

YOUNG MEN'S CHRISTIAN ASSOCIATION OF
GRAND FORKS
GRAND FORKS, NORTH DAKOTA
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2019

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
GRAND FORKS, NORTH DAKOTA
DECEMBER 31, 2019

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-14



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Men's Christian Association of Grand Forks
Grand Forks, North Dakota

We have audited the accompanying financial statements of Young Men's Christian Association of Grand Forks (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

As explained in Note 1 to the financial statements, the Young Men's Christian Association of Grand Forks does not record receivables for membership, program and childcare revenue, nor does it record deferred revenue for any unearned revenue. Accounting principles generally accepted in the United States of America require that such revenues be recorded in the period earned rather than when collected. The effects on the accompanying financial statements of this departure have not been determined.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Young Men's Christian Association of Grand Forks as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Miller McDonald, Inc.

September 11, 2020
Bemidji, Minnesota

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 394,318
Restricted Cash in Bank	81,804
Revenue Sharing Receivables	15,536
Unconditional Promises to Give - current portion	129,028
Inventory	622
Prepaid Expenses	12,285
Total Current Assets	<u>633,593</u>
<u>Investments</u>	317,928
<u>Long-Term Unconditional Promises to Give, net of current portion, discount, and allowance for uncollectible pledges</u>	971,280
<u>Fixed Assets</u>	
Property and Equipment, net of accumulated depreciation of \$4,587,256	<u>3,054,118</u>
<u>Total Assets</u>	<u><u>\$ 4,976,919</u></u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>	
Accrued Payroll Taxes and Benefits	\$ 1,560
Accounts Payable	10,930
Interest Payable	3,865
Wages Payable	49,580
Long-Term Debt - current portion	136,006
Total Current Liabilities	<u>201,941</u>
<u>Non-Current Liabilities</u>	
Long-Term Debt, net of current portion	<u>959,716</u>
Total Liabilities	<u>1,161,657</u>
<u>Net Assets</u>	
Without donor restrictions	2,701,297
With donor restrictions	1,113,965
Total Net Assets	<u>3,815,262</u>
<u>Total Liabilities and Net Assets</u>	<u><u>\$ 4,976,919</u></u>

See Accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and Other Support</u>			
Support:			
Direct Public	\$ 164,175	\$ 10,991	\$ 175,166
Indirect Public	8,400	-	8,400
Donated Facilities	60,000	-	60,000
Special Events	28,048	-	28,048
Total Support	260,623	10,991	271,614
Revenues:			
Membership	1,111,615	-	1,111,615
Program	1,446,529	-	1,446,529
Food Service	573	-	573
Facility and Equipment Rental	965	-	965
Interest	365	-	365
Investment Income	6,022	-	6,022
Merchandise	2,124	-	2,124
Miscellaneous	34,805	-	34,805
Net Realized and Unrealized Investment Gains (Losses)	42,732	-	42,732
Net Assets Released from Restrictions	84,613	(84,613)	-
Total Revenues	2,730,343	(84,613)	2,645,730
<u>Total Revenues and Other Support</u>	<u>2,990,966</u>	<u>(73,622)</u>	<u>2,917,344</u>
<u>Expenses</u>			
Program Activities	2,201,506	-	2,201,506
Fundraising	31,140	-	31,140
General and Administrative	600,166	-	600,166
<u>Total Expenses</u>	<u>2,832,812</u>	<u>-</u>	<u>2,832,812</u>
<u>Change in Net Assets</u>	<u>158,154</u>	<u>(73,622)</u>	<u>84,532</u>
<u>Net Assets, Beginning of Year</u>	<u>2,543,143</u>	<u>1,187,587</u>	<u>3,730,730</u>
<u>Net Assets, End of Year</u>	<u>\$ 2,701,297</u>	<u>\$ 1,113,965</u>	<u>\$ 3,815,262</u>

See Accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

<u>Cash Flows From Operating Activities</u>	
Change in Net Assets	\$ 84,532
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and Amortization Expense	142,151
(Gain) Loss on Investments	(42,732)
Investment Income Reinvested	(6,022)
Amortization of Discount on Pledge Receivable	(72,997)
Changes in Current Assets and Liabilities:	
Revenue Sharing Receivables	(3,374)
Inventory	97
Accounts Payable	2,730
Accrued Payroll Taxes and Benefits	(16,240)
Accrued Wages	9,194
<u>Net Cash Provided by (Used in) Operating Activities</u>	<u>97,339</u>
<u>Cash Flows From Investing Activities</u>	
Purchase of Property and Equipment	(50,146)
Insurance Proceeds	9,117
Received on Promises to Give	145,895
Transfers from Investments	17,675
Change in Restricted Cash	(17,789)
<u>Net Cash Provided by (Used in) Investing Activities</u>	<u>104,752</u>
<u>Cash Flows From Financing Activities</u>	
Proceeds from Short-Term Debt	66,963
Payments on Long-Term Debt	(136,301)
<u>Net Cash Provided by (Used in) Financing Activities</u>	<u>(69,338)</u>
<u>Net Increase In Cash and Cash Equivalents</u>	132,753
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>261,565</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 394,318</u>
<u>Supplemental Cash Flow Information</u>	
Cash Paid During the Year for Interest	<u>\$ 46,811</u>

See Accompanying Notes to Financial Statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Activities						Total Program Activities	Support Services		
	Sports	Health & Wellness	Youth Development	Childcare	Group Fitness	General and Administrative		Fundraising	Total	
Salaries	\$ 56,442	\$ 105,107	\$ 159,933	\$ 825,790	\$ 105,816	\$ 1,253,088	\$ 248,810	\$ 16,263	\$ 1,518,161	
Payroll Taxes	5,132	8,586	12,504	64,528	7,777	98,527	21,503	1,244	121,274	
Employee Benefits	14,650	22,674	13,285	94,600	21,546	166,755	66,767	1,138	234,660	
Occupancy	20,396	40,792	25,959	115,626	33,375	236,148	10,223	-	246,371	
Telephone	-	-	-	-	-	-	14,966	-	14,966	
Supplies	16,120	11,289	16,053	140,934	23,623	208,019	80,496	12,495	301,010	
Equipment and Supplies	7,160	18,144	9,255	19,527	11,775	65,861	11,409	-	77,270	
Printing and Publications	2,247	482	1,491	413	862	5,495	11,128	-	16,623	
Postage and Shipping	-	-	-	-	-	-	6,676	-	6,676	
Conference and Meetings	-	311	1,286	1,430	194	3,221	2,745	-	5,966	
Travel	255	343	299	116	69	1,082	2,681	-	3,763	
Professional Fees	-	-	-	-	-	-	40,067	-	40,067	
License and Permits	31	62	39	85	51	268	14	-	282	
Miscellaneous Expenses	128	263	11	1,050	641	2,093	10,676	-	12,769	
Membership Dues	-	65	19	65	-	149	2,845	-	2,994	
Interest Expense	-	-	-	-	-	-	46,811	-	46,811	
National Support	910	1,101	1,547	22,647	807	27,012	16,118	-	43,130	
Insurance - Directors and Officers	-	-	-	-	-	-	4,075	-	4,075	
Provision for Uncollectable Pledges	-	-	-	-	-	-	(6,207)	-	(6,207)	
Depreciation and Amortization	15,492	30,982	19,716	42,249	25,349	133,788	8,363	-	142,151	
	\$ 138,963	\$ 240,201	\$ 261,397	\$ 1,329,060	\$ 231,885	\$ 2,201,506	\$ 600,166	\$ 31,140	\$ 2,832,812	

See Accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Young Men's Christian Association of Grand Forks (Association) financial statements are prepared based on accounting principles generally accepted in the United States of America except for membership, program and child care revenues. The Association records membership, program and child care revenue when received, rather than when earned.

Promises to Give - Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Association uses the allowance method to determine uncollectible promises to give receivable. The allowance is based on past experience and management's analysis of specific promises made.

Inventory - Inventory is stated at lower of cost or net realizable value determined by the first in, first-out method.

Property and Equipment - Property and equipment are carried at cost. The building is being depreciated over a forty-year period using the straight-line and accelerated methods and furniture, fixtures, and equipment are being depreciated over five- to ten-year periods using the straight-line and accelerated methods.

The Association reports all property and equipment acquired through donations as without donor restrictions in the absence of donor-imposed restrictions. The Association's policy is to capitalize items that exceed \$1,000 in cost. The donated item is capitalized at its estimated fair market value on the date it is received.

Income Taxes - The Association is exempt from income taxes as provided under Section 501(c)(3) of the Internal Revenue Code. Activities which are not directly related to its tax-exempt purpose are subject to income tax. The Association has been classified by the Internal Revenue Service as an organization other than a private foundation.

Generally, the Association's income tax returns (Form 990) are subject to examination by the Internal Revenue Service for three years after the due date of the returns.

Uncertain Tax Positions - The Association follows the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. The guidance prescribes recognition threshold principles for the financial statements recognition of tax positions taken or expected to be taken on a tax filing that are not certain to be realized. The implementation of this guidance had no impact on the Association's financial statements.

The Association's tax filings are subject to review and examination by federal and state authorities. The Association is not aware of any activities that would jeopardize its tax exempt status, or any activities that are subject to tax on unrelated business income, or other taxes.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Association considers all liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Association maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Association has not experienced any losses in such accounts.

Donated Facilities - Donated facilities are recorded in the statement of activities of the Association for different buildings used rent-free by the Association. The contribution and expense estimate recognized is based off the market rent for the facility.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

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.

Net Assets - All financial transactions have been recorded and reported as net assets with or without donor restrictions:

Net Assets Without Donor Restrictions – consist of net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category primarily consist of fees for services and related expenses associated with the core activities of the Association. In addition to these exchange transactions, changes in this category of net assets include investment returns on “funds functioning as endowment” funds and certain types of philanthropic support.

Net Assets With Donor Restrictions – net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Association reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Association has \$620,686 of liquid assets for general expenditures, such as operating expenses and scheduled principal payments on debt. Of that amount, \$409,854 of those financial assets are available for operations and \$210,832 is restricted. As more fully described in Note 8, the Association also has two line of credit agreements with \$80,000 and \$58,037 available to be draw upon in the event of an unanticipated liquidity need. Also, \$15,896 is available from a quasi-endowment.

NOTE 3 – NATURE OF BUSINESS

The Young Men's Christian Association of Grand Forks is essentially a membership association of men, women and children of all ages, abilities, incomes, races and religions. It is dedicated to building healthy bodies, minds, and spirits of individuals and families. It puts Judeo Christian principles into practice through programs that promote good health, strong families, youth leadership, community development, and international understanding. The Association serves the greater Grand Forks, North Dakota area.

NOTE 4 – PROMISES TO GIVE

Unconditional promises to give consist of the following:

Amounts Due in:	
Less than one year	\$ 129,028
One to five years	354,204
Greater than five years	997,220
Restricted to Facility Renovation	<u>1,480,452</u>
Less: Allowance for uncollectible pledges	5,455
Less: Unamortized Discount	374,689
Net Unconditional Promises to Give	<u>\$ 1,100,308</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 4.00%, based on the date of the recognition of the promises to give.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – INVESTMENTS

Investments are held in a trust account with a financial institution. Details regarding the investments as of December 31, 2019, are as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Money Market Funds	\$ 16,335	\$ 16,335	\$ -
Common Trust Fund Bonds	133,901	141,524	7,623
Common Trust Fund Stocks	97,695	125,506	27,811
Common Trust Fund International	26,963	34,563	7,600
	<u>\$ 274,894</u>	<u>\$ 317,928</u>	<u>\$ 43,034</u>

The use of these funds has been designated by the Association's board to allow 5% of the market value of the assets at the beginning of the year to be available for use in the current year. In addition, a special allocation may be made based upon cash flow needs of the Association.

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2019 are presented in the following table based on the levels of the fair value hierarchy under FASB ASC 820.

	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Quoted Prices in Active Markets for Similar Assets (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Money Market Funds	\$ 16,335	\$ -	\$ -	\$ 16,335
Investments Measured at Net Asset Value (NAV)	-	301,593	-	301,593
				<u>\$ 317,928</u>

Investments in common trust funds are valued based on the net asset value per share as determined by Alerus Financial. The following table discloses the fair value and redemption frequency for those assets whose fair value is estimated using the net asset value per share as of December 31, 2019.

<u>Investment</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Common Trust Fund A (a)	\$ 141,524	\$ -	semi-monthly	5 days
Common Trust Fund B (b)	125,506	-	semi-monthly	5 days
Common Trust Fund International (c)	34,563	-	semi-monthly	5 days
	<u>\$ 301,593</u>	<u>\$ -</u>		

- (a) This fund invests in common stock, convertible securities, and mutual funds which are diversified by industry and risk with an investment strategy to provide stable, long-term growth in the unit value.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

- (b) This fund invests in quality fixed income securities including convertible bonds or preferred stock and mutual funds that consist of similar securities with an investment strategy to provide current income and total return. Investments are primarily domestic, but may include foreign instruments.
- (c) This fund invests in common stock, convertible securities, American depository receipts and mutual funds of countries other than the United States that are diversified, by industry and risk, with an investment strategy to provide stable, long-term growth in the unit value.

NOTE 7 – PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2019, is as follows:

Description	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 353,578	\$ -	\$ 353,578
Parking Lot	67,764	67,764	-
Building	6,093,785	3,601,537	2,492,248
Furniture, Fixtures and Equipment	616,479	434,883	181,596
Aerobic Equipment	439,020	413,854	25,166
Vehicles	70,748	69,218	1,530
	<u>\$ 7,641,374</u>	<u>\$ 4,587,256</u>	<u>\$ 3,054,118</u>

NOTE 8 – SHORT-TERM AND LONG-TERM INDEBTEDNESS

Details relative to the Association's short-term and long-term indebtedness as of December 31, 2019 is as follows:

Long Term Notes	Collateral	Interest Rate	Maturity Date	Current Portion	Total
Bond Payable	Pledges	3.91%	06/01/31	\$ 125,000	\$ 1,022,867
Line of Credit	Pledges	3.91%	06/01/31	-	66,963
Bank Note - Note Payable	Treadmills	4.70%	12/28/21	11,006	21,099
				<u>\$ 136,006</u>	<u>\$ 1,110,929</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

The aggregate amount of future principal payments on long-term debt at December 31, 2019, is as follows:

Years Ending December 31,	
2020	\$ 136,006
2021	135,093
2022	125,000
2023	125,000
2024	125,000
Thereafter	464,830
Total	<u>1,110,929</u>
Less unamortized debt issuance costs	<u>15,207</u>
Long-Term debt less unamortized debt issuance costs	<u>\$ 1,095,722</u>

The bond payable is backed by the pledges receivable directly to the Association and those representing its 22% share of total pledges made to the joint fundraising campaign. Interest is due on the outstanding principal of the bond monthly with an annual principal payment due each June 1. The principal amount is the greater of \$84,000 or the amount of cash on hand from the designated pledges for the years 2012 through 2017. Thereafter, the minimum amount increases to \$125,000.

Line of Credit – The Association has two line of credit agreements.

A line of credit with a bank for \$80,000, expiring August 28, 2020. The line bears a variable interest rate, 1.25% above the Wall Street Journal U.S. Prime Rate, with a floor of 4.755%. At December 31, 2019, the line's effective rate of interest was 6.50%. No borrowings occurred during 2019.

A line of credit with a bank for \$125,000, expiring June 1, 2031. The line of credit is restricted for use in paying principal and interest on bonds payable. The line bears an interest rate of 3.91%. During the year \$66,963 was borrowed and outstanding at December 31, 2019.

NOTE 9 – PENSION PLAN

The National YMCA Organization has established a retirement fund organized and operated for the purpose of providing retirement annuities and other benefits for employees. Of the YMCA's throughout the United States, the Young Men's Christian Association of Grand Forks is a participant in the National Plan. The plan covers substantially all full-time employees who have obtained the age of 21 and one year of service. The Young Men's Christian Association of Grand Forks contributed \$54,366 to this fund on behalf of their employees for the year ended December 31, 2019. The National Organization calculates contributions based on the salaries of eligible participants.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 10 – DONATED FACILITIES

The Young Men's Christian Association of Grand Forks receives the use of several buildings rent-free from the Grand Forks Public School District in support of various programs. The Association has estimated the approximate fair value of the rent to be \$60,000 for the year ended December 31, 2019. This amount has been included in support and expenses in the statement of activities.

NOTE 11 – ADVERTISING COSTS

The Association uses advertising to promote its program among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2019 was \$16,623

NOTE 12 – COMMITMENTS

The Association has partnered with Choice Wellness Center, run by the Grand Forks Park District, to offer joint memberships. Individuals can sign up at either the YMCA or Choice Wellness Center and have full use of either facility. Membership revenue from new members is split between the YMCA and Choice Wellness Center.

In addition, the Grand Forks Parks and Recreation Foundation (Foundation) launched a joint fundraising effort in 2010 to raise funds to build the new wellness center for the Foundation and to renovate the YMCA facility. The promises to give reflected in Note 4 to these financial statements reflects direct pledges to the YMCA as well as the amount of pledges allocated to the YMCA (generally 22%) of pledges and grants received by the Foundation as of the report date. As pledges are collected, the Foundation will remit the YMCA's share on a monthly basis. The funds raised from the campaign are restricted for use in renovating the YMCA facility or paying off any debt incurred for such renovation.

Restricted cash in bank consists of the amount of unspent pledges collected as of December 31, 2019. Pledges collected are restricted to being used to make payments on the bonds payable.

NOTE 13 – NET ASSET CLASSIFICATION

Net assets with donor restriction at December 31, 2019 were available for the following purposes:

Time Restriction:

Debt	\$ 944,491
Health & Wellness	156,108

Purpose Restriction:

Parkinson Wellness	10,991
Equipment	2,375

\$ 1,113,965

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Net assets without donor restriction includes \$317,928 in funds designated by the board of directors for an endowment fund.

NOTE 14 – METHODS USED FOR ALLOCATION OF EXPENSES AMONG FUNCTIONS

The financial statements of the Young Men's Christian Association of Grand Forks report certain categories of expenses that are attributable to more than one program or supporting function. Those expenses include depreciation, building operations, and the CEO's office. Depreciation and building operations are allocated based on square footage; the CEO's office is allocated based on estimates of time and effort.

NOTE 15 – SUBSEQUENT EVENTS

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. Although the Association cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it will have an adverse effect on the Association's operations. Anticipated losses will be partially funded by a paycheck protection program (PPP) loan.