

**YMCA OF DELAWARE, INC.
& AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
YMCA of Delaware, Inc. & Affiliates

We have audited the accompanying consolidated financial statements of the YMCA of Delaware, Inc. & Affiliates, which comprise the consolidated statements of financial position as of December 31, 2020 **and 2019**, and the related consolidated statements of activities, functional expenses, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the YMCA of Delaware, Inc. & Affiliates as of December 31, 2020 **and 2019**, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information shown on pages 34 to 37 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Gunnip & Company, LLP

Wilmington, Delaware

September 8, 2021

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
**YMCA OF DELAWARE, INC.
AND AFFILIATES**
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and equivalents	\$ 8,041,959	\$ 9,339,850
Accounts receivable, net	1,162,171	1,111,707
Capital campaign pledges receivable, net	2,904	2,904
Prepayments and other assets	657,120	825,572
Investments	17,665,579	5,665,605
Restricted assets		
Tenant security deposits	6,977	12,723
Reserves and escrowed funds	1,115,154	988,143
Beneficial interest in perpetual trusts	5,541,415	5,127,248
Intangibles, net	57,750	74,250
Property and equipment, net	50,588,912	54,034,107
Contributed use of facility	2,546,496	2,561,774
	<hr/>	<hr/>
Total Assets	\$ 87,386,437	\$ 79,743,883
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LIABILITIES		
Accounts payable	\$ 1,211,266	\$ 871,115
Accrued payroll and related taxes	425,342	457,436
Deferred revenue	942,474	692,412
Interest rate swap	512,859	180,182
Other liabilities	290,316	304,926
Notes payable and accrued interest	5,437,308	5,370,648
Capital lease payable	1,014,015	1,508,148
Bonds payable, net	15,520,068	16,171,812
	<hr/>	<hr/>
Total Liabilities	25,353,648	25,556,679
	<hr/>	<hr/>
NET ASSETS		
Without donor restrictions		
Unrestricted for general use	48,597,022	40,533,172
Board designated	3,345,030	4,256,423
	<hr/>	<hr/>
Without donor restrictions	51,942,052	44,789,595
With donor restrictions	10,090,737	9,397,609
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Total Net Assets	62,032,789	54,187,204
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 87,386,437	\$ 79,743,883
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See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF ACTIVITIES
YMCA OF DELAWARE, INC. & AFFILIATES
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	Without donor restrictions	With donor restrictions	2020 Totals	2019 Totals
REVENUES, GAINS, AND OTHER SUPPORT				
Membership dues	\$ 13,570,043	\$ 0	\$ 13,570,043	\$ 19,872,225
Program service fees	4,410,885	0	4,410,885	13,603,535
Contributions	13,090,621	1,889,692	14,980,313	5,260,344
Contributed use of facilities	103,722	0	103,722	2,454,423
Fees and grants from governments	8,007,810	0	8,007,810	5,158,496
Investment income	878,637	0	878,637	1,446,250
Annual fundraising events, net	23,935	0	23,935	13,259
Change in value of beneficial interest in perpetual trusts	0	414,167	414,167	795,500
Fees for products and services	136,126	0	136,126	178,593
Gain on disposal of property	0	0	0	2,210
Other income	212,962	0	212,962	217,000
Total Revenues, Gains, and Other Support, Before Net Assets Released from Restriction	40,434,741	2,303,859	42,738,600	49,001,835
NET ASSETS RELEASED FROM RESTRICTION	<u>1,610,731</u>	<u>(1,610,731)</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	42,045,472	693,128	42,738,600	49,001,835
EXPENSES AND LOSSES				
Program Services				
Youth development	18,469,503	0	18,469,503	26,530,894
Healthy living	5,186,682	0	5,186,682	6,736,284
Social responsibility	5,634,032	0	5,634,032	5,412,644
Supporting Services				
Management and general	4,918,620	0	4,918,620	4,918,257
Fundraising costs	351,501	0	351,501	401,791
TOTAL EXPENSES AND LOSSES	<u>34,560,338</u>	<u>0</u>	<u>34,560,338</u>	<u>43,999,870</u>
CHANGE IN NET ASSETS FROM OPERATIONS	7,485,134	693,128	8,178,262	5,001,965
NONOPERATING ACTIVITY				
Swap valuation loss	<u>(332,677)</u>	<u>0</u>	<u>(332,677)</u>	<u>(322,279)</u>
CHANGES IN NET ASSETS	<u>\$ 7,152,457</u>	<u>\$ 693,128</u>	<u>\$ 7,845,585</u>	<u>\$ 4,679,686</u>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF ACTIVITIES
YMCA OF DELAWARE, INC. & AFFILIATES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without donor Restrictions	With donor Restrictions	Totals
REVENUES, GAINS, AND OTHER SUPPORT			
Membership dues	\$ 19,872,225	\$ 0	\$ 19,872,225
Program service fees	13,603,535	0	13,603,535
Contributions	2,371,883	2,888,461	5,260,344
Contributed use of facilities	0	2,454,423	2,454,423
Fees and grants from governments	5,158,496	0	5,158,496
Investment income	1,446,250	0	1,446,250
Annual fundraising events, net	13,259	0	13,259
Change in value of beneficial interest in perpetual trusts	0	795,500	795,500
Fees for products and services	178,593	0	178,593
Gain on disposal of property	2,210	0	2,210
Other income	217,000	0	217,000
Total Revenues, Gains, and Other Support, Before Net Assets Released from Restriction	42,863,451	6,138,384	49,001,835
NET ASSETS RELEASED FROM RESTRICTION	1,499,343	(1,499,343)	0
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	44,362,794	4,639,041	49,001,835
EXPENSES AND LOSSES			
Program Services			
Youth development	26,530,894	0	26,530,894
Healthy living	6,736,284	0	6,736,284
Social responsibility	5,412,644	0	5,412,644
Supporting Services			
Management and general	4,918,257	0	4,918,257
Fundraising costs	401,791	0	401,791
TOTAL EXPENSES AND LOSSES	43,999,870	0	43,999,870
CHANGE IN NET ASSETS FROM OPERATIONS	362,924	4,639,041	5,001,965
NONOPERATING ACTIVITY			
Swap valuation loss	(322,279)	0	(322,279)
CHANGE IN NET ASSETS	\$ 40,645	\$ 4,639,041	\$ 4,679,686

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YMCA OF DELAWARE, INC. & AFFILIATES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Total Program Services	Supporting Services		Total Expenses
	Youth Development	Healthy Living	Social Responsibility		Management & General	Fundraising Costs	
EXPENSES AND LOSSES							
Personnel Costs							
Salaries	\$ 8,529,677	\$ 2,461,940	\$ 1,746,841	\$12,738,458	\$ 2,183,173	\$ 228,771	\$ 15,150,402
Employee benefits and payroll taxes	2,011,062	550,104	339,752	2,900,918	773,968	75,051	3,749,937
Total Personnel Costs	10,540,739	3,012,044	2,086,593	15,639,376	2,957,141	303,822	18,900,339
Other Expenses							
Occupancy	1,908,225	490,582	431,490	2,830,297	95,074	0	2,925,371
Supplies	1,015,557	276,261	755,113	2,046,931	119,605	0	2,166,536
Professional fees	429,548	120,327	148,984	698,859	782,128	19,204	1,500,191
Printing and publications	107,393	67,506	9,022	183,921	584,211	23,346	791,478
Rental and maintenance of equipment	39,919	37,271	0	77,190	90,195	201	167,586
Nonpayroll insurance	468,570	104,459	80,834	653,863	57,708	0	711,571
Travel	118,501	27,831	47,784	194,116	63,876	1,114	259,106
Membership dues	277,509	68,949	16,828	363,286	15,495	1,866	380,647
Telephone	285,619	65,732	21,541	372,892	53,020	640	426,552
Conferences, conventions, and meetings	46,120	16,067	12,283	74,470	23,278	1,308	99,056
Special events expense	14,744	0	0	14,744	0	0	14,744
Postage and shipping	21,325	4,644	178	26,147	17,171	0	43,318
Bad debt expense	0	0	267,016	267,016	0	0	267,016
Interest expense	313,389	87,844	136,037	537,270	0	0	537,270
Minor equipment purchases	15,729	13,148	39,514	68,391	992	0	69,383
Loss on disposal of property	0	0	0	0	10,027	0	10,027
Miscellaneous expenses	56,399	6,091	157,125	219,615	48,699	0	268,314
Total Other Expenses	5,118,547	1,386,712	2,123,749	8,629,008	1,961,479	47,679	10,638,166
Total Expenses and Losses Before Depreciation and Amortization	15,659,286	4,398,756	4,210,342	24,268,384	4,918,620	351,501	29,538,505
Depreciation and amortization	2,810,217	787,926	1,423,690	5,021,833	0	0	5,021,833
Total Expenses and Losses	\$ 18,469,503	\$ 5,186,682	\$ 5,634,032	\$29,290,217	\$ 4,918,620	\$ 351,501	\$34,560,338

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YMCA OF DELAWARE, INC. & AFFILIATES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Total Program Services	Supporting Services		Total Expenses
	Youth Development	Healthy Living	Social Responsibility		Management & General	Fundraising Costs	
EXPENSES AND LOSSES							
Personnel Costs							
Salaries	\$ 12,924,157	\$ 3,537,978	\$ 1,759,781	\$18,221,916	\$ 2,011,470	\$ 229,181	\$ 20,462,567
Employee benefits and payroll taxes	<u>2,670,998</u>	<u>674,172</u>	<u>359,364</u>	<u>3,704,534</u>	<u>663,984</u>	<u>74,859</u>	<u>4,443,377</u>
Total Personnel Costs	15,595,155	4,212,150	2,119,145	21,926,450	2,675,454	304,040	24,905,944
Other Expenses							
Occupancy	2,228,278	488,953	410,141	3,127,372	89,427	0	3,216,799
Supplies	1,671,436	223,919	888,899	2,784,254	161,163	884	2,946,301
Professional fees	1,357,260	217,107	324,982	1,899,349	804,302	13,586	2,717,237
Printing and publications	209,826	84,253	34,575	328,654	553,394	67,821	949,869
Rental and maintenance of equipment	330,320	272,219	10,695	613,234	109,408	0	722,642
Nonpayroll insurance	414,423	82,478	65,880	562,781	73,130	0	635,911
Travel	277,442	74,696	120,855	472,993	131,831	4,939	609,763
Membership dues	330,536	74,276	25,292	430,104	25,292	1,967	457,363
Telephone	351,782	68,901	35,835	456,518	84,864	1,575	542,957
Conferences, conventions, and meetings	103,420	32,509	23,947	159,876	143,343	6,979	310,198
Special events expense	1,580	0	0	1,580	2,478	0	4,058
Postage and shipping	12,640	1,171	490	14,301	46,997	0	61,298
Bad debt expense	0	0	151,117	151,117	0	0	151,117
Interest expense	393,640	97,520	112,305	603,465	0	0	603,465
Minor equipment purchases	47,210	12,053	9,436	68,699	12,853	0	81,552
Miscellaneous expenses	<u>3,768</u>	<u>579</u>	<u>43,022</u>	<u>47,369</u>	<u>4,321</u>	<u>0</u>	<u>51,690</u>
Total Other Expenses	<u>7,733,561</u>	<u>1,730,634</u>	<u>2,257,471</u>	<u>11,721,666</u>	<u>2,242,803</u>	<u>97,751</u>	<u>14,062,220</u>
Total Expenses and Losses Before Depreciation and Amortization	23,328,716	5,942,784	4,376,616	33,648,116	4,918,257	401,791	38,968,164
Deprecation and amortization	<u>3,202,178</u>	<u>793,500</u>	<u>1,036,028</u>	<u>5,031,706</u>	<u>0</u>	<u>0</u>	<u>5,031,706</u>
Total Expenses and Losses	<u>\$ 26,530,894</u>	<u>\$ 6,736,284</u>	<u>\$ 5,412,644</u>	<u>\$38,679,822</u>	<u>\$ 4,918,257</u>	<u>\$ 401,791</u>	<u>\$ 43,999,870</u>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YMCA OF DELAWARE, INC. & AFFILIATES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Without donor restrictions				
	General-Use	Board Designated	Total Without donor Restrictions	With donor Restrictions	Total Net Assets
Balance, December 31, 2018	\$ 40,294,472	\$ 4,454,478	\$ 44,748,950	\$ 4,758,568	\$ 49,507,518
Change in net assets	238,700	(198,055)	40,645	4,639,041	4,679,686
Balance, December 31, 2019	40,533,172	4,256,423	44,789,595	9,397,609	54,187,204
Change in net assets	8,063,850	(911,393)	7,152,457	693,128	7,845,585
Balance, December 31, 2020	<u>\$ 48,597,022</u>	<u>\$ 3,345,030</u>	<u>\$ 51,942,052</u>	<u>\$ 10,090,737</u>	<u>\$ 62,032,789</u>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YMCA OF DELAWARE & AFFILIATES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,845,585	\$ 4,679,686
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,021,833	5,031,706
Amortization - bond and loan costs	26,416	26,416
(Gain) Loss on disposition of property	10,027	(2,210)
Loss on swap valuation	332,677	322,279
Bad debt expense	267,016	151,117
Loss on investments and beneficial interest in perpetual trusts	948,099	147,411
Changes in assets and liabilities:		
Accounts receivable and pledges	(317,480)	(313,615)
Tenant security deposits	5,746	(21)
Prepayments and other assets	168,452	(339,725)
Intangibles	16,500	(50,916)
Contributed use of facility	15,278	(2,448,090)
Accounts payable	340,151	(114,380)
Notes payable and accrued expenses	42,666	45,787
Deferred revenue	250,062	108,518
Other current liabilities	(14,610)	(272,875)
Net cash provided by operating activities	<u>14,958,418</u>	<u>6,971,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	6,664,162	3,321,946
Net draws to reserves and escrows	(127,011)	(85,110)
Purchases of investments	(20,026,402)	(3,799,649)
Acquisitions of property and equipment	<u>(1,586,665)</u>	<u>(2,814,147)</u>
Net cash used by investing activities	<u>(15,075,916)</u>	<u>(3,376,960)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on capital lease	(494,133)	(501,045)
Payment of notes payable	(16,260)	(20,040)
Payment of bonds payable	<u>(670,000)</u>	<u>(640,000)</u>
Net cash used by financing activities	<u>(1,180,393)</u>	<u>(1,161,085)</u>
NET CHANGE IN CASH	(1,297,891)	2,433,043
CASH		
Beginning of year	<u>9,339,850</u>	<u>6,906,807</u>
End of year	<u><u>\$ 8,041,959</u></u>	<u><u>\$ 9,339,850</u></u>
INTEREST PAID	<u><u>\$ 436,094</u></u>	<u><u>\$ 510,832</u></u>

See accompanying notes to financial statements.

Note 1 Summary of Organization activities and significant accounting policies

Organization activities

The YMCA of Delaware, Inc. (the "YMCAD") is an association of people of all ages, ethnic groups, and religious affiliations that strive to cultivate the human potential, self-esteem, and dignity of all people. The YMCAD exists to develop and practice the Christian principles of love, caring, inclusiveness, justice and peace and to enrich the emotional, physical and social life of individuals, families and the community. The YMCAD seeks to build strong kids, strong families, and strong communities throughout the State of Delaware.

The YMCA Central Branch, LLC (the "Central Branch"), an affiliate of the YMCAD, formed as a Limited Liability Company under the laws of the State of Delaware on October 2, 2002, performs two activities: (1) residential development activity, which comprises the rental of 180 single occupancy units of which 144 of the units are designated for providing low-income and moderate income housing, and 36 of the units are designated for providing market-rate income housing in accordance with the regulatory agreement with the Delaware State Housing Authority ("DSHA"); and (2) program activity, the operation of child care and gymnasium facilities. The property is located in Wilmington, Delaware. The Central Branch is restricted as to rental charges and is required to lease 80% of the units to low- or moderate-income individuals, subject to the provisions of Section 42(g)(1)(b) of the Internal Revenue Code (IRC). The provisions of these regulations must be met during each of the 15 consecutive years, beginning in 2003, in order to remain qualified for the low-income housing tax credits. The Central Branch has executed a Declaration of Land Use Restrictive Covenant relating to low-income housing tax credits with DSHA, which requires the utilization of the project pursuant to Section 42 for a minimum of 30 years, even after the disposition of the project by the Company.

The Company also qualified for \$ 3,057,000 of federal historic tax credits under Section 47(c)(3) of the Internal Revenue Code (IRC) for the rehabilitation of the certified historic structure. Additionally, the project qualified for historic tax credits as governed by the State of Delaware Historic Preservation Tax Credit Program for \$ 3,968,000.

The Central Branch, an affiliate of the YMCAD, is a for-profit limited liability corporation formed under the laws of the State of Delaware for the purpose of managing the Central Branch.

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Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Basis of presentation

The financial statements of the YMCADE have been prepared in accordance with U.S. generally accepted accounting principles. ("US GAAP"), which require the YMCADE to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the YMCADE's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the YMCADE or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Principals of consolidation

The consolidated financial statements include the accounts of the YMCADE and its affiliates. All material inter-affiliated accounts and transactions have been eliminated in consolidation.

The following is a current list of YMCADE and its affiliates' branches and its locations: Bear Glasgow Family YMCA (351 George Williams Way, Newark, DE 19702), Brandywine YMCA (3 Mount Lebanon Road, Wilmington, DE 19803), Brandywine YMCA Hanby Outdoor Center (35 Chestnut Street, Wilmington, DE 19810), Central YMCA (501 West 11th Street, Wilmington, DE 19801), Dover YMCA (1137 South State Street, Dover, DE 19901), Dover YMCA Kent Outdoor Complex (825 Kenton Road, Dover, DE 19904), Middletown Family YMCA (404 N. Cass Street, Middletown, DE 19709), Sussex Family YMCA (20080 Church Street, Rehoboth Beach, DE 19971), Walnut Street YMCA (1000 North Walnut Street, Wilmington, DE 19801), Western Family YMCA (2600 Kirkwood Highway, Newark, DE 19711), and YMCA Camp Tockwogh (24370 Still Pond Neck Road, Worton, MD 21678), Middletown YMCA Silver Lake Pool (200 East Cochran Street, Middletown, DE 19709).

Measure of operations

The YMCADE's statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to YMCADE's ongoing services and programs and earnings on investment. Nonoperating activities are limited to resources from other activities considered to be of a more unusual or nonrecurring nature.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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

Cash and cash equivalents consist of cash and investments of a highly liquid nature with maturities of three months or less at the time of acquisition. At December 31, 2020 **and 2019**, cash equivalents consisted of cash and money market funds. The recorded cost of these investments approximated their fair value at December 31, 2020 **and 2019**.

Accounts receivable

Accounts receivable represent uncollected billings for services rendered and past due rents from tenants. An allowance for doubtful accounts is provided based on historical experience and management's evaluation of the collectability of individual billings and credit history of tenants. The allowance for doubtful accounts at December 31, 2020 **and 2019** was \$ 295,575 and \$ 29,005, respectively, and was established primarily for tenant accounts receivable.

Capital campaign pledges receivable

Capital campaign pledges receivable consist of unconditional promises to give by the donors. There were no long-term pledges at December 31, 2020 or 2019. No allowance for doubtful accounts was established as management deems all amounts fully collectible.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment gain or loss in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on mark-to-market value and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

The fair value of marketable investments in equity and debt securities (which includes both domestic and foreign issues) and U.S. government obligations are based on the published current market value at December 31, 2020 **and 2019**. The fair values of the YMCADE's investments held in another entity are based on management's valuation of estimates and assumptions from information and representations provided by another entity in the absence of readily available ascertainable market values.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Investments (cont'd)

Due to the level of risk associated with certain investment activities, it is at least reasonably possible that changes in the values of investments will occur in the near term and those changes could materially affect the YMCADÉ's account balances and amounts reported in the financial statements.

Split-interest agreements

Split-interest agreements represent gifts of assets that are held and invested for the benefit of the YMCADÉ and other beneficiaries. The assets are held in an irrevocable trust by a third-party trustee. The YMCADÉ's share of the gift is recorded as support in the period that the YMCADÉ is notified of the gift, at the fair value of the assets placed in trust. The YMCADÉ's share of the distributions is recognized as support without donor restrictions in the period realized; the change in value of the beneficial interest is recognized as an increase in net assets with donor restrictions.

Deferred fees and amortization

Debt issuance costs of \$ 245,000, net of accumulated amortization of \$ 136,574 and \$ 128,414 as of December 31, 2020 **and 2019**, respectively, are reported as a direct deduction from the face amount of the mortgages payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight-line method, which approximates the effective interest method, over the 30 year term of the debt.

Interest expense related to the debt issuance costs for each of the years ended December 31, 2020 **and 2019** was \$ 8,160.

Bond issue costs of the Series 2007 bonds in the amount of \$ 529,430, net of accumulated amortization of \$ 249,498 and \$ 231,242 as of December 31, 2020 **and 2019**, respectively, are reported as a direct deduction from the face amount of the bonds payable to which such costs relate. Amortization of bond issue costs is reported as a component of interest expense and is computed using the straight-line method, which approximates the effective interest method, over the 30 year term of the bonds.

Interest expense related to the bond issuance costs for each of the years ended December 31, 2020 **and 2019** was \$ 18,256.

Website development costs of \$ 70,000, were amortized over three years using the straight-line method, which approximates the effective interest method. Website development costs were fully amortized in 2019.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Property and equipment

Property and equipment is carried at cost and consists of land and improvements, buildings and improvements, furniture and equipment, and automobiles and machinery with a useful life greater than one year. The YMCADE capitalizes all expenditures of capital assets in excess of \$ 5,000 with an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	10 - 15
Buildings and improvements	10 - 40
Furniture and equipment	3 - 10
Automobiles and machinery	5 - 7

Expenditures for maintenance and repairs are charged to expense as incurred.

Contributions

Contributions received are recorded as net assets with donor restrictions or without donor restriction support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Functional expense allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. Such allocations are included in the consolidated statements of functional expenses.

Expenses incurred for annual fundraising events are included in fundraising costs on the statements of activities and functional expenses as a gross amount.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Net Assets

FASB ASC 958-10, Not-for-Profit Entities-Disclosure, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The accounting standard also includes disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

For the years ended December 31, 2020 and 2019, the YMCADE has determined that the majority of the YMCADE 's net assets do not meet the definition of endowment under UPMIFA. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the donor. The YMCADE has the ability to use as much of the corpus of any trust or separate gift, devise, bequest, or fund as the board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

Net assets and changes in net assets are classified as with donor restriction or without donor restriction based on the existence or absence of donor imposed restrictions.

Net assets with donor restrictions consist of restricted contributions receivable and the donor-restricted endowment funds. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

Income taxes

The YMCADE qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the IRC and has been classified as an organization that is not a private foundation. The YMCADE is an organization exempt from federal income tax under Section 501(c)(3) of the IRC but can be subject to tax on unrelated trade or business income. The YMCADE did not engage in any such activities during 2020 or 2019. Accordingly, there is no income tax provision.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Income taxes (cont'd)

No provision or benefit for income taxes has been included in the financial statements of the affiliates since the taxable income or loss passes through to, and is reportable by, the members individually. The activities of the affiliates are considered exempt for the YMCADE's information reporting purposes.

The Central Branch is a for-profit limited liability corporation formed under the laws of the State of Delaware. As a limited liability company, the Central Branch is not subject to federal or state income taxes; accordingly, there is no income tax provision. For tax purposes, the limited liability company was terminated in 2017. The results of operations for the limited liability company is reported on the YMCADE's federal income tax return.

For the years ended December 31, 2020 **and 2019**, the YMCADE and its affiliates have determined they do not have a material tax liability for uncertain tax positions under FASB ASC 740 - Income Taxes.

The YMCADE's policy for penalties and interest assessed by income taxing authorities is to include them in administrative expenses. For the years ended December 31, 2020 **and 2019**, the YMCADE did not incur any interest and penalties from taxing authorities.

The federal income tax returns of the YMCADE and its affiliates for 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Advertising costs

Advertising costs are charged to operations when incurred. Advertising costs for the years ended December 31, 2020 **and 2019** were \$ 527,446 and \$ 500,335, respectively.

Reclassifications

Certain reclassifications have been made to the 2019 financial statement presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

Revenue and Revenue Recognition

Revenues are measured based on consideration specified in a contract with a customer. The YMCADE recognizes revenue when it satisfies a performance obligation by transferring control over a promised good or service to a customer. The YMCADE's principal activities resulting in contracts with customers include membership dues, program service fees, and fees for products and services.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Revenue and Revenue Recognition (cont'd)

Membership dues are based on fixed rate schedules at the beginning of each membership month and are nonrefundable. The performance obligation consists of providing members continuous access to the YMCADE facilities. The dues are used to cover the costs of operating the YMCADE, maintaining the common elements and improvements, and providing for facility repair and replacement. Dues for 2020 were \$ 10.00 - \$ 195.00 per month per member, depending on membership level. The YMCADE recognized revenue upon receipt or commitment of the entire value of the membership since there is not a significant variance in revenue recognized between recording membership revenue upon receipt as compared to recognizing membership revenue on a pro rata basis over the membership period.

Program service fees is recognized when the program service events take place. All amounts paid in advance are deferred to the period in which the underlying program service event takes place. Due to the nature and timing of the program services and/or transfer of services and products, substantially all deferred revenue at December 31 of each year is recognized in the following year.

The performance obligation related to fees for products and services is to provide the customer with the goods and services purchased. The transaction price is the stated retail price. The YMCADE recognizes revenue from fees for products and services in the period the goods or services are provided.

Because the contracts for membership dues, program services, and fees for products and services have an original expected duration of one year or less, the YMCADE has elected the practical expedient and not disclosed the value of unsatisfied performance obligations and expected timing for completion related to these revenues.

Subsequent events

The date to which events occurring after December 31, 2020, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is September 8, 2021, which is the date on which the financial statements were available to be issued.

Subsequent to year-end, the YMCADE applied for additional funding under the second round of the Paycheck Protection Program of \$ 4,881,360. The PPP allows for the YMCADE to apply for debt forgiveness provided they meet the parameters outlined in the agreement.

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 2 Availability and liquidity

The following represents the YMCADE's financial assets at December 31, 2020 and 2019:

Financial assets at year end:	2020	2019
Cash	\$ 8,041,959	\$ 9,339,850
Accounts receivable	1,162,171	1,111,707
Pledges receivable	2,904	2,904
Investments	<u>17,665,579</u>	<u>5,665,605</u>
Total financial assets	26,872,613	16,120,066
Less amounts not available to be used within one year:		
Board designated funds	3,345,030	4,256,423
Net assets with donor restrictions	<u>10,090,737</u>	<u>9,397,609</u>
	<u>13,435,767</u>	<u>13,654,032</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 13,436,846</u>	<u>\$ 2,466,034</u>

The YMCADE's goal is generally to maintain financial assets to meet 75 days of operating expenses as required by debt covenants.

Note 3 Concentration of credit risk

Financial instruments which potentially subject the YMCADE to significant concentrations of credit risk are principally cash and cash equivalents and investments.

The YMCADE's cash is maintained in bank deposit accounts with financial institutions that at times exceeds federally insured limits. The YMCADE has not experienced any losses in such accounts and does not believe it is exposed to any significant risk.

Investments are managed by professional advisors subject to the YMCADE's investment policy. The degree and concentration of credit risk vary by the type of investment.

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 4 Restricted assets

Restricted assets consisted of tenant security deposits of \$ 6,977 and \$ 12,723, which are held in a separate bank account in the name of the project, and reserves and escrowed funds of \$ 1,115,154 and \$ 988,143, held by DSHA, as of December 31, 2020 **and 2019**, respectively. Under agreements with the lenders and DSHA reserves, the affiliate is required to make monthly escrow deposits for debt service, insurance, and replacement of project assets, and is subject to restrictions as to distributions to members. The affiliate is required to fund an operating reserve in the amount of \$ 267,425 for the benefit of the residential development. The operating reserve was fully funded as of December 31, 2020 **and 2019**.

A summary of activity within the restricted assets – reserves and escrowed funds at December 31, 2020 are as follows:

	<u>Insurance and Debt</u>	<u>Operating Deficit</u>	<u>Replacement Reserves</u>	<u>Residual Receipts</u>	<u>Total</u>
Beginning	\$ 275,692	\$ 264,919	\$ 436,491	\$ 11,041	\$ 988,143
Deposits	35,004	0	84,825	0	119,829
Interest income	540	1,865	3,307	1,470	7,182
Other	0	0	0	0	0
Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending	<u>\$ 311,236</u>	<u>\$ 266,784</u>	<u>\$ 524,623</u>	<u>\$ 12,511</u>	<u>\$ 1,115,154</u>

A summary of activity within the restricted assets - reserves and escrowed funds at December 31, 2019 are as follows:

	<u>Insurance and Debt</u>	<u>Operating Deficit</u>	<u>Replacement Reserves</u>	<u>Residual Receipts</u>	<u>Total</u>
Beginning	\$ 240,076	\$ 302,606	\$ 351,088	\$ 9,263	\$ 903,033
Deposits	35,004	0	82,092	0	117,096
Interest income	612	2,313	3,311	1,778	8,014
Other	0	0	0	0	0
Payments	<u>0</u>	<u>(40,000)</u>	<u>0</u>	<u>0</u>	<u>(40,000)</u>
Ending	<u>\$ 275,692</u>	<u>\$ 264,919</u>	<u>\$ 436,491</u>	<u>\$ 11,041</u>	<u>\$ 988,143</u>

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 5 Investments in corporate bonds

The YMCADE is invested in certain corporate debt and Treasury bond securities. Contractual maturities of debt securities consisted of the following at December 31:

	2020		2019	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
1 – 5 years	\$ 2,064,539	\$ 2,033,376	\$ 758,524	\$ 744,258
5 - 10 years	449,025	413,331	130,825	129,655
10 - 15 years	0	0	55,560	55,871
Over 15 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$ 2,513,564</u>	<u>\$ 2,446,707</u>	<u>\$ 944,909</u>	<u>\$ 929,784</u>

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Note 6 Beneficial interest in perpetual trusts

The YMCADE is a beneficiary of certain donor created trusts that are held and administered by outside trustees and held totally for the benefit of the YMCADE. As of December 31, 2020 **and 2019** the fair value of the trust assets was:

	2020		2019	
December 31,	<u>Amount</u>	<u>% owned</u>	<u>Amount</u>	<u>% owned</u>
Addie C. Carpenter Trust	\$ 21,633	10	\$ 20,699	10
Matilda B. Konschak Trust	185,744	25	177,589	25
Florence H. Brown Trust	278,475	100	274,338	100
H. Fletcher Brown Trust	<u>5,055,563</u>	100	<u>4,654,622</u>	100
Total fair value of beneficial interest	<u>\$ 5,541,415</u>		<u>\$ 5,127,248</u>	

The YMCADE receives annual distributions from these trusts. Under the terms of the trusts, the YMCADE has the irrevocable right to receive net investment income earned on the assets of the trusts in perpetuity, but shall never receive the assets held by these trusts. The YMCADE's distributions from those trusts are not restricted and are to be used consistent with the mission of the YMCADE, unless otherwise stipulated in the trust agreements. These distributions are reported as an increase in investment income in net assets without donor restriction in the statement of activities.

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 6 Beneficial interest in perpetual trusts (cont'd)

Distributions received from the trust assets were as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Addie C. Carpenter Trust	\$ 672	\$ 428
Matilda B. Konschak Trust	6,037	8,952
Florence H. Brown Trust	11,739	12,820
H. Fletcher Brown Trust	<u>173,402</u>	<u>163,554</u>
Total distributions received	<u>\$ 191,850</u>	<u>\$ 185,754</u>

The change in fair value of the beneficial interest in perpetual trusts for 2020 and 2019, net of distributions, was an increase of \$ 414,167 and an increase of \$ 795,500, respectively, which is reflected as a change in net assets with restrictions.

Note 7 Fair value measurements

FASB ASC 820 – Fair Value Measurements and Disclosures establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to significant unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

Level 1 - inputs are unadjusted quoted prices, such as a New York Stock Exchange closing price in active markets for identical assets. Level 1 is the highest priority in the hierarchy.

Level 2 - inputs may include quoted prices for similar assets and liabilities in active markets, as well as other significant inputs that are observable at commonly quoted intervals, such as interest rates, foreign exchange rates, and yield curves.

Level 3 - inputs are unobservable. Typically, assumptions determine the inputs since there is little, if any, related market activity. Level 3 is the lowest priority in the hierarchy.

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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 7 Fair value measurements (cont'd)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Accounts receivable - fair value approximates carrying value due to the short-term nature of the instrument.

Investments - the fair value of marketable debt and equity securities is determined by reference to quoted market prices and other relevant information generated by market transactions.

Beneficial interest in perpetual trusts - the fair value is estimated based on the fair value of the underlying assets in the trusts.

Accounts payable - fair value approximates carrying value due to the short-term nature of the instrument.

Bonds payable - fair value approximates carrying value since stated rates are similar to rates currently available to the YMCADE for debt with similar terms and remaining maturities.

Value of derivative instrument (interest rate swap) - the fair value is based on quotes provided by PNC Bank, the swap agreement holder, of the estimated amounts the YMCADE would receive or pay if the agreement was terminated taking into consideration current interest rates.

Carrying values and estimated fair values at December 31:

	2020		2019	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Financial assets				
Accounts receivable	\$ 1,162,171	\$ 1,162,171	\$ 1,111,707	\$ 1,111,707
Investments	\$ 17,665,579	\$ 17,665,579	\$ 5,665,605	\$ 5,665,605
Beneficial interest in perpetual trusts	\$ 5,541,415	\$ 5,541,415	\$ 5,127,248	\$ 5,127,248
Financial liabilities				
Accounts payable	\$ 1,211,266	\$ 1,211,266	\$ 871,115	\$ 871,115
Bonds payable, net	\$ 15,520,068	\$ 15,520,068	\$ 16,171,812	\$ 16,171,812
Fair value of derivative instrument	\$ 512,859	\$ 512,859	\$ 180,182	\$ 180,182

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 7 Fair value measurements (cont'd)

Fair value of assets and liabilities measured on a recurring basis are as follows:

<u>December 31, 2020</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Money market and sweep	\$ 10,205,545	\$ 10,205,545	\$ 0	\$ 0
Treasury bills	1,021,570	1,021,570	\$ 0	\$ 0
Taxable commercial paper	399,646	399,646	0	0
Equity securities	40,936	40,936	0	0
Mutual funds	4,505,890	4,505,890	0	0
Corporate debt securities	922,417	922,417	0	0
Treasury bonds	569,575	569,575	0	0
Beneficial interest in perpetual trusts	<u>5,541,415</u>	<u>5,541,415</u>	<u>0</u>	<u>0</u>
Total assets at fair value	<u>\$ 23,206,994</u>	<u>\$ 23,206,994</u>	<u>\$ 0</u>	<u>\$ 0</u>

<u>December 31, 2019</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Treasury bills	\$ 1,423,944	\$ 1,423,944	\$ 0	\$ 0
Taxable commercial paper	398,802	398,802	0	0
Equity securities	38,999	38,999	0	0
Mutual funds	2,858,952	2,858,952	0	0
Corporate debt securities	590,125	590,125	0	0
Treasury bonds	354,783	354,783	0	0
Beneficial interest in perpetual trusts	<u>5,127,248</u>	<u>5,127,248</u>	<u>0</u>	<u>0</u>
Total assets at fair value	<u>\$ 10,792,853</u>	<u>\$ 10,792,853</u>	<u>\$ 0</u>	<u>\$ 0</u>

The following table presents the reconciliation of the assets measured at fair value on recurring basis using significant unobservable inputs (Level 3) (DCF) at December 31, 2019. The investments at DCF were sold during 2019.

	<u>2019</u>
Beginning balance	\$ 1,166,033
Net capital gain (loss)	138,377
Interest and dividends	6,622
Proceeds	(23,766)
Distribution	(1,276,753)
Investment fees	<u>(10,513)</u>
Ending balance	<u>\$ 0</u>

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 8 Property and Equipment

Following is a comparative summary of balances in property and equipment as of December 31:

	<u>2020</u>	<u>2019</u>
YMCA of Delaware		
Land and improvements	\$ 7,636,764	\$ 7,631,764
Buildings and improvements	85,798,734	84,788,359
Furniture and equipment	10,515,272	10,382,117
Automobiles and machinery	1,450,943	1,405,035
Capitalized interest	222,969	222,969
Construction in progress	<u>513,143</u>	<u>233,771</u>
Total book value	106,137,825	104,664,015
Accumulated depreciation	<u>(65,072,345)</u>	<u>(60,531,894)</u>
Net book value	<u>41,065,480</u>	<u>44,132,121</u>
YMCA Central Branch, LLC		
Furniture and equipment	606,570	558,432
Buildings and improvements	<u>16,089,840</u>	<u>16,089,840</u>
Total book value	16,696,410	16,648,272
Accumulated depreciation	<u>(7,172,978)</u>	<u>(6,746,286)</u>
Net book value	<u>9,523,432</u>	<u>9,901,986</u>
Consolidated net book value	<u><u>\$ 50,588,912</u></u>	<u><u>\$ 54,034,107</u></u>

Depreciation expense for 2020 **and** 2019 was \$ 5,021,833 and \$ 5,031,706, respectively.

Note 9 Line and letters of credit

The YMCADE has an unsecured line of credit with a national bank for the purpose of providing working capital for operations. During 2020, the not to exceed amount was \$ 900,000. The YMCADE has letters of credit in the amounts of \$ 77,426 and \$ 8,000 restricted in favor of the New Castle County Department of Land Use; and \$ 199,000 restricted in favor of Sentry Insurance A Mutual Company; all have varying expiration dates. The credit line carries an interest rate based on the daily LIBOR rate plus 2.25%, and expires on December 31, 2021. No draws were made on the line of credit during 2020 or 2019.

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 10 Notes payable

Notes payable consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
YMCA of Delaware, Inc.		
Note payable to New Castle County, DE, in the original amount of \$ 252,000 obtained in 1983. Collateralized by the Stopyra Tract located in New Castle County, DE. Monthly principal payments are \$ 420; the note carries no interest; due October 1, 2033.	\$ 68,880	\$ 70,140
Note payable to the Federal Home Loan Bank of New York, in the original amount of \$ 1,350,000; obtained in 2003 for the purpose of funding an affordable housing and historic real estate project at 1501 West 11 th Street, Wilmington, DE; secured by the property; non-interest bearing; payable in full if the project is not used for its restricted purpose at any time from 2003 to 2018.	1,350,000	1,350,000
Note payable to the Federal Home Loan Bank of Pittsburgh, in the original amount of \$ 500,000 obtained in 2003 for the purpose of additional funding for an affordable housing and historic real estate project at 1501 West 11 th Street, Wilmington, DE; secured by the property; non-interest bearing; payable in full if the project is not used for its restricted purpose at any time from 2003 to 2018.	<u>500,000</u>	<u>500,000</u>
Subtotal notes payable – YMCADE	<u>1,918,880</u>	<u>1,920,140</u>

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**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 10 Notes payable (cont'd)

	<u>2020</u>	<u>2019</u>
YMCA Central Branch, LLC		
Permanent Mortgage Loan from Delaware State Housing Authority (DSHA) Housing Development Fund (HDF) in the original amount of \$ 2,562,669, obtained in 2005. The HDF loan was bifurcated: \$ 300,000 (the HDF priority loan) of which is a permanent loan to be repaid \$ 15,000 annually until 2025 with no interest, and the balance of \$ 2,262,669 (the HDF junior portion) is a permanent loan that bears interest at 3% per annum and is due in 2035. The payment of principal and interest on the HDF junior portion is deferred and subject to the availability of funds from operating receipts as defined in the DSHA Regulatory Agreement. The loan is secured by a second mortgage on the real property. Accrued interest at December 31, 2020 and 2019 was \$ 1,041,515 and \$ 973,595, respectively. Mortgage note payable of \$ 2,332,669 (\$ 2,347,669 at December 31, 2019) is shown net of unamortized loan costs of \$ 108,426 (\$ 116,586 at December 31, 2019).	2,224,243	2,231,083
Note payable to the City of Wilmington in the original amount of \$ 150,000 obtained in 2006; secured by a third mortgage on real property; assignment of rents and amounts on deposit with the lender; interest accrued at 4.58% annually. Interest and principal are to be repaid from available cash flow, as defined in the note agreement. Accrued interest at December 31, 2020 and 2019 was \$ 102,670 and \$ 95,830, respectively; due March 2033.	<u>150,000</u>	<u>150,000</u>
Subtotal notes payable – Central Branch	<u>2,374,243</u>	<u>2,381,083</u>
Subtotal accrued interest – Central Branch	<u>1,144,185</u>	<u>1,069,425</u>
Subtotal notes payable and accrued interest – Central Branch	<u>3,518,428</u>	<u>3,450,508</u>
Total notes payable and accrued interest – YMCADe and Central Branch	<u>\$ 5,437,308</u>	<u>\$ 5,370,648</u>

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 10 Notes payable (cont'd)

Components of mortgages payable are as follows at December 31:

	2020	2019
Mortgages	\$ 4,401,549	\$ 4,417,809
Unamortized loan costs	<u>108,426</u>	<u>116,586</u>
Net	<u>\$ 4,293,123</u>	<u>\$ 4,301,223</u>

Components of interest expense on the notes payable for the year ended December 31, 2020 **and 2019** are as follows:

	2020	2019
Interest expense	\$ 74,760	\$ 74,760
Amortization of loan costs	<u>8,160</u>	<u>8,160</u>
Total interest expense	<u>\$ 82,920</u>	<u>\$ 82,920</u>

Scheduled principal payments on the mortgage notes payable for each of the next five years and for the remaining term:

2021	\$ 20,040
2022	20,040
2023	20,040
2024	20,040
2025	15,040
Thereafter	<u>4,306,349</u>
	<u>\$ 4,401,549</u>

Note 11 Bonds payable

On May 11, 2007, the YMCADE issued Variable Rate Demand Revenue Bonds, Series 2007 (Bonds), in the amount of \$ 22.585 million through the Delaware Economic Development Authority (DEDA) with varying maturity dates through May 1, 2036. The proceeds from the Bonds were used for the refunding of a portion of indebtedness previously incurred; the payment of a portion of the "Capital Improvement Program" costs; capitalized interest on bonds; and the payment of cost of issuance of the bonds. The Bonds mature by tranches on May 1 of each year and interest is payable on the first day of each month. Interest on the bonds is payable at a weekly rate as determined by the remarketing agent. The principal balance outstanding on the bonds as of December 31, 2020 **and 2019** was \$ 15,800,000 and \$ 16,470,000, respectively. The YMCADE's obligation to DEDA was guaranteed by a letter of credit issued by PNC Bank, National Association.

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 11 Bonds payable (cont'd)

The YMCADE entered into a Letter of Credit Agreement in May 2007 with PNC Bank, N.A. Pursuant to which, PNC Bank issued an irrevocable transferrable letter of credit for the account of the YMCADE to secure payment of the principal and interest when due on the bonds.

The bonds payable of the YMCADE are considered to be conduit debt under the definition promulgated by accounting principles generally accepted in the United States. Conduit debt are securities offered by a governmental entity that are not for its own use but for the use of a private party; therefore, the YMCADE is a conduit debt obligor for conduit debt securities due to its tax exempt bonds issued by DEDA. An entity that is an obligor for conduit debt securities that are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local or regional markets) meets the definition of a public entity under the definition promulgated by accounting principles generally accepted in the United States. Due to the trading activity of the YMCADE tax exempt bonds, it meets the definition of a public entity and is required to provide additional disclosures than those that would be otherwise required by a nonprofit entity.

Components of bonds payable are as follows at December 31:

	2020	2019
Principal balance outstanding on the bonds	\$ 15,800,000	\$ 16,470,000
Unamortized bond issue costs	<u>279,932</u>	<u>298,188</u>
Net	<u>\$ 15,520,068</u>	<u>\$ 16,171,812</u>

Components of interest expense on the bonds payable for the years ended December 31, 2020 **and 2019** are as follows:

	2020	2019
Interest expense	\$ 367,246	\$ 432,686
Amortization of bond costs	<u>18,256</u>	<u>18,256</u>
Total interest expense	<u>\$ 385,502</u>	<u>\$ 450,942</u>

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 11 Bonds payable (cont'd)

Scheduled principal payments on the bonds payable for each of the next five years and for the remaining term are as follows:

2021	\$	700,000
2022		730,000
2023		760,000
2024		795,000
2025		830,000
Thereafter		<u>11,985,000</u>
Total bonds payable	\$	<u>15,800,000</u>

Note 12 Interest rate swap

The YMCADE has an interest rate swap agreement covering 80% of the entire value of the bonds payable. The effect of the swap agreement is to modify the interest rate characteristics of the bond issue from a variable rate to a fixed rate. Under the swap, the YMCADE pays the counterparty interest at a "weekly rate" or "term rate" as determined by the "remarketing agent" as the rate of interest which in its judgment would cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions.

The swaps are recognized on the consolidated statement of financial position at fair value and are recorded as interest rate swap asset/liability. Changes in the fair value of the swaps are recorded in swap valuation gain or loss in the consolidated statements of activities. For the years ended December 31, 2020 **and 2019**, the YMCADE recorded swap value (losses)/gains of \$ (332,677) and \$ (322,279), respectively, in fair-market value adjustments to the asset/liability of the swap. Cumulative (gains) losses on the swaps from inception totaled \$ 512,859 and \$ 180,182 as of December 31, 2020 **and 2019**, respectively, which may be countered by a reduction in interest payments for the variable-rate bonds.

The estimate of fair value of the interest rate swap asset/liability at year end represents the amount YMCADE would pay to exit the swap agreement taking into account current interest rates.

Note 13 Commitments and contingencies

In the normal course of business, there are outstanding various commitments and contingencies in addition to the normal purchases of goods and services. The YMCADE does not anticipate losses as a result of these commitments and contingencies.

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)

YMCA OF DELAWARE, INC. & AFFILIATES

Note 13 Commitments and contingencies (cont'd)

Government contracts

The YMCADE participates in a number of federally and state assisted contracts. These contracts are subject to contract compliance audits by the contracting agencies or their representatives. Accordingly, the YMCADE's compliance with applicable contract requirements will be established at some future date. The amount of expenditures, not already disclosed, which may be disallowed by the contracting agencies cannot be determined at this time although the YMCADE expects such amounts, if any, to be immaterial.

Low-income housing credits

The affiliate's low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

Operating deficit obligation

Pursuant to the operating agreement, the managing member (the YMCA Central Branch member, LLC) is obligated to fund deficits up to \$ 1,197,822 for a period as defined in the operating agreement, beginning the date of final closing of the permanent debt until the project achieves break-even operations for four consecutive years. As of December 31, 2020 **and 2019**, no operating deficit advances were received from the managing member.

Leasing arrangement

The YMCADE leases office space in Wilmington and Middletown, Delaware, under operating lease agreements for rental of corporate office space at \$ 7,722 to \$ 16,027 per month, through October 31, 2021 and April 15, 2023, respectively.

The YMCADE also leases office equipment under an operating lease. Payments are \$ 2,228 per month, and matures at December 2021.

Total rental expense of \$ 471,933 and \$ 300,176 is in occupancy cost in the statements of functional expenses for the years ended December 31, 2020 **and 2019**, respectively.

Future minimum payments under the leases for the next five years are as follows:

2021	\$ 307,367
2022	210,388
2023	70,915
2024	0
2025	0
Total	<u>\$ 588,670</u>

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 14 Net assets with donor restrictions

	2019	Additions	Releases	2020
Programs	\$ 4,270,361	\$ 1,889,692	\$ 1,610,731	\$ 4,549,322
Operations	<u>5,127,248</u>	<u>414,167</u>	<u>0</u>	<u>5,541,415</u>
	<u>\$ 9,397,609</u>	<u>\$ 2,303,859</u>	<u>\$ 1,610,731</u>	<u>\$ 10,090,737</u>
	2018	Additions	Releases	2019
Programs	\$ 426,820	\$ 5,342,884	\$ 1,499,343	\$ 4,270,361
Operations	<u>4,331,748</u>	<u>795,500</u>	<u>0</u>	<u>5,127,248</u>
	<u>\$ 4,758,568</u>	<u>\$ 6,138,384</u>	<u>\$ 1,499,343</u>	<u>\$ 9,397,609</u>

Note 15 Retirement Plan

The YMCADE participates in the YMCA Retirement Fund Retirement Plan (the "Plan"). The Plan is a multiple employee defined contribution, money purchase, church pension 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 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 (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States of America. The plans are operated as church pension plans.

Contributions plus interest credits are accumulated in individual accounts to provide benefits to eligible employees after they retire or terminate the YMCADE employment for any reason. Benefits are paid if an employee becomes permanently and totally disabled or dies while employed by a YMCA. Benefits are also paid to former employees who terminate the YMCADE employment with a vested benefit. Participation is available to all duly organized and reorganized YMCAs in the United States of America. As a defined contribution plan, the Fund has no unfunded benefit obligations. The plan is for the benefit of all eligible employees of the YMCADE who qualify under the participation requirements of at least 21 years of age performed 1,000 hours of service during two 12-month periods. The Plan became a fully vested plan as of July 1, 2006; thus, employees are fully vested in the accounts upon enrollment. The YMCADE may select a total contribution rate for the employee ranging from 8 to 12%. The YMCADE informs the employees of its contribution rate and employee share arrangement.

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 15 Retirement Plan (cont'd)

The YMCADE makes contributions to the employee's account based upon a percentage of the employee's compensation and is made through regular payroll deductions on an after-tax basis. Total contributions charged to retirement cost for the years ended December 31, 2020 **and 2019** were \$ 1,145,567 and \$ 1,278,105, respectively.

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

Note 16 Contributed use of facility

Contributed use of the facility consisted of the following at October 31:

	2020	2019
Receivable in less than one year	\$ 119,000	\$ 119,000
Receivable in one to five years	595,000	595,000
Receivable in greater than five years	<u>5,899,999</u>	<u>6,018,999</u>
Total contributed use of facility	6,613,999	6,732,999
Less discounts to net present value	<u>4,067,503</u>	<u>4,171,225</u>
	<u>\$ 2,546,496</u>	<u>\$ 2,561,774</u>

The YMCADE entered into a nineteen-year lease agreement with the Town of Middletown for the Middletown pool facility on May 1, 2017. That lease required annual payments of rent of \$ 1 per year.

The YMCADE entered into a sixty-year lease agreement with the Town of Middletown for the Middletown premises on November 25, 2019. That lease requires annual payments of rent of \$ 1 per year. The lease includes an option to extend the lease for one additional term of forty years.

The contributed amount of rent received during the year ended December 31, 2020 was \$ 103,722 and \$ 2,645,564 based on the present value of the current estimated rent value discounted at 4 percent. Rent expense of \$ 119,000 and \$ 19,941 was recognized as an expense on the statement of functional expense under occupancy expense for the years ended December 31, 2020 and 2019, respectively.

Note 17 Capital leases

During 2018, the YMCA entered into lease agreements as a lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

YMCA OF DELAWARE, INC. & AFFILIATES

Note 17 Capital leases (cont'd)

The assets acquired through capital leases are as follows:

	2020	2019
Equipment – Jules #1	\$ 1,649,153	\$ 1,649,153
Equipment – Jules #2	<u>509,413</u>	<u>509,413</u>
	2,158,566	2,158,566
Less accumulated depreciation	<u>(1,169,300)</u>	<u>(629,623)</u>
Total	<u>\$ 989,266</u>	<u>\$ 1,528,943</u>

Annual amortization is included in depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments for the remaining term as of December 31, 2020 were as follows:

2021	\$ 568,280
2022	417,282
2023	<u>76,856</u>
	1,062,418
Amount representing interest	<u>(48,403)</u>
Total	<u>\$ 1,014,015</u>

Note 18 COVID-19

The "COVID-19" virus, declared a pandemic by the World Health Organization, has spread through the world and governments have taken various actions to try to slow the transmission. The impact of these restrictions, and the potential effect to the Organization, cannot be reasonably estimated at this time.

SUPPLEMENTAL INFORMATION

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

YMCA OF DELAWARE, INC. AND AFFILIATES

DECEMBER 31, 2020

	YMCA of Delaware	YMCA Central Branch Member, LLC	Elimination Entries	Consolidated Balances
ASSETS				
Cash and equivalents	\$ 8,041,959	\$ 0	\$ 0	\$ 8,041,959
Accounts receivable, net	1,162,171			1,162,171
Capital campaign pledges receivable, net	2,904			2,904
Prepayments and other assets	711,091		(53,971)	657,120
Investments	17,665,579			17,665,579
Restricted assets				
Tenant security deposits	6,977			6,977
Reserves and escrowed funds	1,115,154			1,115,154
Investment in affiliates	4,700,000	4,700,000	(9,400,000)	0
Intercompany activity	2,965,480		(2,965,480)	0
Beneficial interest in perpetual trusts	5,541,415			5,541,415
Intangibles, net	57,750			57,750
Property and equipment, net	52,479,272		(1,890,360)	50,588,912
Contributed use of facility	2,546,496			2,546,496
Total Assets	\$ 96,996,248	\$ 4,700,000	\$ (14,309,811)	\$ 87,386,437
LIABILITIES				
Accounts payable	\$ 1,173,711	\$ 0	\$ 37,555	\$ 1,211,266
Accrued payroll and related taxes	425,342			425,342
Deferred revenue	942,474			942,474
Intercompany activity	8,407,404		(8,407,404)	0
Interest rate swap	512,859			512,859
Other liabilities	290,316			290,316
Notes payable and accrued interest	5,437,308			5,437,308
Capital lease payable	1,014,015			1,014,015
Bonds payable, net	15,520,068			15,520,068
Total Liabilities	33,723,497	0	(8,369,849)	25,353,648
NET ASSETS				
Without donor restrictions				
Unrestricted for general use	49,836,984	4,700,000	(5,939,962)	48,597,022
Board designated	3,345,030	0	0	3,345,030
Without donor restrictions	53,182,014	4,700,000	(5,939,962)	51,942,052
With donor restrictions	10,090,737	0	0	10,090,737
Total Net Assets	63,272,751	4,700,000	(5,939,962)	62,032,789
Total Liabilities and Net Assets	\$ 96,996,248	\$ 4,700,000	\$ (14,309,811)	\$ 87,386,437

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

YMCA OF DELAWARE, INC. AND AFFILIATES

DECEMBER 31, 2019

	YMCA of Delaware	YMCA Central Branch Member, LLC	Elimination Entries	Consolidated Balances
ASSETS				
Cash and equivalents	\$ 9,339,850	\$ 0	\$ 0	\$ 9,339,850
Accounts receivable, net	1,111,707			1,111,707
Capital campaign pledges receivable, net	2,904			2,904
Prepayments and other assets	880,422		(54,850)	825,572
Investments	5,665,605			5,665,605
Restricted assets				
Tenant security deposits	12,723			12,723
Reserves and escrowed funds	988,143			988,143
Investment in affiliates	4,700,000	4,700,000	(9,400,000)	0
Intercompany activity	3,211,134		(3,211,134)	0
Beneficial interest in perpetual trusts	5,127,248			5,127,248
Intangibles, net	74,250			74,250
Property and equipment, net	56,014,405		(1,980,298)	54,034,107
Contributed use of facility	2,561,774			2,561,774
Total Assets	\$ 89,690,165	\$ 4,700,000	\$ (14,646,282)	\$ 79,743,883
LIABILITIES				
Accounts payable	\$ 871,115	\$ 0	\$ 0	\$ 871,115
Accrued payroll and related taxes	457,436			457,436
Deferred revenue	692,412			692,412
Intercompany activity	8,461,670		(8,461,670)	0
Interest Rate Swap	180,182			180,182
Other liabilities	304,926			304,926
Notes payable and accrued interest	5,370,648			5,370,648
Capital lease payable	1,508,148			1,508,148
Bonds payable, net	16,171,812			16,171,812
Total Liabilities	34,018,349	0	(8,461,670)	25,556,679
NET ASSETS				
Without donor restrictions				
Unrestricted for general use	42,017,784	4,700,000	(6,184,612)	40,533,172
Board designated	4,256,423	0	0	4,256,423
Without donor restrictions	46,274,207	4,700,000	(6,184,612)	44,789,595
With donor restrictions	9,397,609	0	0	9,397,609
Total Net Assets	55,671,816	4,700,000	(6,184,612)	54,187,204
Total Liabilities and Net Assets	\$ 89,690,165	\$ 4,700,000	\$ (14,646,282)	\$ 79,743,883

CONSOLIDATING SCHEDULES OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

YMCA OF DELAWARE, INC. AND AFFILIATES

	YMCA of Delaware	YMCA Central Branch Member, LLC	Elimination Entries	Consolidated Balances
Revenues, Gains, and Other Support				
Membership dues	\$ 13,570,043	\$ 0	\$ 0	\$ 13,570,043
Program service fees	4,410,885			4,410,885
Contributions	14,980,313			14,980,313
Contributed use of facilities	103,722			103,722
Fees and grants from governments	8,007,810			8,007,810
Investment income	878,637			878,637
Annual fundraising events, net	23,935			23,935
Change in value of beneficial interest in perpetual trusts, net of distributions	414,167			414,167
Fees for products and services	136,126			136,126
Gain on disposal of property	0			0
Other income	212,962			212,962
Total Revenues, Gains, and Other Support	42,738,600	0	0	42,738,600
Expenses and Losses				
Salaries	15,150,402			15,150,402
Employee benefits and payroll taxes	3,749,937			3,749,937
Occupancy	2,925,371			2,925,371
Supplies	2,166,536			2,166,536
Professional fees	1,500,191			1,500,191
Printing and publications	791,478			791,478
Rental and maintenance of equipment	167,586			167,586
Nonpayroll insurance	711,571			711,571
Travel	259,106			259,106
Membership dues	380,647			380,647
Telephone	426,552			426,552
Conferences, conventions, and meetings	99,056			99,056
Special events	14,744			14,744
Postage and shipping	43,318			43,318
Bad debt expense	267,016			267,016
Interest expense	680,910		(143,640)	537,270
Minor equipment purchases	69,383			69,383
Miscellaneous expense	268,102		212	268,314
Loss on disposal of property	10,027			10,027
Depreciation and amortization	5,111,771	0	(89,938)	5,021,833
Total Expenses and Losses	34,793,704		(233,366)	34,560,338
Change in Net Assets from Operations	7,944,896	(0)	233,366	8,178,262
Nonoperating Activities				
Swap valuation loss	(332,677)	0	0	(332,677)
Change in Net Assets	\$ 7,612,219	\$ (0)	\$ 233,366	\$ 7,845,585

CONSOLIDATING SCHEDULES OF ACTIVITIES

YMCA OF DELAWARE, INC. AND AFFILIATES

FOR THE YEAR ENDED DECEMBER 31, 2019

	YMCA of Delaware	YMCA Central Branch Member, LLC	Elimination Entries	Consolidated Balances
Revenues, Gains, and Other Support				
Membership dues	\$ 19,872,225	\$ 0	\$ 0	\$ 19,872,225
Program service fees	13,603,535			13,603,535
Contributions	5,260,344			5,260,344
Contributed use of facilities	2,454,423			2,454,423
Fees and grants from governments	5,158,496			5,158,496
Investment income	1,446,250			1,446,250
Revenue from annual fundraising events, net	13,259			13,259
Change in value of beneficial interest in perpetual trusts, net of distributions	795,500			795,500
Fees for products and services	176,956		1,637	178,593
Gain on disposal of property	2,210			2,210
Other income	217,000			217,000
Total Revenues, Gains, and Other Support	49,000,198	0	1,637	49,001,835
Expenses and Losses				
Salaries	20,462,567			20,462,567
Employee benefits and payroll taxes	4,443,377			4,443,377
Occupancy	3,216,799			3,216,799
Supplies	2,946,301			2,946,301
Professional fees	2,717,237			2,717,237
Printing and publications	949,869			949,869
Rental and maintenance of equipment	722,642			722,642
Nonpayroll insurance	635,911			635,911
Travel	609,763			609,763
Membership dues	457,363			457,363
Telephone	542,957			542,957
Conferences, conventions, and meetings	310,198			310,198
Special events expense	4,058			4,058
Postage and shipping	61,298			61,298
Bad debt expense	151,117			151,117
Interest expense	747,105		(143,640)	603,465
Minor equipment purchases	81,552			81,552
Miscellaneous expense	51,690			51,690
Depreciation and amortization	5,121,644		(89,938)	5,031,706
Total Expenses and Losses	44,233,448	0	(233,578)	43,999,870
Change in Net Assets from Operations	0	0	235,215	5,001,965
Nonoperating Activities				
Swap valuation gain	(322,279)	0	0	(322,279)
Change in Net Assets	\$ 4,444,471	\$ 0	\$ 235,215	\$ 4,679,686