Young Men's Christian Association of Dane County, Inc.

Financial Report
December 31, 2021

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RSM US LLP

Independent Auditor's Report

Board of Directors
Young Men's Christian Association of Dane County, Inc.

Opinion
We have audited the financial statements of the Young Men's Christian Association of Dane County, Inc. (the Association), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association'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.

RSM US LLP

Madison, Wisconsin
May 25, 2022

Young Men's Christian Association of Dane County, Inc.

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	**$ 3,055,083**	$ 1,336,609
Cash—endowment fund	**43,918**	48,038
Receivables:		
Pledges receivable	**243,733**	117,177
Grants receivable	**651,788**	275,463
Other receivables (net of allowance of $58,000 and $49,000 in 2021 and 2020, respectively)	**1,083,500**	227,676
Operating lease right-of-use assets, net	**64,455**	18,112
Prepaid expenses and other	**91,638**	124,495
Total current assets	**5,234,115**	2,147,570
Certificates of deposit designated for unemployment compensation	**178,021**	175,813
Investments—endowment fund	**1,561,317**	1,379,337
Beneficial interest in remainder trust	**78,432**	78,351
Pledges receivable, net of current portion	**480,586**	558,332
Interest in net assets of Foundation	**153,957**	135,140
Property and equipment, net	**8,692,300**	8,774,743
	$ 16,378,728	$ 13,249,286
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 232,366**	$ 144,720
Accrued salaries and benefits	**243,979**	206,951
Other accrued liabilities	**148,645**	175,677
Deferred revenue:		
Grants	**236,564**	75,855
Programs	**506,831**	134,096
Memberships	**19,677**	7,008
Current portion of operating lease liabilities	**46,107**	9,793
Current portion of finance lease obligations	**68,867**	107,313
Current portion of long-term debt	**180,000**	533,586
Total current liabilities	**1,683,036**	1,394,999
Operating lease liabilities, less current portion	**18,348**	8,319
Finance lease obligations, less current portion	**1,059**	101,027
Long-term debt, net of unamortized debt issuance costs of $60,239 in 2021 and $67,522 in 2020	**3,854,761**	4,307,291
Paycheck Protection Program loan	**1,153,945**	1,428,100
Total liabilities	**6,711,149**	7,239,736
Net assets:		
Without donor restrictions:		
Available for general activities	**4,985,484**	1,932,737
Board designated:		
Unemployment compensation	**178,021**	175,813
Endowment fund	**1,599,310**	1,421,450
Repair and replacement	**740,227**	740,227
Total without donor restrictions	**7,503,042**	4,270,227
With donor restrictions	**2,164,537**	1,739,323
Total net assets	**9,667,579**	6,009,550
	$ 16,378,728	$ 13,249,286

See notes to financial statements.

Young Men's Christian Association of Dane County, Inc.

Statements of Activities
Years Ended December 31, 2021 and 2020

	2021	2020
Changes in Net Assets Without Donor Restrictions		
Support:		
Contributions	$ 341,412	$ 389,977
Grants	1,082,748	484,881
Special events (net of expenditures of $29,846 and $28,565 in 2021 and 2020, respectively)	43,003	24,716
United Way of Dane County	17,687	13,711
Net assets released from restrictions	297,028	148,565
Total support	1,781,878	1,061,850
Revenue:		
Program and other fees	4,735,293	3,753,591
Membership dues	2,939,976	3,753,096
Purchase of service contracts	4,077	10,745
Merchandise sales	3,885	5,232
Investment income	186,165	172,586
Gain on extinguishment of Paycheck Protection Program loan (Note 6)	1,428,100	-
Other	1,855,006	83,183
Change in interest in net assets of Foundation	23,999	8,687
Total revenue	11,176,501	7,787,120
Total support and revenue	12,958,379	8,848,970
Expenses:		
Salaries	5,103,123	5,009,554
Payroll taxes and insurance	417,294	459,282
Employee benefits	587,359	574,972
Professional fees	214,736	195,367
Supplies	507,168	387,467
Telephone and postage	78,620	79,274
Printing and promotion	125,417	139,845
Occupancy	1,151,454	1,044,962
Technology	308,818	240,969
Interest expense	91,959	128,146
Depreciation and amortization	680,870	842,575
Minor equipment and equipment repair	138,071	92,040
Travel, conferences and meetings	63,634	51,076
National percentage support	130,254	128,469
Organizational dues	16,133	10,902
Bad debt expense	75,986	118,903
Other expense (income)	34,668	(482)
Total expenses	9,725,564	9,503,321
Change in net assets without donor restrictions	3,232,815	(654,351)

(Continued)

Young Men's Christian Association of Dane County, Inc.

Statements of Activities (Continued)
Years Ended December 31, 2021 and 2020

	2021	2020
Changes in Net Assets With Donor Restrictions		
Change in value of beneficial interest in remainder trust	**$ 81**	$ (3,042)
Contributions	**70,373**	41,841
Grants	**651,788**	275,463
Net assets released from restrictions	**(297,028)**	(148,565)
Change in net assets with donor restrictions	**425,214**	165,697
Change in net assets	**3,658,029**	(488,654)
Net assets beginning of year	**6,009,550**	6,498,204
Net assets, end of year	**$ 9,667,579**	$ 6,009,550

See notes to financial statements.

Young Men's Christian Association of Dane County, Inc.

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 3,658,029	$ (488,654)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	680,870	842,575
Gain on sale of property and equipment	(80)	(1,822)
Amortization of debt issuance costs included in interest	7,283	7,585
Change in value of beneficial interest in remainder trust	(81)	3,042
Undistributed change in interest in net assets of Foundation	(18,817)	(3,589)
Unrealized and realized gains on investments	(162,964)	(156,429)
Gain on extinguishment of Paycheck Protection Program loan (Note 6)	(1,428,100)	-
Changes in assets and liabilities:		
Pledges receivable	(48,810)	83,872
Grants receivable	(376,325)	(252,612)
Other receivables	(855,824)	84,130
Prepaid expenses and other	32,857	5,818
Accounts payable	87,646	(276,549)
Accrued expenses and other	9,996	(49,495)
Deferred revenue	546,113	(396,857)
Net cash provided by (used in) operating activities	2,131,793	(598,985)
Cash flows from investing activities:		
Purchases of property and equipment	(627,415)	(470,400)
Proceeds from the sale of property and equipment	750	2,100
Purchase of investments	(211,670)	(684,873)
Proceeds from sales of investments	192,654	682,391
Net cash used in investing activities	(645,681)	(470,782)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	-	322,321
Proceeds from Paycheck Protection Program loan	1,153,945	1,428,100
Payments on finance lease obligations	(110,096)	(120,586)
Principal payments on long-term debt	(813,399)	(204,131)
Net cash provided by financing activities	230,450	1,425,704
Net increase in cash, cash equivalents, certificates of deposit and restricted cash	1,716,562	355,937
Cash, cash equivalents, certificates of deposit and restricted cash, beginning of year	1,560,460	1,204,523
Cash, cash equivalents, certificates of deposit and restricted cash, end of year	$ 3,277,022	$ 1,560,460

(Continued)

Young Men's Christian Association of Dane County, Inc.

Statements of Cash Flows (Continued)
Years Ended December 31, 2021 and 2020

		2021		2020
Supplemental disclosure of cash flow information:				
Cash payments for interest	**$**	**94,696**	$	131,496
Supplemental schedules of noncash investing and financing activities:				
Gain on extinguishment of Paycheck Protection Program loan (Note 6)	**$**	**1,428,100**	$	-
Equipment acquired through buyout of finance lease	**$**	**28,318**	$	-
Reconciliation of cash, cash equivalents, certificates of deposit and restricted cash to the statements of financial position:				
Cash and cash equivalents	**$**	**3,055,083**	$	1,336,609
Cash—endowment fund		**43,918**		48,038
Certificates of deposit designated for unemployment compensation		**178,021**		175,813
Total cash, cash equivalents, certificates of deposit and restricted cash	**$**	**3,277,022**	$	1,560,460

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Young Men's Christian Association of Dane County, Inc. (the Association) offers human services which include programs within the general areas of healthy living, family support, child care, youth leadership development, social responsibility, and community outreach to persons in the Dane County area.

A summary of the Association's significant accounting policies follows:

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

Cash and cash equivalents: Highly liquid investments with a maturity of three months or less when acquired or investments readily convertible to known amounts of cash are considered to be cash equivalents. Bank balances of cash and certificates of deposit generally exceed Federal Deposit Insurance Corporation insured limits. Management does not believe there is a risk of loss associated with these accounts.

Cash—endowment fund: Cash equivalents held in the endowment fund investment account are classified as cash—endowment fund.

Pledges receivable: Unconditional promises to give are recorded as pledge receivables in the year the promise is made. Pledges expected to be collected in future years are recorded at the present value of the expected future cash flows. Management determines the allowance for doubtful accounts based on an assessment of the current status of individual amounts. Management believes all pledges are fully collectible as of December 31, 2021 and 2020.

Other receivables: Receivables for program, memberships and other miscellaneous revenues are initially carried at original transaction amount. Each reporting period, the Association evaluates the collectability of the receivables and records an allowance for doubtful accounts representing its estimate of the probable losses. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Included in other receivables for the year ended December 31, 2021, the Employee Retention Credit (ERC), was created under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), to encourage employers to retain and continue paying employees. The Association has determined they meet the requirements for an ERC credit of $1,714,982. This revenue is included in other income on the statements of activities. Of this amount, $714,198 was received prior to December 31, 2021. The Association recorded a receivable for the remaining credit in the amount of $1,000,784 included in other receivables on the statements of financial position. The Association filed Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for the first, second, and third quarters of 2021.

Certificates of deposit: Certificates of deposit are recorded at amortized cost.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Investments: Investments are carried at fair value. Gains and losses, including realized gains and losses and unrealized appreciation or depreciation as well as dividend and interest income, are included in the statements of activities.

Beneficial interest in remainder trust: The Association received a contribution in which the donor has retained a life interest. The remainder trust gift is a time-restricted contribution not available to the Association until after the death of the donor's spouse, who, while living, receives quarterly payouts from the remainder trust based on a fixed percentage of the market value of the invested funds as of December 18, 2001, the date of the remainder trust. The assets are invested and administered by a trustee, and distributions are made to the beneficiaries. Adjustments to the assets' carrying value is recognized as change in value of beneficial interest in the remainder trust and is classified as a change in assets with donor restrictions.

Charitable lead annuity trust: The Association was named a 5% beneficiary of a charitable lead annuity trust. The charitable lead annuity trust gift is an annuity payment received on or before the last day of each taxable year for a 10-year term beginning December 31, 2018. Yearly payouts from the charitable lead annuity trust are based on a fixed dollar amount based on the initial net fair market value of the assets allocated to the charitable lead annuity trust, using the values as finally determined for federal estate tax purposes. The assets are invested and administered by a trustee, and distributions are made to the beneficiaries. Amounts expected to be collected in future years are recorded at the present value of their estimated cash flows. Amortization of the discount is included in contribution revenue and will be classified as changes in assets with donor restrictions. The non-current portion of the asset is recorded at net present value as a pledge receivable. The trust funds are restricted for expenditures for YMCA East and YMCA West.

Interest in net assets of foundation: The Association has an ongoing economic interest in the net assets of the Madison Community Foundation, Inc. (the Foundation). Accordingly, the Association recognizes its interest in the net assets of the Foundation at fair value, which is included in the accompanying statements of financial position as interest in net assets of Foundation. The Association recognizes changes in its interest in net assets of the Foundation and presents those changes in the accompanying statements of activities as changes in interest in net assets of Foundation.

Property and equipment: Property and equipment whose cost exceeds $2,500 is capitalized at cost. Donated assets are capitalized at their estimated fair value at the date donated. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Leasehold improvements are amortized over the shorter of the lease term or useful life. Amortization of assets acquired under finance leases is included with depreciation and amortization expense on owned assets. Interest expense incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Membership and program revenue recognition: The Association generates substantial amounts of revenues from providing membership services to its members through collection of membership dues and offering various activity programs to its program participants throughout the year through collection of program and other fees. A single contract could include one or multiple performance obligations. For those contracts that have multiple performance obligations, the Association allocates the total transaction price to each performance obligation based on its relative standalone selling price, which is determined based on the Association's overall pricing objectives, taking into consideration market conditions and other factors.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Association satisfies its performance obligation for membership dues over time as the related services are provided during the membership contract period as a stand-ready obligation. The performance obligation related to program and other fees are typically satisfied over the course of the program service period.

The Association recognizes revenues under fixed-fee billing arrangements. The Association agrees to a pre-established fee in exchange for a predetermined set of membership, program, or other services. If the Association's estimates indicate a potential loss, such loss is recognized in the period in which the loss first becomes probable and reasonably estimable. Payments are required in advance of the membership or program period. Differences between the timing of billings and the recognition of revenue are recognized as either other receivables or deferred revenues in the statements of financial position.

Variable consideration exist with contracts related to discounts and financial assistance given to qualifying individuals or families who are socially, or economically disadvantaged, and refunds. Financial assistance is awarded based on a member application, income support, and the Association's approval and is presented net of the applicable revenue stream on the statements of activities. Refunds, although rare, can be provided at the request of program participants prior to the conclusion of a program. In most instances, a product-exchange (i.e. credit for future program) is first offered to participants. Refunds are considered as price concessions in determining the transaction price.

Contributions: Contributions are recorded as revenue when received or when an unconditional pledge has been made. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions received whose restrictions or conditions are met within the same year as received are recognized as revenue without donor restriction in the period received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Grant revenue: Grant revenue is recognized when allowable expenses related to a grant are incurred. Grants received in advance are recorded as deferred revenue—grants on the statements of financial position. The Association's grant revenues are considered non-reciprocal, non-exchange transactions and are recognized similarly to contributions with conditions. Revenue recognition is deferred until such conditions are fully met by the Association.

Basis of presentation: The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

***Net assets without donor restrictions*:** Net assets without donor restrictions are resources available to support the Association. Contributions are considered to be without donor restrictions and available for general use unless specifically restricted by the donor.

Board designated net assets represent amounts received without donor restrictions that have been designated by the Board of Directors for specific use and are included in net assets without donor restrictions. The Board has designated net assets for the deposit required for unemployment compensation, for repair and replacement of property and equipment, and for the YMCA endowment fund (the Fund) established by the Board in 2004. The purpose of the Fund is to provide continuing financial support for programs, scholarships, new initiatives, and general operating expenses for the Association

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

and to ensure the future success and stability of the Association. Assets designated for the Fund are included in investments and cash on the statements of financial position.

Net assets with donor restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Association must continue to use the resources in accordance with the donor's instructions.

Advertising costs: The Association expenses advertising costs as incurred. Advertising expenses were approximately $106,000 and $102,000 for the years ended December 31, 2021 and 2020, respectively.

Income taxes: The Association is classified as a publicly-supported organization by the Internal Revenue Service and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from local property taxes and state franchise or income taxes.

The Association follows the provisions of the Uncertainty in Income Taxes Section of the Income Taxes Topic of the Financial Accounting Standards Board (FASB) ASC. These provisions address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements.

The Association files a Form 990 (Return of Organization Exempt from Income Tax) annually. When this return is filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. Examples of tax positions include the tax-exempt status of the entity and various positions relative to potential sources of unrelated business income tax (UBIT). UBIT is reported on Form 990T, as appropriate. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the positions will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Reclassification: Certain amounts in the 2020 financial statements have been reclassified, with no effect on net assets or changes in net assets, in order to conform with the 2021 presentation.

Pending accounting standards. In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Association's December 31, 2022, financial statements. The Association is currently evaluating the impact of this new guidance on its financial statements.

Subsequent events: The Association has evaluated subsequent events for potential recognition and/or disclosures through May 25, 2022, the date the financial statements were issued.

Note 2. Liquidity

Financial assets available for general expenditures within one year of the statements of financial position date of December 31, 2021 and 2020, consists of the following:

	2021	2020
Cash and cash equivalents	$ 3,055,083	$ 1,336,609
Pledges receivable, current	243,733	117,177
Grants receivable	651,788	275,463
Other receivables, net	1,083,500	227,676
	$ 5,034,104	$ 1,956,925

The Association annually receives donor gifts that generally do not have time and purpose restrictions. Most often the gifts are utilized to fund financial assistance for membership dues and program service participation. The Board of Directors has designated unrestricted net assets to separately fund unemployment compensation reserves; repairs and replacement of property and equipment and an endowment fund. The endowment fund's purpose is to provide continuing financial support for programs, scholarships, new initiatives, general operating expenses and to ensure the future stability of the Association. Although the endowment fund is listed as not available to be used within one year, with Board approval, such funds can be made readily available as needed.

Investment income without donor restrictions, contributions without donor restrictions, and contributions with donor restrictions for use in current activities and programs, are considered to be available to meet cash needs for general expenditures.

The Association manages its cash available to meet general expenditures by operating within a prudent range of financial soundness and stability, maintaining a sufficient level of asset liquidity, and monitoring and maintaining reserves to provide reasonable assurance that all obligations will continue to be met.

Note 3. Fair Value Measurements and Investments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the provisions as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy under the provisions are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the investment, either directly or indirectly. These inputs include quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, and inputs other than quoted prices that are observable for the investment. These are inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3: Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment estimation.

Note 3. Fair Value Measurements and Investments (Continued)

The Association invests in a professionally managed portfolio that invests in equities, fixed income, and U.S. real estate. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy:

	December 31, 2021				December 31, 2020			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Investments:								
Mutual funds:								
Equity securities:								
U.S. equities	$ 814,574	$ 814,574	$ -	$ -	$ 746,154	$ 746,154	$ -	$ -
Developed foreign	222,895	222,895	-	-	199,673	199,673	-	-
Fixed income securities:								
Taxable U.S.	489,625	489,625	-	-	405,908	405,908	-	-
U.S. listed real estate	34,223	34,223	-	-	27,602	27,602	-	-
Beneficial interest in remainder trust	78,432	-	-	78,432	78,351	-	-	78,351
Interest in net assets of Foundation	153,957	-	-	153,957	135,140	-	-	135,140
	$ 1,793,706	$ 1,561,317	$ -	$ 232,389	$ 1,592,828	$ 1,379,337	$ -	$ 213,491

Fair value of mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-end mutual funds and exchange-traded funds (ETFs) that are registered with the SEC. Open-ended mutual funds are required to publish their daily net asset value (NAV) and to transact at that price. ETFs are marketable securities which track an index and are traded and valued similarly to common stock. The funds held by the Association are deemed to be actively traded.

The beneficial interest in remainder trust funds are invested in debt and equity securities, and the Association records its interest in this trust at fair value based on estimated future cash receipts discounted at 1.6%, which approximates the rate of return on U.S. government securities. The Association considers these funds as Level 3 investment.

The interest in net assets of the Foundation is based on an annual valuation report received from the Foundation's trustees. The Association's interest in funds held in trust by others is considered Level 3, based on unobservable inputs, in the fair value hierarchy.

Note 3. Fair Value Measurements and Investments (Continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	2021	
	Beneficial Interest in Remainder Trust	Interest in Net Assets of Foundation
Beginning balance, January 1	$ 78,351	$ 135,140
Net realized and unrealized gain on investments	20,035	21,225
Distributions	(18,003)	(5,183)
Contributions	-	4,447
Interest, dividends, and other income	2,545	-
Fees and expenses	(4,496)	(1,672)
Ending balance, December 31	$ 78,432	$ 153,957

	2020	
	Beneficial Interest in Remainder Trust	Interest in Net Assets of Foundation
Beginning balance, January 1	$ 81,393	$ 131,551
Net realized and unrealized gain on investments	16,779	8,373
Distributions	(18,003)	(5,097)
Contributions	-	1,993
Interest, dividends, and other income	2,682	-
Fees and expenses	(4,500)	(1,680)
Ending balance, December 31	$ 78,351	$ 135,140

Investment income consisted of the following for the years ended December 31:

	2021	2020
Interest and dividends	$ 23,201	$ 16,157
Net unrealized and realized gains (losses)	162,964	156,429
Total investment income at December 31	$ 186,165	$ 172,586

Note 4. Charitable Lead Annuity Trust/Pledge Receivable

The Association is the beneficiary of a charitable lead trust agreement held by an independent trustee. Under the terms of the agreement, the Association has an unconditional right to receive all or a portion of specified cash flows from the agreement. The agreement is valued at the initial fair market value based on expected future cash flows and discounted present value at a risk-adjusted rate. As of December 31, 2021 and 2020, the Association applied a discount rate of 3.2%. The Association's beneficial interest was $576,199 and $653,945 at December 31, 2021 and 2020, respectively.

The net present value of the pledge receivable is the following:

	2021	2020
Pledges receivable in:		
Less than one year	$ 95,613	$ 95,613
One to five years	478,065	478,065
More than five years	54,599	150,212
Total pledges receivables	628,277	723,890
Less discount to present value	52,078	69,945
Pledge receivable, net	576,199	653,945
Less current portion	95,613	95,613
Noncurrent pledges receivable, net	$ 480,586	$ 558,332

Note 5. Property and Equipment

Property and equipment as of December 31 are summarized as follows:

	2021	2020
Land	$ 1,742,454	$ 1,742,454
Buildings and improvements	19,933,671	19,733,202
Equipment and leasehold improvements	3,163,853	2,810,693
	24,839,978	24,286,349
Less accumulated depreciation and amortization	16,147,678	15,511,606
Property and equipment, net	$ 8,692,300	$ 8,774,743

Depreciation expense for the years ended December 31, 2021 and 2020, was $680,870 and $842,575, respectively.

Note 6. Pledged Assets, Long-Term Debt, Letter of Credit and Subsequent Event

Long-term debt included the following as of December 31, 2021 and 2020:

	2021	2020
City of Sun Prairie, Wisconsin Variable Rate Demand Development Revenue Bonds, Series 2006, with variable interest at 1.37% at December 31, 2021, annual payments, varying in amounts from $180,000 to $370,000, due December 2036	$ 4,000,000	$ 4,175,000
Paycheck Protection Program loan payable with Johnson Bank, including interest at 1.0%, due February 5, 2026	1,153,945	-
Interest free promissory note, payable to City of Madison only upon sale, change of use, or discontinuance of use of East facility	95,000	95,000
Shared Savings Agreement payable to Sun Prairie Utilities, with fixed interest at 2%, repaid during the year ended December 31, 2021	-	7,627
Construction loan, payable to U.S. Bank, to finance construction on East location roof, with fixed interest at 4.32%, repaid during year ended December 31, 2021	-	309,105
Line of credit, payable to U.S. Bank to finance construction on West location roof and foundation, with variable interest at the prime rate, minus 0.5%, repaid during the year ended December 31, 2021	-	321,667
Paycheck Protection Program loan payable with Johnson Bank, including interest at 1.0%, extinguished in the year ended December 31, 2021	-	1,428,100
	5,248,945	6,336,499
Less current maturities of long-term debt	(180,000)	(533,586)
Unamortized debt issuance cost	(60,239)	(67,522)
Total long-term debt, net	$ 5,008,706	$ 5,735,391

Substantially all the Association's assets are pledged as collateral for the bonds. The endowment fund is pledged as collateral for the letter of credit. The bonds contain various covenants including a fixed charge coverage ratio.

The bonds can be called on a daily basis by the bondholder. The Association has a remarketing agreement with the underwriter that provides for a "best efforts" remarketing of the bonds. The Association anticipates that additional bonds will be issued to extend the maturities; however, there can be no guarantee that these bonds can or will be remarketed. The bonds are secured by a letter of credit, expiring March 2023, in the amount of the outstanding principal balance on the bonds plus accrued interest. If the letter of credit is drawn on to pay for the bonds that were not remarketed, such amounts are due immediately.

Note 6. Pledged Assets, Long-Term Debt, Letter of Credit and Subsequent Event (Continued)

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The CARES Act established the Paycheck Protection Program (PPP), which is administered by the U.S. Small Business Administration (SBA), to provide loans to help offset certain payroll and other operating costs. The Association applied for and was awarded a PPP loan in the amount of $1,428,100 on May 11, 2020. On February 5, 2021, the Association's PPP loan of $1,428,100 was forgiven by the SBA. The income from forgiveness of the loan is recognized as a gain on extinguishment of PPP loan on the statement of activities for the year ended December 31, 2021.

The Association applied for and was awarded a second PPP loan in the amount of $1,153,945 on February 5, 2021, calculated on the basis of documented payroll costs. The loan and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains payroll levels during the subsequent 24-week period. As of December 31, 2021, the Association has accounted for the loan as a long-term liability under FASB ASC 470 and has not recognized any of the loan amount into income as the loan was not forgiven.

On February 2, 2022, the Association's second PPP loan of $1,135,945 was forgiven by the SBA. Therefore, future maturities of the PPP loan have been omitted from the future maturities table below.

Assuming no bonds are called by the bondholders, future maturities of long-term debt, excluding the original maturities of the PPP loan, are as follows:

Years ending December 31,	
2022	$ 180,000
2023	190,000
2024	200,000
2025	210,000
2026-2030	1,245,000
2031-2035	1,605,000
2036	465,000
	4,095,000
Unamortized debt issuance cost	(60,239)
	$ 4,034,761

Note 7. Leases and Rent Expense

The Association determines if a contract is or contains a lease at inception, which is the date on which the terms of the contract are agreed to and the agreement creates enforceable rights and obligations. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement. The Association has elected to use the risk-free rate, specifically the U.S. Treasury bill rate, to discount the lease payments for leases that do not have a readily determinable implicit rate.

Under ASC 842, the Association has elected to not apply the recognition requirements to leases of less than 12 months. These leases are expensed on a straight-line basis and are not included within the Association's operating lease asset or liability. Lease costs associated with leases of less than 12 months were immaterial for the year ended December 31, 2021. The Association did not have any lease transactions with related parties.

The majority of the finance lease obligations relate to leased fitness equipment, which are included in property and equipment, net, on the statements of financial position. Finance lease assets shown below are presented net of accumulated amortization, which was approximately $336,000 and $251,000 for the years ended December 31, 2021 and 2020, respectively. Payments under the Association's finance lease agreements are fixed for terms ranging from one to five years. Accounting for finance leases is substantially unchanged under Topic 842.

The amounts of assets and liabilities related to both operating and finance leases are as follows:

	2021	2020
Assets:		
Operating lease assets	$ 64,455	$ 18,112
Finance lease assets	76,616	208,340
Total lease assets	$ 141,071	$ 226,452
Liabilities:		
Current:		
Operating lease liabilities	$ 46,107	$ 9,793
Finance lease liabilities	68,867	107,313
Long-term:		
Operating lease liabilities	18,348	8,319
Finance lease liabilities	1,059	101,027
Total lease liabilities	$ 134,381	$ 226,452

Note 7. Leases and Rent Expense (Continued)

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease costs are as follows:

	2021	2020
Operating lease cost	$ 44,104	$ 19,568
Short term lease cost	71,425	81,792
Variable lease cost	474	4,414
Financed lease cost:		
Amortization of ROU assets	112,655	140,734
Interest on lease liabilities	9,249	16,734
Total lease cost	$ 237,907	$ 263,242

Lease terms and discount rates are as follows:

Weighted average remaining lease term (in years):	2021	2020
Operating leases		
Finance leases	1.80	1.86
	0.94	2.08
Weighted average discount rate:		
Operating leases	0.43%	1.61%
Finance leases	6.32%	6.33%

Supplemental cash flow information related to leases for the period are as follows:

Other information:	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 44,104	$ 19,568
Operating cash flows from finance leases	9,249	16,734
Financing cash flows from finance leases	119,345	137,320

The approximate future minimum lease payments under finance and operating leases at December 31, 2021 are as follows:

	Finance Lease	Operating Lease
Years ending December 31,		
2022	$ 70,730	$ 46,107
2023	1,059	11,999
2024	-	2,749
2025	-	2,749
2026	-	1,145
Total lease payments	71,789	64,749
Less imputed interest	1,863	294
Total present value of lease liabilities	$ 69,926	$ 64,455

Note 8. Unemployment Compensation

The Association has elected the reimbursement (self-insured) method for unemployment compensation benefits. In order to guarantee payment of eligible benefits, the Treasurer, Wisconsin Unemployment Reserve Fund, requires that the Association provide adequacy of assurance deposits totaling approximately $178,000 and $176,000 as of December 31, 2021 and 2020, respectively. To comply with this requirement, the Association has pledged a certificate of deposit in this amount.

Note 9. Retirement Plan

The Association participates in the YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and the YMCA Retirement Fund Tax-Deferred Savings Plan, which is a defined contribution church retirement income account plan as defined in section 403(b)(9) of the code. Both Plans are sponsored by the Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As defined contribution plans, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with the agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary and are shared between the employee and employer. Employee contributions are mandatory for eligible employees and withheld from payroll pre-tax. Association contributions charged to expense aggregated approximately $347,000 and $298,000 for the years ended December 31, 2021 and 2020, respectively.

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

Note 10. Functional Expenses

The cost of providing the Association's programs and other activities is summarized on a functional basis for the years ended December 31, 2021 and 2020, as follows:

	2021						
	Program Services				Supporting Services		
	Youth Development	Healthy Living	Social Responsibility	Total	Management and General	Fundraising	Total
Salaries	$ 3,746,866	$ 529,755	$ 173,479	$ 4,450,100	$ 446,153	$ 206,870	$ 5,103,123
Payroll taxes and insurance	305,262	46,972	16,216	368,450	32,660	16,184	417,294
Employee benefits	424,113	41,289	11,404	476,806	74,600	35,953	587,359
Professional fees	2,257	111,253	-	113,510	100,376	850	214,736
Supplies	400,726	40,771	48,943	490,440	6,392	10,336	507,168
Telephone and postage	15,692	50,681	150	66,523	10,818	1,279	78,620
Printing and promotion	97,733	11,279	420	109,432	139	15,846	125,417
Occupancy	1,026,137	41,472	1,963	1,069,572	81,882	-	1,151,454
Technology	95,089	50,494	2,760	148,343	160,215	260	308,818
Interest expense	63,537	26,341	1,674	91,552	407	-	91,959
Depreciation and amortization	442,163	210,450	13,376	665,989	14,881	-	680,870
Minor equipment and equipment repair	127,018	8,424	-	135,442	609	2,020	138,071
Travel, conferences and meetings	51,510	2,923	3,621	58,054	4,470	1,110	63,634
National percentage support	86,951	40,715	2,588	130,254	-	-	130,254
Organizational dues	9,362	-	-	9,362	6,441	330	16,133
Bad debt expense	27,054	23,349	160	50,563	21,091	4,332	75,986
Other	115	-	-	115	34,553	-	34,668
	$ 6,921,585	$ 1,236,168	$ 276,754	$ 8,434,507	$ 995,687	$ 295,370	$ 9,725,564
	71%	13%	3%	87%	10%	3%	100%

	2020						
	Program Services				Supporting Services		
	Youth Development	Healthy Living	Social Responsibility	Total	Management and General	Fundraising	Total
Salaries	$ 3,377,848	$ 734,316	$ 149,197	$ 4,261,361	$ 545,308	$ 202,885	$ 5,009,554
Payroll taxes and insurance	294,375	81,864	16,101	392,340	50,170	16,772	459,282
Employee benefits	369,489	52,278	24,706	446,473	97,305	31,194	574,972
Professional fees	2,282	97,064	-	99,346	93,679	2,342	195,367
Supplies	269,954	42,672	58,579	371,205	6,313	9,949	387,467
Telephone and postage	12,926	48,212	482	61,620	14,076	3,578	79,274
Printing and promotion	93,657	6,901	-	100,558	372	38,915	139,845
Occupancy	944,240	65,805	2,867	1,012,912	32,050	-	1,044,962
Technology	94,185	89,208	5,864	189,257	51,712	-	240,969
Interest expense	69,240	54,831	3,380	127,451	695	-	128,146
Depreciation and amortization	425,019	384,727	23,718	833,464	9,111	-	842,575
Minor equipment and equipment repair	83,291	6,063	-	89,354	9	2,677	92,040
Travel, conferences and meetings	35,176	7,878	3,017	46,071	4,196	809	51,076
National percentage support	66,079	58,767	3,623	128,469	-	-	128,469
Organizational dues	5,390	46	-	5,436	4,017	1,449	10,902
Bad debt expense	28,271	52,620	-	80,891	30,879	7,133	118,903
Other	13	299	-	312	(798)	4	(482)
	$ 6,171,435	$ 1,783,551	$ 291,534	$ 8,246,520	$ 939,094	$ 317,707	$ 9,503,321
	65%	19%	3%	87%	10%	3%	100%

The financial statements report certain categories of expenses that are attributable to one or more programs or support functions of the Association. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include key employee compensation which is allocated based on estimated time and effort applied to the programs. Printing and promotion and technology are first applied directly to the programs based on usage with the remainder allocated along with depreciation and amortization and national support using a percentage of each program's revenue to the total revenue.

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	2021	2020
Subject to expenditure for specified purpose:		
Beneficial interest in remainder trust for youth scholarship	$ 78,432	$ 78,351
Subject to the passage of time:		
For periods after December 31	1,376,105	950,972
Not subject to appropriation or expenditure:		
Land restricted as to use by the donor	710,000	710,000
Total net assets with donor restrictions	$ 2,164,537	$ 1,739,323

Net assets of $297,028 and $148,565 in 2021 and 2020, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Note 12. Endowment Fund

The Association's endowment consists of funds designated by the Board of Directors to function as an endowment. Net assets associated with endowment funds are classified and reported as net assets without donor restrictions.

The Association's endowment net asset composition is as follows for the years ended December 31, 2021 and 2020:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated	$ 1,599,310	$ -	$ 1,599,310	$ 1,421,450	$ -	$ 1,421,450

Note 12. Endowment Fund (Continued)

The changes in endowment net assets for the Association were as follows for the years ended December 31, 2021 and 2020:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,421,450	$ -	$ 1,421,450	$ 1,251,043	$ -	$ 1,251,043
Investment return:						
Investment income	15,347	-	15,347	14,265	-	14,265
Appreciation - realized and unrealized, net	162,513	-	162,513	156,142	-	156,142
Total investment return	177,860	-	177,860	170,407	-	170,407
Endowment net assets, end of year	$ 1,599,310	$ -	$ 1,599,310	$ 1,421,450	$ -	$ 1,421,450

Return objectives and risk parameters: The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The Association has a policy of appropriating for distribution funds which are subject to limitations imposed in the investment policy and which the Finance and Audit Committee will recommend to the Board for approval.

Note 13. Payments to Affiliated Organization

The Association serves the citizens of Dane County, Wisconsin and is independently governed by a local board of community leaders and volunteers. The Association is dedicated to creating positive change in its community and is a member of the national YMCA organization, YMCA of the USA. The Association paid annual national support fees of approximately $130,000 and $128,000 in 2021 and 2020, respectively.