

BOOTHBAY REGION YMCA
Financial Statements
Years Ended December 31, 2019 and 2018

Independent Auditor's Report

To the Board of Trustees of
Boothbay Region YMCA

We have audited the accompanying financial statements of Boothbay Region YMCA (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boothbay Region YMCA as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Gibson T. Cain, LLC". The signature is written in a cursive style.

Augusta, Maine
May 29, 2020

BOOTHBAY REGION YMCA
Statements of Financial Position
December 31, 2019 and 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ (60,766)	3,631,119	3,570,353	\$ 326,790	3,391,384	3,718,174
Accounts receivable, net of allowance for uncollectibles	17,892	-	17,892	39,488	-	39,488
Promises to give receivable, net	16,690	363,636	380,326	17,276	86,384	103,660
Prepaid expenses	34,209	-	34,209	28,668	-	28,668
Inventory	652	-	652	1,364	-	1,364
Total current assets	8,677	3,994,755	4,003,432	413,586	3,477,768	3,891,354
Property and equipment:						
Construction in progress	383,980	-	383,980	6,288	-	6,288
Land and land improvements	1,576,277	-	1,576,277	1,570,695	-	1,570,695
Building and improvements	13,289,619	-	13,289,619	13,258,196	-	13,258,196
Equipment	1,587,180	-	1,587,180	1,566,581	-	1,566,581
	16,837,056	-	16,837,056	16,401,760	-	16,401,760
Less: accumulated depreciation	(6,199,647)	-	(6,199,647)	(5,776,911)	-	(5,776,911)
Net property and equipment	10,637,409	-	10,637,409	10,624,849	-	10,624,849
Other assets:						
Promises to give receivable, net of current portion	-	458,281	458,281	-	262,269	262,269
Assets held in remainder trusts	-	-	-	149	-	149
Beneficial interests in perpetual trusts	-	431,795	431,795	-	364,750	364,750
Assets held for sale	-	-	-	14,500	-	14,500
Investments	5,932,185	62,000	5,994,185	5,128,839	62,000	5,190,839
Total other assets	5,932,185	952,076	6,884,261	5,143,488	689,019	5,832,507
Total assets	\$ 16,578,271	4,946,831	21,525,102	\$ 16,181,923	4,166,787	20,348,710
LIABILITIES AND NET ASSETS						
Current liabilities:						
Line of credit	\$ 205,232	-	205,232	\$ 60,160	-	60,160
Accounts payable	144,172	-	144,172	65,551	-	65,551
Accrued expenses	52,118	-	52,118	49,072	-	49,072
Deferred revenue	27,659	-	27,659	293,281	-	293,281
Current portion of liability under split-interest agreement	-	-	-	149	-	149
Total current liabilities	429,181	-	429,181	468,213	-	468,213
Long-term debt	735,000	-	735,000	735,000	-	735,000
Total liabilities	1,164,181	-	1,164,181	1,203,213	-	1,203,213
Net assets:						
Without donor restrictions	15,414,090	-	15,414,090	14,978,710	-	14,978,710
With donor restrictions	-	4,946,831	4,946,831	-	4,166,787	4,166,787
Total net assets	15,414,090	4,946,831	20,360,921	14,978,710	4,166,787	19,145,497
Total liabilities and net assets	\$ 16,578,271	4,946,831	21,525,102	\$ 16,181,923	4,166,787	20,348,710

See accompanying notes to financial statements.

BOOTHBAY REGION YMCA
Statements of Activities
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating activities:						
Revenue and support:						
Program	\$ 587,162	-	587,162	\$ 559,640	-	559,640
Membership dues	729,068	-	729,068	713,304	-	713,304
Facility rentals	70,630	-	70,630	73,364	-	73,364
Sales	3,394	-	3,394	3,662	-	3,662
Donations	611,213	803,754	1,414,967	757,783	3,653,699	4,411,482
Special events	27,922	-	27,922	26,271	-	26,271
Change in beneficial interests in trusts	9,723	-	9,723	(11,952)	-	(11,952)
Miscellaneous	199,714	-	199,714	226,187	-	226,187
Interest	220,144	-	220,144	145,971	-	145,971
Total revenue and gains	2,458,970	803,754	3,262,724	2,494,230	3,653,699	6,147,929
Net assets released from restrictions	90,755	(90,755)	-	27,023	(27,023)	-
Total revenues, gains and other support	2,549,725	712,999	3,262,724	2,521,253	3,626,676	6,147,929
Expenses:						
Wellness	426,381	-	426,381	412,169	-	412,169
Aquatics	782,420	-	782,420	710,226	-	710,226
Camp	391,182	-	391,182	368,420	-	368,420
Child enrichment	347,852	-	347,852	384,997	-	384,997
Other youth programs	443,821	-	443,821	502,437	-	502,437
Management and general	586,291	-	586,291	526,553	-	526,553
Fundraising	141,419	-	141,419	75,001	-	75,001
Total expenses	3,119,366	-	3,119,366	2,979,803	-	2,979,803
Change in net assets from operations	(569,641)	712,999	143,358	(458,550)	3,626,676	3,168,126
Non-operating activities:						
Realized and unrealized gains/(losses) on investments	1,005,021	-	1,005,021	(477,562)	-	(477,562)
Change in beneficial interests in trusts	-	67,045	67,045	-	(49,745)	(49,745)
Total non-operating activities	1,005,021	67,045	1,072,066	(477,562)	(49,745)	(527,307)
Change in net assets	435,380	780,044	1,215,424	(936,112)	3,576,931	2,640,819
Net assets, beginning of year	14,978,710	4,166,787	19,145,497	15,914,822	589,856	16,504,678
Net assets, end of year	\$ 15,414,090	4,946,831	20,360,921	\$ 14,978,710	4,166,787	19,145,497

See accompanying notes to financial statements.

BOOTHBAY REGION YMCA
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services						Supporting Services		Total
	Wellness Programs	Aquatics Programs	Camp Programs	Child Enrichment Services	Other Youth Programs	Total Program Services	Management and General	Fundraising	
Salaries	\$ 138,082	233,706	191,656	233,969	78,886	876,299	315,958	65,678	1,257,935
Payroll taxes and benefits	31,055	56,823	19,357	47,512	20,013	174,760	63,032	12,680	250,472
Supplies	5,072	18,819	18,008	13,960	27,565	83,424	8,194	8,978	100,596
Contractual	14,146	276	20,896	2,814	25,952	64,084	74,614	45,780	184,478
Travel	6,019	9,157	7,052	1,799	495	24,522	8,467	2,407	35,396
Advertising	4	-	74	2,733	-	2,811	7,628	3,108	13,547
Occupancy	49,102	56,558	65,733	29,618	152,762	353,773	-	-	353,773
Membership services	150,705	130,154	13,700	-	47,952	342,511	-	-	342,511
Depreciation	14,726	214,575	21,037	6,311	71,525	328,174	-	-	328,174
Insurance	2,130	31,037	3,043	913	10,346	47,469	-	-	47,469
Telephone	549	-	1,133	-	-	1,682	-	-	1,682
Repairs and maintenance	12,486	8,402	25,107	1,307	(400)	46,902	-	-	46,902
Postage and printing	-	110	250	-	79	439	2,638	2,688	5,765
Dues & licenses	-	163	1,055	325	-	1,543	48,848	-	50,391
Food & beverage	751	-	741	5,925	1,099	8,516	1,234	45	9,795
Interest	1,554	22,640	2,220	666	7,547	34,627	9,765	-	44,392
Bad debts/provision for uncollectible promises to give	-	-	-	-	-	-	6,358	-	6,358
Miscellaneous	-	-	120	-	-	120	39,555	55	39,730
Total expenses	\$ 426,381	782,420	391,182	347,852	443,821	2,391,656	586,291	141,419	3,119,366

See accompanying notes to financial statements.

BOOTHBAY REGION YMCA
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services						Supporting Services		Total
	Wellness Programs	Aquatics Programs	Camp Programs	Child Enrichment Services	Other Youth Programs	Total Program Services	Management and General	Fundraising	
Salaries	\$ 138,990	198,261	182,697	256,369	98,002	874,319	274,371	51,306	1,199,996
Payroll taxes and benefits	29,067	45,379	18,864	63,629	27,087	184,026	50,751	9,588	244,365
Supplies	8,031	15,610	22,635	8,385	29,445	84,106	5,983	2,380	92,469
Contractual	4,811	5,966	12,350	7,168	42,085	72,380	67,659	2,580	142,619
Travel	5,005	7,178	3,653	4,089	15,701	35,626	8,760	2,753	47,139
Advertising	292	-	210	240	-	742	4,278	4,509	9,529
Occupancy	49,997	57,853	61,302	28,403	155,548	353,103	-	-	353,103
Membership services	149,555	129,161	13,596	-	47,586	339,898	-	-	339,898
Depreciation	14,568	212,271	20,811	6,243	70,757	324,650	-	-	324,650
Insurance	2,145	31,259	3,065	919	10,420	47,808	-	-	47,808
Telephone	562	-	1,784	-	-	2,346	-	-	2,346
Repairs and maintenance	8,245	4,589	25,737	1,886	-	40,457	-	-	40,457
Postage and printing	-	85	242	-	62	389	728	1,337	2,454
Dues & licenses	-	50	125	355	125	655	42,360	485	43,500
Food & beverage	743	260	1,063	7,243	4,851	14,160	2,346	113	16,619
Interest	158	2,304	226	68	768	3,524	993	-	4,517
Bad debts/provision for uncollectible promises to give	-	-	-	-	-	-	8,463	-	8,463
Miscellaneous	-	-	60	-	-	60	59,861	(50)	59,871
Total expenses	\$ 412,169	710,226	368,420	384,997	502,437	2,378,249	526,553	75,001	2,979,803

See accompanying notes to financial statements.

BOOTHBAY REGION YMCA
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 1,215,424	2,640,819
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gains) losses on investments	(1,005,021)	477,562
Non-cash donated asset	-	(14,500)
Change in beneficial interests in trusts	(67,045)	49,745
Depreciation	422,735	416,218
(Increase) decrease in:		
Accounts receivable	21,596	(2,794)
Promises to give receivable	(472,678)	(282,678)
Prepaid expenses	(5,541)	13,039
Inventory	712	(948)
Assets held in remainder trusts	149	1,184
Increase (decrease) in:		
Accounts payable	78,621	19,308
Accrued expenses	3,046	9,953
Deferred revenue	(265,622)	(65,587)
Liability under split-interest agreement	-	(1,184)
Net cash provided by (used in) operating activities	(73,624)	3,260,137
Cash flows from investing activities:		
Purchase of property and equipment	(420,944)	(168,963)
Net proceeds from sales of investments	201,675	122,367
Net cash used in investing activities	(219,269)	(46,596)
Cash flows from financing activities:		
Proceeds from line of credit, net	145,072	60,160
Payments on long-term debt, net	-	(24,413)
Net cash provided by financing activities	145,072	35,747
Net increase (decrease) in cash and cash equivalents	(147,821)	3,249,288
Cash and cash equivalents, beginning of year	3,718,174	468,886
Cash and cash equivalents, end of year	\$ 3,570,353	3,718,174
Supplemental disclosure of cash flow information:		
Interest paid	\$ 44,392	4,517
Non-cash investing and financing activities:		
Portion of property purchase financed with new debt	-	735,000

See accompanying notes to financial statements.

BOOTHBAY REGION YMCA
Notes to Financial Statements

NOTE 1 - NATURE OF OPERATIONS

Nature of Activities - Boothbay Region YMCA (the YMCA) is a nonprofit corporation organized under the general laws of the State of Maine and operated exclusively for charitable purposes. The YMCA is a membership organization comprised of over 3,290 men, women and children of all ages, abilities, incomes, races and religions.

The YMCA is the largest organization delivering human services in the Boothbay Region; as such, it seeks to promote the spiritual, physical and mental welfare of all people served.

Program Services - The Boothbay Region YMCA is a membership association of men, women and children of all ages, abilities, incomes, races and religions. The YMCA offers several programs to serve all ages such as: open gym, open swim, group exercise on land and in the water, swim lessons, youth sports, senior social events, music theatre and dance, and martial arts.

Wellness - Our Wellness Department provides a full range of programs to our over 3,290 members of all ages. The YMCA's Diabetes Prevention Program helps adults at high risk of developing Type 2 diabetes reduce their risk by taking necessary steps to improve their health and well-being. Livestrong at the YMCA is an evidence-based program that helps adult cancer survivors reclaim their health and well-being following a cancer diagnosis. This 12-week program is provided free to our community. The YMCA has focused on childhood obesity by providing a Fit Kidz program to teach fun exercise and healthy snack options. We also have a full range of programs from aero dancing and Zumba to more challenging classes like total body challenge, TRX and cardio tennis. Active older adults are provided with many classes such as managing concerns about falling, cooking classes and various field trips. Most of our wellness classes are offered free to members.

Aquatics - Our Aquatics programs play a significant role in this coastal community. The YMCA provides free swim lessons to every 2nd grader in the community. The YMCA's Child Enrichment program has weekly swim lessons built into its curriculum. Our Dolphin Swim Team provides 35 swimmers a chance to promote teamwork, interaction, and development of social and physical skills. Over \$7,500 in program scholarships and free swim programs were provided to our swimmers. We offer a full range of aquatic therapy and rehabilitation programming for the many seniors that have retired to the area.

Camp - The YMCA day camp operations seek to provide memories for a lifetime for the over 320 children that attend each summer. Through a collaborative effort with our neighboring CLCYMCA, the beautiful YMCA's Camp Knickerbocker campus provides a safe and nurturing environment for almost 200 campers a day, ages 5-16. This resource is critical for the working parents of our community. Over \$41,000 and \$36,000 was raised in 2019 and 2018, respectively, to sponsor more than 75 children who would otherwise not be able to experience a summer filled with hiking, swimming, boating, games, and adventure. The Baldwin Adventure Center provides young teens with an alternative challenge. Self-esteem and team building are an essential component of this program. Leaders in Training programs are developmental leadership programs that prepare teens

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 1 - NATURE OF OPERATIONS, CONTINUED

to not only become staff members at camp but to also become productive members and volunteers in their home communities. The YMCA provided 4,170 free summer meals, offering nutritious breakfasts and lunches with the help of our collaborative partners at Central Lincoln County YMCA, Healthy Lincoln County, Lincoln Health's Coulombe Center for Health Improvement and the local school systems.

Child Enrichment Services – At the YMCA's Harbor Montessori School and Child Enrichment Center, we offer a nurturing and inclusive learning environment designed to promote social, emotional, cognitive, physical, and language development. Our traditional Montessori setting fosters creativity, curiosity, and exploration in a child-led classroom. The addition of the Y's natural playground and arts & environmental learning center provides children a natural, creative learning space for outdoor play to promote healthy social, emotional, physical, and cognitive development. The State of Maine contracts with the YMCA to provide state-subsidized child care slots.

Other Youth Programs - The YMCA offers a full range of youth sports programming, arts and humanities along with a teen/youth center. These programs help develop self-esteem and core values. The youth/teen center is open to all middle and high school students regardless of a YMCA membership. Through a donor supported high school initiative the Y is proud to now be able to ensure that all high school students receive a free Y membership and have access to the programs and services that the Y offers. Our Y-Arts programs provide a safe and supportive environment for youth and adults to explore their creative side through the performing arts. The Y-Arts for all programming includes our special needs friends.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The YMCA records resources for accounting and reporting purposes into two net asset categories: net assets without donor restrictions, and net assets with donor restrictions, based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions. Such net assets are available at the discretion of the YMCA's management and board of directors for any purpose consistent with the YMCA's mission.

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

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measure of Operations – The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the YMCA’s ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from other activities considered to be of a more unusual or nonrecurring nature.

Accounting 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 disclosures of contingent matters at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition - The YMCA recognizes contributions, net of allowances for estimated uncollectable amounts, when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The YMCA discounts multi-year promises to give (pledges) that are expected to be collected after one year using a risk adjusted discount rate. Multi-year pledges are recorded at fair value at the date of the pledge.

A portion of the YMCA’s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the YMCA has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

The Corporation has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standards improves the usefulness and understandability of the Corporation’s financial reporting. The YMCA implemented ASU on January 1, 2019 using a full retrospective method of application. There were no changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees and government contract revenues.

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue Recognition, Continued - Because the YMCA's performance obligations relate to contracts with a duration of less than one year, the YMCA has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs and are recognized as revenue ratably over the period of membership or the duration of the program. All the YMCA's revenue from contracts with customers are from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Those that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which they apply.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers Topic (606)*. This ASU supersedes the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The YMCA adopted this ASU on January 1, 2019.

The YMCA implemented ASU 2014-09 using a full retrospective method of application. The adoption of ASU 2014-09 resulted in no changes to the disclosure of revenue. There were no changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

Donated Services - Donated services, if any, are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the YMCA.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The YMCA allocates salaries and benefits based on time and effort, occupancy (including maintenance, depreciation and interest) based on square footage, and member service expenses based on time and effort by membership staff spent on each program.

Advertising - The YMCA expenses advertising costs as incurred. Total advertising costs for the years ended December 31, 2019 and 2018, were \$19,029 and \$13,069, respectively. Certain advertising costs allocated among program and supporting services are included in occupancy and membership services expenses on the statements of functional expenses, in addition to what is presented as direct advertising expenses.

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes - The YMCA has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (IRC), as an organization described in Section 501(c)(3), except for income taxes pertaining to unrelated business income.

The Financial Accounting Standards Board (FASB) guidance requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements. Interest and penalties would be recognized as tax expense; however, there is no interest or penalties recognized in the statements of activities. The tax years after 2015 are still open to audit for federal purposes.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the YMCA considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents, excluding those amounts that are part of its investment accounts.

Concentrations of Credit Risk - The YMCA maintains cash balances at several financial institutions located in Maine. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, two sweep accounts are maintained at one bank to provide additional coverage for an operating and a capital campaign checking account with balances in excess of \$250,000. At December 31, 2019 and 2018, \$0 and \$3,484,684, respectively, of the YMCA's cash balances were uninsured. The YMCA has not experienced, nor does it anticipate, any losses with respect to such accounts. In 2019 another sweep account was established to provide coverage for uninsured amounts in an additional checking account that was opened in 2018.

Accounts Receivable - Accounts receivable consists primarily of receivables from program registrants. An allowance is determined by management based on historical collections, specific participants' circumstances, and economic conditions. Member receivables are written off when management has exhausted collections efforts and deems the accounts uncollectible. The YMCA does not accrue interest on unpaid accounts receivable.

Investments - Investments are reported at fair value and are based primarily on quoted market prices or estimated fair value.

Inventory - Inventory, stated at cost (first-in, first-out), consists of food and merchandise available for resale. Inventory is determined by a physical count at year-end.

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and Equipment - Property and equipment acquisitions, including those obtained under capital leases, with individual costs in excess of \$1,000 are capitalized. The YMCA uses the straight-line method to compute depreciation expense and assumes useful lives of five to ten years for equipment and five to thirty years for building and improvements. Depreciation expense for the years ended December 31, 2019 and 2018 was \$422,735 and \$416,218, respectively. A portion of depreciation is included in membership services and allocated to all programs in the statements of functional expenses.

Impairment of Long-lived Assets - The carrying value of the YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful, depreciable life may need to be changed. The YMCA considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value.

Split Interest Agreements with Donors - The YMCA has various types of split interest agreements with donors. In one of these agreements, the YMCA also served as trustee of the related assets.

Assets held under these agreements for which the YMCA served as trustee are included in other assets. The YMCA had entered into an agreement with a donor that provided that the YMCA agreed to pay the donor, for life, an annuity in the annual sum of \$640 in equal quarterly payments of \$160 on the last day of March, June, September, and December.

Significant assumptions used in the present value calculation include a discount rate for the year ended December 31, 2018 of 3.00%, applicable mortality tables, and annual distributions of income to the donor.

The obligation of the YMCA to make annuity payments under the agreement shall terminate with the payment preceding the death of the donor. The total liability under all agreements was \$0 and \$149, at December 31, 2019 and 2018, respectively.

Perpetual trusts are valued based upon the fair value of the assets contributed to the trust which approximates the fair value of the beneficial interest in the trust. The YMCA is the income beneficiary of several irrevocable trusts invested in perpetuity by donors with local banks who also serve as trustees. Under the terms of the trust agreements, the income earned on the investments is available for use by the YMCA for general purposes. The YMCA's beneficial interests in these trusts are restricted in perpetuity as the assets are not available for use. The beneficial interests are reviewed annually and adjusted to market value. The change in value is reported as revenue and support with donor restrictions in the statements of activities.

Deferred Revenue - Membership dues and program fees that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which they apply.

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to December 31, 2019, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2019. Management has performed their analysis through May 29, 2020, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple YMCA's. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter could negatively impact its operating results and anticipates a closure of approximately 10 weeks. However, the related financial impact and duration cannot be reasonably estimated at this time. As soon as the first round of Small Business Administration disaster relief programs became available, the Organization immediately applied for the PPP and was awarded \$347,000, most of which can be converted to a grant. The Organization also applied for and received the \$10,000 grant through the SBA's EIDL program. Likewise, the Organization has submitted funding requests to FEMA, the Maine DHHS, and multiple private foundations to continue essential services in the community and to help offset operational losses likely to be incurred due to the pandemic. The Organization's management team is taking the necessary steps to ensure the safety and health of everyone who uses the facility when operations are able to resume. The Board of Trustees and Finance Committee are diligently stewarding resources and pursuing funding opportunities to ensure that the Organization successfully navigates the financial ramifications of the pandemic.

The YMCA continues to monitor developments and the directives of federal, state, and local officials to determine what additional precautions and procedures need to be implemented by the YMCA.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The FASB defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the YMCA's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy which requires the YMCA to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the YMCA has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect the YMCA's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following are descriptions of the valuation methods and assumptions used by the YMCA to estimate the fair values of certain financial instruments:

Cash and cash equivalents: valued at acquisition cost (Level 1 inputs).

Equity Securities and Mutual Funds: Consist of mutual funds which are primarily invested in equity securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Fixed Income Securities: YMCA fixed income securities are invested primarily in high grade fixed income securities, which are one to three years in duration. The fair values of these investments are readily marketable and are determined by obtaining quoted prices on a nationally recognized securities exchange (Level 1 inputs).

Investments measured at fair value at December 31, 2019 and 2018, are summarized below:

Level 1 investments without donor restrictions at December 31, 2019 are composed of the following:

	<u>Market</u>	<u>Cost</u>
Cash equivalents	\$ -	-
Equity	5,885,359	5,077,253
Fixed income	-	-
<hr/>		
Totals per investment statements	\$ 5,885,359	
<u>Unrealized gains allocated to unrestricted</u>	<u>46,826</u>	
<u>Total on Statement of Financial Position</u>	<u>\$ 5,932,185</u>	

Level 1 investments with donor restrictions in perpetuity at December 31, 2019 are composed of the following:

	<u>Market</u>	<u>Cost</u>
Cash equivalents	\$ -	-
Equity	108,826	62,000
Fixed income	-	-
<hr/>		
Totals per investment statements	\$ 108,826	
<u>Unrealized gains allocated to unrestricted</u>	<u>(46,826)</u>	
<u>Total on Statement of Financial Position</u>	<u>\$ 62,000</u>	

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS, CONTINUED

Level 1 investments without donor restrictions at December 31, 2018 are composed of the following:

	<u>Market</u>	<u>Cost</u>
Cash equivalents	\$ 1,005	1,005
Equity	5,103,332	4,741,395
Fixed income	-	-
<hr/>		
Totals per investment statements	\$ 5,104,337	
Unrealized gains allocated to unrestricted	24,502	
<hr/>		
<u>Total on Statement of Financial Position</u>	<u>\$ 5,128,839</u>	

Level 1 investments with donor restrictions in perpetuity at December 31, 2018 are composed of the following:

	<u>Market</u>	<u>Cost</u>
Cash equivalents	\$ -	-
Equity	86,502	62,000
Fixed income	-	-
<hr/>		
Totals per investment statements	\$ 86,502	
Unrealized gains allocated to unrestricted	(24,502)	
<hr/>		
<u>Total on Statement of Financial Position</u>	<u>\$ 62,000</u>	

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 4 – AVAILABILITY AND LIQUIDITY

The following represents the YMCA's financial assets at December 31, 2019 and 2018:

Financial assets at year-end:	<u>2019</u>	<u>2018</u>
Cash	\$ 3,570,353	\$ 3,718,174
Accounts receivable	17,892	39,488
Current portion of promises to give	380,326	103,660
Investments	5,994,185	5,190,839
Total financial assets	9,962,756	9,052,161
Less amounts not available to be used within one year:		
Net assets with donor restrictions	4,946,831	4,166,787
Less net assets with temporary restrictions to be met in less than a year	(86,628)	(86,628)
	<u>4,860,203</u>	<u>4,080,159</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,102,553</u>	<u>\$ 4,972,002</u>

The YMCA's working capital and cash flows fluctuate during the year due to the timing of contributions. To manage liquidity, the YMCA maintains a credit line of \$300,000 that is drawn upon as needed during the year to manage cash flow and is then repaid based on the availability of cash.

NOTE 5 - PROMISES TO GIVE RECEIVABLE

The YMCA holds fund-raising campaigns to raise funds to pay for the construction and renovation of its facility in Boothbay, Maine, to establish an endowment to fund scholarships to keep fees low, and to support the Camping Program. Promises to give are considered donor-restricted funds with temporary purposes. Expenses are released from restriction as expenses are incurred that relate to the construction and/or renovation of the new facility or to the applicable campaigns.

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 5 - PROMISES TO GIVE RECEIVABLE, CONTINUED

Promises to give receivable, net of allowance for uncollectible promises and unamortized discount are summarized as follows at December 31:

	<u>2019</u>	<u>2018</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 380,000	106,252
One year to five years	477,284	287,079
Thereafter	-	-
	857,284	393,331
Less:		
Allowance for uncollectible promises to give	-	-
Discount to present value	(18,677)	(27,402)
Totals	838,607	365,929
Less current portion	(380,326)	(103,660)
	\$ 458,281	262,269

Promises to give receivable in more than one year are discounted at 2.25% and 3.00% at December 31, 2019 and 2018, respectively.

Included in pledges receivable are amounts promised by certain members of the Board of Trustees and Senior Management. At December 31, 2019 and 2018, those amounts totaled approximately \$258,395 and \$331,490, respectively.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 1,576,277	1,570,695
Buildings and building improvements	13,289,619	13,258,196
Construction in progress	383,980	6,288
Equipment	1,587,180	1,566,581
Total investment in property and equipment	16,837,056	16,401,760
Less: accumulated depreciation	(6,199,647)	(5,776,911)
	\$ 10,637,409	10,624,849

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 7 - NOTES PAYABLE

The YMCA's long-term debt consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
4.750% (variable) note payable to First National Bank with interest only payments through November 2023 when the loan is due in full. The loan is secured by property.	\$ 735,000	735,000
<u>Long-term debt</u>	<u>\$ 735,000</u>	<u>735,000</u>

Maturities of long-term debt are as follows:

<u>Year Ended</u> <u>December 31</u>		<u>Amount</u>
2020	\$	-
2021		-
2022		-
2023		<u>735,000</u>
<u>Total</u>	<u>\$</u>	<u>735,000</u>

NOTE 8 - LINE OF CREDIT

The YMCA has a line of credit with a local bank which provides borrowings up to \$300,000. Advances are payable on demand including variable interest at the Wall Street Journal Prime Rate, currently 4.75%, and are unsecured. At December 31, 2019 and 2018, the line had a balance of \$205,232 and \$60,160 respectively.

NOTE 9 - BOARD DESIGNATED NET ASSETS

The YMCA's Board designated net assets consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Investments	\$ 213,148	265,620
Capital Improvements	<u>60,220</u>	<u>23</u>
<u>Total Board designated net assets</u>	<u>\$ 273,368</u>	<u>265,643</u>

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 9 - BOARD DESIGNATED NET ASSETS, CONTINUED

Changes in Board designated net assets for the year ended December 31, 2019 are as follows:

Board-designated net assets, beginning of year	\$	265,643
Additions		273,368
Appropriations/expenditures		(265,643)
Other Changes		-
Changes in Board-designated net assets		<u>7,725</u>
Board-designated net assets, end of year	\$	<u>273,368</u>

Changes in Board designated net assets for the year ended December 31, 2018 are as follows:

Board-designated net assets, beginning of year	\$	264,356
Additions		265,620
Appropriations/expenditures		(264,333)
Other Changes		-
Changes in Board-designated net assets		<u>1,287</u>
Board-designated net assets, end of year	\$	<u>265,643</u>

NOTE 10 - NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS

The YMCA's net assets with temporary donor restrictions consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Gifts and other unexpended revenues and gains restricted to:		
Diabetes	\$ 5,311	11,406
Food Initiative	15,584	-
Literacy	5,000	-
Capital Improvements	86,628	86,628
Capital Campaign	4,342,319	3,641,178
Memorials	125	825
Totals	\$ 4,454,967	<u>3,740,037</u>

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors for years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Capital Improvements	\$ -	-
Memorials	700	
Capital Campaign	83,960	9,021
Diabetes	6,095	18,002
Total	\$ 90,755	<u>27,023</u>

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 11 - ENDOWMENT COMPOSITION

Interpretation of Relevant Law - The State of Maine has passed a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Trustees of the YMCA has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, YMCA classifies as net assets with permanent donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with permanent donor restrictions is classified as net assets with permanent donor restrictions until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

As of December 31, 2019:

	<u>Without</u>	<u>With Temp.</u>	<u>With Perm.</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>	
Donor Designated Endowment Funds	\$ -	-	62,000	62,000
Beneficial interest in perpetual trust			431,795	431,795
Other Endowment Funds				
Undesignated	-	-	-	-
Donor Advised	-	-	-	-
Designated	-	-	-	-
<u>Subtotal Other Endowment Funds</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Endowment Funds</u>	<u>\$ -</u>	<u>-</u>	<u>493,795</u>	<u>493,795</u>

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 11 - ENDOWMENT COMPOSITION, CONTINUED

As of December 31, 2018:

	<u>Without</u>	<u>With Temp.</u>	<u>With Perm.</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>
Donor Designated Endowment Funds	\$ -	-	62,000	62,000
Beneficial interest in perpetual trust			364,750	364,750
Other Endowment Funds				
Undesignated	-	-	-	-
Donor Advised	-	-	-	-
Designated	-	-	-	-
<u>Subtotal Other Endowment Funds</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Endowment Funds</u>	<u>\$ -</u>	<u>-</u>	<u>426,750</u>	<u>426,750</u>

Return Objectives and Risk Parameters - The YMCA has adopted investment and spending policies for assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the YMCA must hold in perpetuity or for a donor-specified period.

Investment Objective - Strategies Employed for Achieving Objectives: The YMCA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters. The intended overall rate of return of the portfolio is a reasonable "real" rate, consistent with the risk levels established by the Investment Committee. The objective is that the minimum acceptable rate of return over a full market cycle of 3 to 5 years is one that equals or exceeds the assumed spending rate plus the rate of inflation.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The YMCA's current investment spending policy for appropriating distributions is calculated based on a percentage of its endowment fund value at December 31. This percentage is determined by the Board of Trustees on an annual basis. For the years ended December 31, 2019 and 2018, the appropriation percentage totaled 5%.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the YMCA to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related donor-restricted amounts with temporary restrictions are reported in net assets without donor restrictions. There were no such amounts as of December 31, 2019 and 2018.

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 12 - NET ASSET COMPOSITION

As of December 31, 2019:

	<u>Without</u>	<u>With Temp.</u>	<u>With Perm.</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>	
Endowment Funds	\$ -	-	62,000	62,000
Beneficial Interests	-	-	431,795	431,795
Capital improvements	-	86,628	-	86,628
Diabetes	-	5,311	-	5,311
Memorials	-	125	-	125
Literacy	-	5,000	-	5,000
Food Initiative	-	15,584	-	15,584
Capital campaign	-	4,340,388	-	4,340,388
Board-designated endowment	213,148	-	-	213,148
Board designated Capital Fund	60,220	-	-	60,220
Without donor restrictions	5,238,313	-	-	5,238,313
Held in property & equipment	9,902,409	-	-	9,902,409
Total Net Assets	\$ 15,414,090	4,453,036	493,795	20,360,921

As of December 31, 2018:

	<u>Without</u>	<u>With Temp.</u>	<u>With Perm.</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>	
Endowment Funds	\$ -	-	62,000	62,000
Beneficial Interests	-	-	364,750	364,750
Capital improvements	-	86,628	-	86,628
Diabetes	-	11,406	-	11,406
Memorials	-	825	-	825
Capital Campaign	-	3,641,178	-	3,641,178
Board-designated endowment	265,620	-	-	265,620
Board designated Capital Fund	23	-	-	23
Without donor restrictions	4,823,218	-	-	4,823,218
Held in property & equipment	9,889,849	-	-	9,889,849
Total Net Assets	\$ 14,978,710	3,740,037	426,750	19,145,497

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 13 - SPECIAL EVENTS

As part of its fundraising efforts, the YMCA holds periodic special events. Revenue for special events is recognized in the period in which the event is held. Direct expenses associated with special events are netted against such revenue as follows:

	<u>2019</u>	<u>2018</u>
Special event revenue	\$ 107,741	41,149
Special event direct expenses	(79,819)	(14,878)
Special event revenue, net	\$ 27,922	26,271

NOTE 14 - FINANCIAL ASSISTANCE PROVIDED

The YMCA provides financial assistance, through contributions and other fundraising, to help defray the costs of membership and program and other fees for individuals with need. Membership dues and program fees are recorded net of such assistance in the accompanying statements of activities. Such amounts were as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Membership dues	\$ 810,353	765,811
Less financial assistance provided	(81,285)	(52,507)
Membership dues, net	\$ 729,068	713,304
Program fees	\$ 612,902	582,790
Less financial assistance provided	(25,740)	(23,150)
Program fees, net	\$ 587,162	559,640

NOTE 15 - DEFINED CONTRIBUTION PLANS

The YMCA participates in the YMCA Retirement Fund Retirement Plan, which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a 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. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

BOOTHBAY REGION YMCA
Notes to Financial Statements, Continued

NOTE 15 - DEFINED CONTRIBUTION PLANS, CONTINUED

In accordance with the agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the YMCA. The YMCA contributes 7% of the employee's gross salary and the employee contributes 5%. All full-time employees at least 21 years of age are eligible for participation after two full years of employment. Participation is mandatory for all eligible employees. Total plan costs for the years ended December 31, 2019 and 2018 were \$46,212 and \$48,102 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 to this plan.

NOTE 16 - RELATED PARTIES

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2019 and 2018, were \$44,285 and \$38,532, respectively.