
Fundraising	64,700	-	64,700	53,616
Total supporting services	463,287	-	463,287	628,189
Total expenses	1,840,700	-	1,840,700	2,716,533
Change in net assets	267,627	60,738	328,365	115,669
Net assets at beginning of year	225,308	158,820	384,128	268,459
Net assets at end of year	\$ 492,935	\$ 219,558	\$ 712,493	\$ 384,128

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

The Family YMCA
Statements of Functional Expenses

<i>For the years ended December 31,</i>	Program Services			Program services subtotal
	Childcare	Youth and adult	Member services	
Accounting and legal fees	\$ -	\$ 1,692	\$ -	\$ 1,692
Advertising	780	2,747	777	4,304
Community and equipment rentals	-	2,152	63,880	66,032
Compensation expenses	134,292	468,660	199,775	802,727
Conference and training	-	-	-	-
Contract labor and services	-	39	4,474	4,513
Credit card fees	-	-	-	-
Depreciation	9,692	52,362	24,603	86,657
Equipment expense	-	242	1,564	1,806
In-kind	-	-	-	-
Insurance	2,701	5,893	36,998	45,592
Interest	-	-	-	-
Maintenance and repairs	-	7,728	20,976	28,704
Member services	-	-	120	120
National dues	7,358	7,358	7,358	22,074
Office supplies	-	24	-	24
Other expenses	4,410	4,410	4,544	13,364
Payroll taxes and benefits	22,979	56,865	40,557	120,401
Retirement	-	10,862	2,171	13,033
Postage	-	528	-	528
Program supplies	12,551	59,539	10,049	82,139
Scholarships	25,681	643	9,773	36,097
Software	-	-	-	-
Special events and fundraising	-	-	-	-
Telephone	536	3,447	492	4,475
Transportation	205	397	66	668
Travel	-	380	819	1,199
Utilities	-	7,871	33,393	41,264
Total	\$ 221,185	\$ 693,839	\$ 462,389	\$ 1,377,413

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

The Family YMCA
Statements of Functional Expenses (Continued)

Supporting Services					
General and administrative	Fundraising	Supporting services subtotal	2020 Total	2019 Summarized Total	
\$ 27,317	\$ -	\$ 27,317	\$ 29,009	\$ 23,284	
762	-	762	5,066	14,698	
12,371	-	12,371	78,403	87,632	
152,653	36,731	189,384	992,111	1,499,254	
400	-	400	400	37,461	
-	-	-	4,513	-	
-	-	-	-	15,337	
22,711	-	22,711	109,368	105,091	
-	-	-	1,806	17,989	
-	17,160	17,160	17,160	19,780	
27,922	-	27,922	73,514	67,542	
55,532	-	55,532	55,532	71,055	
-	-	-	28,704	51,083	
-	-	-	120	4,497	
-	-	-	22,074	39,198	
3,478	-	3,478	3,502	30,371	
747	-	747	14,111	19,467	
42,917	2,810	45,727	166,128	189,288	
10,680	-	10,680	23,713	60,505	
609	-	609	1,137	1,704	
-	-	-	82,139	118,105	
-	-	-	36,097	90,469	
34,305	-	34,305	34,305	56,091	
-	7,999	7,999	7,999	33,836	
1,895	-	1,895	6,370	7,339	
-	-	-	668	-	
4,288	-	4,288	5,487	-	
-	-	-	41,264	55,457	
\$ 398,587	\$ 64,700	\$ 463,287	\$ 1,840,700	\$ 2,716,533	

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

The Family YMCA Statements of Cash Flows

<i>For the years ended December 31,</i>	2020	2019
Operating Activities		
Change in net assets	\$ 328,365	\$ 115,669
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	109,368	105,091
Unrealized and realized (gain) on investments	(7,148)	(5,416)
Changes in operating assets and liabilities		
Accounts receivable	34,148	(25,729)
Prepaid expenses	4,633	6,391
Accounts payable	(38,409)	17,352
Accrued expenses	(7,498)	1,791
Net cash provided by operating activities	423,459	215,149
Investing Activities		
Purchase of property and equipment	(26,353)	(68,168)
Maturity of certificates of deposit	73,239	71,432
Purchase of certificates of deposit	(74,583)	(73,239)
Purchase of investments	(46,757)	(23,397)
Proceeds from sale of investments	46,301	19,162
Net cash (used in) investing activities	(28,153)	(74,210)
Financing Activities		
Payment on capital lease obligation	(8,034)	(6,026)
Grant advance from Paycheck Protection Program	311,838	-
Forgiveness of Paycheck Protection Program grant	(310,495)	-
Payments on note payable	(63,696)	(1,278,497)
Proceeds on issuance of note payable	-	1,200,000
Net cash (used in) financing activities	(70,387)	(84,523)
Net change in cash and cash equivalents	324,919	56,416
Cash and cash equivalents at beginning of year	440,036	383,620
Cash and cash equivalents at end of year	\$ 764,955	\$ 440,036
Schedule of Certain Cash Flow Information		
Cash paid for interest	\$ 55,532	\$ 71,055

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

The Family YMCA Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

The Family YMCA (the “YMCA”)(the “Organization”) is a not-for-profit New Mexico corporation organized under the laws of the State of New Mexico in 1955 for the purpose of providing programs and physical facilities for the enhancement of human potential and appreciation of self-worth. The YMCA’s support comes primarily through membership dues and program fees. The YMCA is affiliated with the Young Men’s Christian Association of the United States and is a member agency of the Los Alamos area United Way. The YMCA operates in Los Alamos County and Rio Arriba County and is subject to the general economic factors that affect the area.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to depreciation of assets over their estimated useful lives and the allocation of expenses by function.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class nor functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the YMCA's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

The Family YMCA Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificates of Deposit

Certificates of deposit are held at a financial institution. Certificates of deposit total \$74,583 and \$73,239 at December 31, 2020 and 2019, respectively. Initial maturities at purchase of these certificates was 12 months, with penalties for early withdrawal. At December 31, 2020 and 2019, the interest rates ranged from 0.65% to 1.85% and from 1% to 2.2%, respectively, with interest paid periodically on a monthly basis.

Accounts Receivable

Accounts receivable are stated at unpaid balances, and if applicable less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Prepaid Expenses

Prepaid expenses consist of service contract expenses paid in advance for operation in the subsequent year, rent deposits, and an unemployment reserve.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

As part of the YMCA's agreement with Los Alamos County, ownership of any capital assets purchased for the Los Alamos Teen Center (LATC) and reimbursed by the County are subject to reversion upon expiration or other termination of the agreement in place. As of December 31, 2020 and 2019, the recorded costs of assets at the LATC were \$133,703 and \$114,966, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Membership dues and program service fees are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

The Family YMCA Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The YMCA is funded by grants and contracts received from Los Alamos County, Santa Fe County, the City of Espanola, YMCA of the USA, various private foundations, and other sources. Unreimbursed costs under these grants and contracts are recorded as accounts receivable. During the year ended December 2020 and 2019, receipts from Los Alamos County made up approximately 77% and 75% of contract services, respectively.

Contributions

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. During the years ended December 2020 and 2019, donated assets received and expensed for the benefit of the YMCA's annual gala totaled \$17,160 and \$19,780, respectively.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided a variety of services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to program and supporting services. Costs, including salaries and wages, are allocated to programs based on the actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended December 2020 and 2019, advertising costs totaled \$5,066 and \$14,698, respectively.

The Family YMCA Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Expenses

Accrued expenses are comprised of the payroll expenditures based on amounts earned by employees through December 31, 2020 and 2019, along with applicable taxes. The YMCA has recorded \$36,188 and \$52,073 for accrued expenses at December 31, 2020 and 2019, respectively.

The Organization's employees can accrue from 104 to 160 hours for full time employees and a maximum of 71 hours of annual vacation for part time employees respectively, depending on their years of employment. Employees also accrue 96 hours of sick leave each year, with the maximum cumulative amount being 320 hours for full time employees and 160 hours for part time employees. No sick leave is paid to employees when they are terminated. The YMCA has recorded \$47,042 and \$38,655 for compensated vacation absences at December 31, 2020 and 2019, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. However, taxes on unrelated business income, if any, are reported when paid. The Organization did not incur taxes on unrelated business income for the years ended December 2020 and 2019.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2020 and 2019, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 22, 2021. See Note 18 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements-Adopted

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This change in accounting principal did not have a material impact on the financial statements.

The Family YMCA
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements-Adopted (Continued)

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance.

Effective January 1, 2020, the Organization adopted ASC 606, using the full retrospective method which required the Organization to restate each prior reporting year presented. The adoption of this standard did not require the Organization to restate certain previously reported results as the adoption of ASC 606 had no impact on previously recognized revenue.

Recent Accounting Pronouncements-Issued But Not Yet Effective

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is now effective for fiscal years beginning after December 15, 2021, as a delay in adoption was recently approved. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents and certificates of deposit to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	2020	2019
Financial assets, at year-end	\$ 950,291	\$650,572
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with purpose restrictions	(219,558)	(158,820)
Financial assets available to meet cash needs for general expenditures within one year	\$ 730,733	\$491,752

Financial assets at year-end as noted in the above schedule exclude property and equipment, and prepaid expenses.

The Family YMCA
Notes to Financial Statements

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

<i>December 31,</i>	2020	2019
Contract services	\$ 38,432	\$ 72,580
Total accounts receivable	\$ 38,432	\$ 72,580

All balances were received subsequently to year-end.

Note 5: INVESTMENTS

Investments in marketable securities consist of the following:

<i>December 31, 2020</i>	Cost	Market Value
Exchange traded funds	\$ 56,763	\$ 71,276
Money market funds	1,045	1,045
Total investments in marketable securities	\$ 57,808	\$ 72,321

<i>December 31, 2019</i>	Cost	Market Value
Exchange traded funds	\$ 51,851	\$ 61,983
Money market funds	2,734	2,734
Total investments in marketable securities	\$ 54,585	\$ 64,717

Investment income consisted of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 10,033	\$ 9,445
Realized gain (loss)	2,767	(2,400)
Unrealized gain	4,381	7,816
Investment fees	(544)	(507)
Total investment income, net	\$ 16,637	\$ 14,354

The Family YMCA
Notes to Financial Statements

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment at December 31, 2020 and 2019, are as follows:

	Estimated Useful Lives (in years)	2020	2019
Building and related improvements	5-50	\$ 1,604,901	\$ 1,604,901
Furniture, fixtures, and equipment	3-10	711,646	685,293
Vehicles	5	96,901	96,901
Gym equipment	3-10	859,185	859,185
		3,272,633	3,246,280
Less accumulated depreciation		(2,315,373)	(2,206,005)
		957,260	1,040,275
Land		2,709	2,709
Property and equipment, net		\$ 959,969	\$ 1,042,984

Depreciation expense for the years ended December 31, 2020 and 2019 amounted to \$109,368 and \$105,091, respectively.

Note 7: LONG-TERM DEBT

Long-term debt at December 31, 2020 and 2019, consists of the following:

<i>December 31,</i>	2020	2019
Note payable to financial institution, monthly payments of \$9,012, plus variable interest of 4.76% per annum, maturity of November 2034, collateralized by real property with net book value of \$1,042,984.	\$ 1,111,691	\$ 1,175,387
Note payable to financial institution, for Paycheck Protection Program loan amount not forgiven, with interest of 1% per annum, maturity of April 2022. (See Note 16)	1,343	-
Total	1,113,034	1,175,387
Less current portion	(56,344)	(41,507)
Note payable, less current portion	\$ 1,056,690	\$ 1,133,880

Interest expense related to the note payable agreements was \$55,532 and \$71,055 for the years ended December 31, 2020 and 2019, respectively.

The Family YMCA
Notes to Financial Statements

Note 7: LONG-TERM DEBT (Continued)

The current note payable agreement contains a certain financial covenant for maintaining a debt service coverage ratio of 1.10. The YMCA was in compliance with this covenant as of December 31, 2020.

Maturities of long-term debt subsequent to December 31, 2020, are as follows:

<i>For the years ending December 31,</i>	Amount
2021	\$ 56,344
2022	60,467
2023	62,041
2024	64,978
2025	68,309
Thereafter	800,895
Total	\$ 1,113,034

NOTE 8: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>December 31,</i>	2020	2019
Undesignated	\$ 492,935	\$ 225,308
Total net assets without donor restrictions	\$ 492,935	\$ 225,308

A summary of net assets with donor restrictions follows:

<i>December 31,</i>	2020	2019
Purpose restricted		
Española teen center	\$ 76,750	\$ 25,000
Endowment	72,321	64,717
Public policy	22,273	14,044
Admin assistance	20,591	19,618
Los Alamos teen center equipment	20,107	11,965
Senior appreciation night	7,406	7,366
Dances of India	110	110
Annual campaign	-	16,000
Total net assets with donor restrictions	\$ 219,558	\$ 158,820

The Family YMCA
Notes to Financial Statements

Note 9: REVENUE

The Organization is recognizing membership dues and program service fees revenue at a point in time. Memberships are billed and paid on a monthly basis and program service fees are billed and paid on the date the program occurs. As of December 31, 2020 and 2019, there were no performance obligations to be satisfied.

Membership dues are paid monthly for access to the Organization’s facilities. A program service fee is paid per class or program attended. There are no performance obligations that carry over into subsequent years.

The Organization’s customers are primarily individuals and families located in Los Alamos and surrounding communities of Northern New Mexico. The principal services purchased by the customers of the Organization consist of fitness center access and programs and fitness classes with a focus on health and exercise.

Disaggregated Revenue

Approximately 100% of the membership dues and program service fees revenue earned was at a point in time consisting of the month access was granted and the occurrence of program.

A summary of disaggregated revenue for membership dues and program service fees follows:

Membership dues

	2020	2019
Single membership	\$ 272,226	\$ 384,810
Family of two membership	206,118	285,394
Family of three plus membership	206,085	283,678
Young adult membership	27,561	47,918
Miscellaneous membership	13,189	47,080
Total membership dues	\$ 725,179	\$1,048,880

Program Service Fees

	2020	2019
After school fees	\$ 188,499	\$ 502,091
Camp fees	30,653	197,447
Youth fees	25,716	75,855
Adult fees	21,872	44,454
Total program service fees	\$ 266,740	\$ 819,847

The Family YMCA
Notes to Financial Statements

Note 9: REVENUE (Continued)

A summary of disaggregated revenue information follows:

For the years ended December 31,	2020	2019
Contracts with customers subject to Topic 606		
Recognized at a point of time		
Membership dues	\$ 725,179	\$ 1,048,880
Program services	266,740	819,847
Revenue and other support not subject to Topic 606		
Grants	532,169	241,346
Contract services	418,965	388,472
Contributions	159,227	228,002
Other operating income	32,988	71,521
In-kind	17,160	19,780
Investment income	16,637	14,354
Total revenue and other support	\$ 2,169,065	\$ 2,832,202

Note 10: ENDOWMENT

The YMCA's endowment consists of one individual fund. 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.

Absent explicit donor stipulations to the contrary, the Board of Directors of the YMCA has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the YMCA retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual 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 retained in perpetuity are subject to appropriation for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 YMCA, and (7) the YMCA's investment policies.

The Family YMCA
Notes to Financial Statements

Note 10: ENDOWMENT (Continued)

Investment Return Objectives, Risk Parameters and Strategies. The YMCA has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment fund. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The YMCA's spending policy is that it will not expend any amounts until the endowment fund reaches a certain threshold amount as determined by the Board. Interest income and gains are reported as an increase in unrestricted net assets, unless restricted by donor stipulations.

Endowment net asset reconciliation as of December 31 is as follows:

<i>December 31,</i>	2020 Total Endowment Net Assets	2019 Total Endowment Net Assets
Endowment net assets - January 1,	\$ 64,717	\$ 55,066
Contributions	-	1,900
Investment income	7,604	7,751
Endowment net assets - December 31,	\$ 72,321	\$ 64,717

Note 11: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
 - can be corroborated by observable market data.

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.

The Family YMCA
Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Exchange traded funds: Valued at the daily closing price as reported by the fund. Exchange traded funds held by the YMCA are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The exchange traded funds held by the YMCA are deemed to be actively traded.

Money market funds: Valued at the closing price reported by the fund sponsor from an actively traded exchange.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis, are summarized for the year ended December 31, 2020 and 2019:

<i>December 31, 2020</i>	Level 1	Level 2	Level 3	Total
Exchange traded funds	\$ 71,276	\$ -	\$ -	\$ 71,276
Money market funds	1,045	-	-	1,045
Total investments at fair value	\$ 72,321	\$ -	\$ -	\$ 72,321

<i>December 31, 2019</i>	Level 1	Level 2	Level 3	Total
Exchange traded funds	\$ 61,983	\$ -	\$ -	\$ 61,983
Money market funds	2,734	-	-	2,734
Total investments at fair value	\$ 64,717	\$ -	\$ -	\$ 64,717

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended December 31, 2020 and 2019, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 12: CONCENTRATIONS OF CREDIT RISK

The YMCA maintains its cash balances in several financial institutions. The Federal Deposit Insurance Corporation insures the balance up to \$250,000 per institution for all interest-bearing accounts. From time to time, the YMCA may have amounts on deposit in excess of the FDIC limits. At December 31, 2020, the YMCA had deposits that exceeded the FDIC limits by approximately \$395,000. The YMCA has not experienced any losses from exceeding the limits and does not believe it is exposed to any significant credit risk on its cash balances. At December 31, 2019, no cash accounts were in excess of the FDIC limits.

Note 13: COMMITMENTS

The YMCA leases various facilities accounted for as operating leases. The leases expire in various years through 2022. The YMCA also leases certain office equipment accounted for as operating leases. The leases expire in various years through 2021. Minimum lease payments under noncancellable operating leases are as follows:

For the years ending December 31,

2021		\$	66,964
2022			61,852
Total future minimum lease payments		\$	128,816

Lease expense for the years ended December 31, 2020 and 2019 was \$78,403 and \$87,632, respectively.

The Family YMCA
Notes to Financial Statements

Note 14: CAPITALIZED LEASE OBLIGATIONS

The YMCA leases various gym equipment accounted for as a capital lease. The term of the lease is 33 months with monthly payments of \$734. Minimum lease payments under capital lease obligations are as follows:

For the years ending December 31,

2021	\$	8,809
Less: Imputed interest at 8.79%		(775)
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Present value of lease payments	\$	8,034
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Current portion of lease liability	\$	8,034
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Note 15: RETIREMENT PLAN

The YMCA participates in a defined contribution plan with the Young Men's Christian Association of the United States. The plan is mandatory for YMCA employees who have reached the age of 21 and who have worked at least 1,000 hours in each of two previous twelve-month periods. The YMCA contributes 7% of covered employees' salaries. As a result of the global pandemic, during the year ended December 31, 2020, contributions were reduced to 1% of covered employees' salaries. The contribution made on behalf of participating employees were \$23,713 and \$60,505 for the years ended December 31, 2020 and 2019, respectively.

The YMCA also offers a 403(b) plan where contributions are made voluntary by the employees participating in the plan.

Note 16: PAYCHECK PROTECTION PROGRAM

In April 2020, in response to the global pandemic, the Organization applied for and received a \$311,838 loan through the Paycheck Protection Program under the CARES Act. The Organization applied for forgiveness of \$310,495 of the debt and on December 14, 2020, the Organization received notice that the \$310,495 and related interest had been forgiven by SBA. The \$310,495 grant was recorded as grant revenue during 2020. The outstanding balance on the loan was \$1,343 on December 31, 2020 and is accruing interest at 1% per annum. All remaining principal and interest are due April 4, 2022 (See Note 7).

Note 17: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, operations at the Organization were temporarily halted due to State of New Mexico mandated closures. This resulted in reduced program service fees and membership dues collected during the year ending December 31, 2020. In addition, the extent to which these events will affect the amounts reported in future financial statements remains uncertain.

The Family YMCA Notes to Financial Statements

Note 18: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after December 31, 2020 through April 22, 2021, the date the Organization's financial statements were available to be issued. The following items occurred:

In February 2021, the Organization received a second loan in the amount of \$225,835 under the Paycheck Protection Program (PPP) pursuant to the CARES Act and administered by the U.S. Small Business Administration (the SBA).