Kishwaukee Family YMCA

Sycamore, Illinois

Financial Report

Years Ended December 31, 2020 and 2019

WIPFLI

WIPFLI

Independent Auditor's Report

To the Board of Directors
Kishwaukee Family YMCA
Sycamore, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Kishwaukee Family YMCA (the "Association"), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows and functional expenses 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; 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kishwaukee Family YMCA as of December 31, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Wipfli LLP

Wipfli LLP

June 2, 2021
Sterling, Illinois

Kishwaukee Family YMCA

Statements of Financial Position

December 31, 2020 and 2019

	2020	2019
Assets		
Cash on hand	$ 400	$ 400
Cash and cash equivalents	763,694	420,350
Inventory	-	1,000
Investments - DCCF	39,209	36,528
Pledges receivable	1,731	9,000
Accounts receivable - operations	64,537	47,561
Prepaid insurance	3,013	-
Total current assets	872,584	514,839
Property and Equipment - Net	6,331,103	6,636,204
Total assets	$ 7,203,687	$ 7,151,043
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 71,565	$ 64,461
Accrued expenses payable	241,279	172,746
Deferred revenue	33,894	60,964
Capital lease obligations	57,409	55,957
Line of credit	150,000	-
Notes payable	6,689	59,598
Mortgage payable	53,294	133,825
Total current liabilities	614,130	547,551
Long-term liabilities:		
Capital lease obligations, less current maturities	73,975	130,795
Long-term debt, less current maturities	2,135,468	1,887,162
Total liabilities	2,823,573	2,565,508
Net Assets:		
Without donor restrictions	4,286,269	4,454,506
With donor restrictions	93,845	131,029
Total net assets	4,380,114	4,585,535
Total liabilities and net assets	$ 7,203,687	$ 7,151,043

See accompanying notes to financial statements.

Kishwaukee Family YMCA

Statements of Activities

Years Ended December 31,	2020	2019
Net Assets Without Donor Restrictions		
Contributions	$ 309,850	$ 423,848
Inherent contribution	-	1,033,128
Grant income	676,730	-
United Way Allotments	-	6,417
Regular Membership	884,364	1,818,133
Program Fees	601,973	1,187,733
Service Fees	26,620	35,601
Investment income	2,717	6,147
Gain (loss) on disposal of fixed assets	-	(79,436)
Sales to Public, Net	4,613	(3,861)
Total revenue, gains, and other support	2,506,867	4,427,710
Net assets released from donor restriction	161,388	47,678
Total revenues, gains, other support and net assets released from restrictions	2,668,255	4,475,388
Expenses		
Program Services Expense	2,150,267	2,848,472
Support services - management and general	592,599	625,143
Support services - fundraising	75,210	92,705
Total program and Support services	2,818,076	3,566,320
Fair Share		
Fair share to YMCA of USA	18,416	60,894
Total fair share	18,416	60,894
Total expenses	2,836,492	3,627,214
Change in Net Assets Without Donor Restrictions	(168,237)	848,174
Net Assets with Donor Restrictions		
Contributions	124,204	66,997
Net assets released from restrictions	(161,388)	(47,678)
Change in Net Assets With Donor Restrictions	(37,184)	19,319
Total Change in Net Assets	(205,421)	867,493
Net Assets, Beginning of Year	4,585,535	3,718,042
Net Assets, End of Year	$ 4,380,114	$ 4,585,535

See accompanying notes to financial statements.

Kishwaukee Family YMCA

Statements of Cash Flows

Years Ended December 31,	2020	2019
Cash Flows From Operating Activities		
Change in Net Assets	$ (205,421)	$ 867,493
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	420,200	409,113
Noncash inherent contributions	-	(1,033,128)
Net (increase) decrease in current assets other than cash	(14,401)	(8,904)
Net increase (decrease) in current liabilities other than bank loans	48,567	110,911
Loss (gain) on sale of fixed assets	-	79,436
Net cash flows from operating activities	248,945	424,921
Cash Flows From Investing Activities		
Purchase of property and equipment	(115,099)	(705,460)
Net cash flows from investing activities	(115,099)	(705,460)
Cash Flows From Financing Activities		
Borrowings from capital lease	-	174,815
Principal payments on capital lease	(55,368)	(44,027)
Advances on line of credit	150,000	54,198
Borrowings from long-term bank loans	425,000	181,189
Principal payments on long-term bank loans	(310,134)	(100,443)
Net cash flows from financing activities	209,498	265,732
Net Increase (Decrease) in Cash and Cash Equivalents	343,344	(14,807)
Cash and Cash Equivalents - beginning of year	420,750	435,557
Cash and Cash Equivalents - end of year	$ 764,094	$ 420,750
Supplemental cash flow disclosures:		
Cash paid for interest	$ 79,952	$ 77,073

Kishwaukee Family YMCA

Statements of Cash Flows (Continued)

Cash and cash equivalents are presented in the Statement of Financial Position for the years ended December 31, as follows:

Years Ended December 31,	2020	2019
Cash on hand	$ 400	$ 400
Cash and cash equivalents	763,694	420,350
Total	$ 764,094	$ 420,750

See accompanying notes to financial statements.

Kishwaukee Family YMCA

Statements of Functional Expenses

Years Ended December 31, 2020	Program Services	Management and General	Fundraising	Total
Other program expenses	$ 25,417	$ -	$ 1,079	$ 26,496
Salaries and wages - other	1,019,454	304,159	62,131	1,385,744
Payroll taxes	62,595	18,675	3,815	85,085
Workers compensation insurance	11,560	2,040	-	13,600
Health insurance	60,092	17,928	3,662	81,682
Retirement contributions	14,559	4,344	887	19,790
Other employee expenses	11,815	3,525	720	16,060
Training	5,800	1,731	354	7,885
Utilities	166,573	24,566	-	191,139
Janitorial services	16,212	-	-	16,212
Maintenance contract	41,578	5,642	-	47,220
Maintenance repairs	90,171	14,315	-	104,486
Supplies	94,241	4,930	-	99,171
Postage	13	3,046	-	3,059
Dues and subscriptions	-	3,631	-	3,631
Contract services	22,695	32,333	-	55,028
Conference and training	1,895	2,321	-	4,216
Bank charges	324	18,389	-	18,713
Insurance	29,208	4,795	-	34,003
Interest	87,020	11,222	-	98,242
Office equipment lease	2,835	4,535	-	7,370
Printing and promotion	8,166	11,633	-	19,799
Telephone	10,644	1,676	-	12,320
Software support	4,887	39,476	-	44,363
Fundraising expenses	-	-	2,562	2,562
Total expense before depreciation	1,787,754	534,912	75,210	2,397,876
Depreciation	362,513	57,687	-	420,200
Total functional expenses	$ 2,150,267	$ 592,599	$ 75,210	$ 2,818,076

See accompanying notes to financial statements.

Kishwaukee Family YMCA

Statements of Functional Expenses

Years Ended December 31, 2019	Program	Management and General	Fundraising	Total
Other program expenses	$ 240,117	$ -	$ -	$ 240,117
Salaries and wages - other	1,496,333	308,268	58,148	1,862,749
Payroll taxes	114,109	20,549	4,297	138,955
Workers compensation	17,309	3,055	-	20,364
Health insurance	65,850	11,859	2,480	80,189
Fundraising expense	-	-	27,179	27,179
Retirement plan contributions	52,274	8,298	-	60,572
Other employee expenses	23,981	3,979	-	27,960
Utilities	186,533	29,612	-	216,145
Janitorial expenses	19,453	3,088	-	22,541
Maintenance contract	44,570	7,075	-	51,645
Maintenance repairs	41,076	6,521	-	47,597
Supplies	53,476	5,548	-	59,024
Postage and shipping	3,093	491	-	3,584
Dues and subscriptions	-	3,614	-	3,614
Contract services	-	55,091	-	55,091
Conferences, conventions, and meetings	15,948	2,873	601	19,422
Bank charges	-	29,324	-	29,324
Insurance	29,698	4,714	-	34,412
Bad debt expense	-	-	-	-
Interest expense	66,514	10,559	-	77,073
Office equipment expense	6,419	1,019	-	7,438
Printing and publications	13,861	2,200	-	16,061
Telephone	10,112	1,605	-	11,717
Software support	-	44,434	-	44,434
Total expense before depreciation	2,500,726	$ 563,776	$ 92,705	$ 3,157,207
Depreciation	347,746	61,367	-	409,113
Total functional expenses	$ 2,848,472	$ 625,143	$ 92,705	$ 3,566,320

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Activities

The Kishwaukee Family YMCA (Association) is a nonprofit corporation organized under the laws of the State of Illinois for the purpose of providing health and welfare facilities, programs, and services. The Association is a member of the national YMCA of which it pays dues annually to support the operations of this National Council. The Association primarily serves residents of Dekalb County, Illinois. The mission is to promote Christian principles by enriching the spirit, mind and body of all those in our community, especially families and children, regardless of ability to pay. The Kishwaukee Family YMCA builds Strong Kids, Strong Families and Strong Communities. The Association's programs focus on four core values-caring, honesty, respect, and responsibility. It serves men, women, and children of all ages, abilities, incomes, races, and religions. It provides financial assistance to those who need it. It identifies needs within the community and responds to them so that the entire community benefits from its efforts. The majority of its funding comes from membership and program fees, contributions, and endowments.

Fund Accounting

The accounts of the Association are organized on the basis of funds, each of which is considered a separate entity. The Operating Funds are used to record normal operating revenues and disbursements and for various special purposes. The Capital Campaign Funds are used to track contributions relating to facility equipment and grounds improvements.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Donated Services

Standards state that for donated services to be recognized in the financial statements, the services must either (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. For the years ending December 31, 2020 and 2019, there were no donations meeting the above criteria.

The Association receives donated services generally in the form of contributed time by volunteers. However, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, the Association includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid investments with a maturity of three months or less as cash and cash equivalents.

Note 1: Summary of Significant Accounting Policies (Continued)

Investments

Investments are stated at the year end fair value. Unrealized gain or loss on the year end aggregate fair value of the investments is reflected in the current year's activity. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Pledges Receivable

Pledges made to the Association are recorded as receivables in the year the pledge was made. Pledges and other promises to give whose eventual uses are restricted by the donor are recorded as increases in temporarily restricted net assets. Unrestricted pledges to be collected in future periods are also recorded as an increase in temporarily restricted net assets and reclassified to unrestricted net assets when received.

Pledges to give are reported in the statement of financial position net of unamortized discounts and an allowance for uncollectible pledges. Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate that approximates the rate of government securities. Amortization of the discount is recorded as an increase or decrease in contribution revenue. An allowance for uncollectible accounts is determined by management based on past collection history. There was no allowance for uncollectible accounts as of December 31, 2020 and 2019.

Accounts Receivable

Accounts receivable are generally uncollateralized client obligations net of allowances for uncollectible accounts. Management individually reviews all past due accounts receivables and estimates the portion, if any, of the balance that will not be collected. Management believes all accounts receivables currently shown to be collectible.

Income Taxes

The Association, as a nonprofit charitable organization, is exempt from federal income taxes under Internal Revenue Code Section (501)(c)(3).

The Association accounts for income taxes in accordance with Financial Accounting Standards Board *Accounting for Uncertainty Income Taxes*. The standard provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements and requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Association had determined there are no amounts to record as assets or liabilities related to uncertain tax positions. The federal forms (Form 990) remain open for examination by taxing authorities through their statutory periods.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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 net by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor imposed restrictions are 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.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Revenue

Deferred revenue represents membership dues, program fees, and grants which have been received, but for which the prescribed services have not yet been completed. These fees will be recognized in income when these services are provided.

Revenue Recognition

The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees. Contributions are recorded as revenue when an unconditional promise to give has been made. Contributions are recorded as with donor restrictions or without donor restriction, depending on donor intent. Membership revenue, program fees, and daycare fees are recognized evenly over the period of membership and programs.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Membership dues and program fees: Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs. Members join for varying lengths of time. Members generally pay a onetime joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to free classes, programs and activities, and discounts to fee-based programs. The YMCA offers a variety of programs including family, child care, day camp, resident camp, teen, scholastic, fitness, aquatics, health, immigration, and international services. Fee-based programs are available to the public. Program fees for short duration programs of two months or less, such as aquatics classes, are typically paid in advance at the time of registration. Program fees for longer duration programs, such as fee-based childcare, are usually paid monthly in advance. Cancellation provisions vary by program, but most transactions are not cancelable. Refunds may be available for services not provided. Financial assistance is available to members and program participants. Such financial assistance is reflected as a reduction of gross membership dues and program fees.The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees, residence program and related services, and government contract revenues

Membership dues and program fees are recognized ratably over the period the membership or program service is provided on a straight-line basis in an amount that reflects the consideration the YMCA expects to be entitled to in exchange for those services. 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. Membership joining fees are ratably recognized over a one-year period from the membership start date.

Membership dues and program fees paid to the YMCA in advance represent contract liabilities and are recorded as other deferred revenue. Amounts billed but unpaid are contract assets and recorded as accounts receivables.

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.

Contributions

Contributions are recognized when the donor or grantor makes a promise to give to the Organizations that is, in substance, unconditional. Contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and nature of any donor 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 restriction. If a restriction is met in the same period that the contribution is received, the contribution is reported as net assets without donor restrictions.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized

- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Government Grants and Contracts

The Organization applies for grants each year to support various programs the Organization offers. The majority of the Organization's grants are funded in advance, except the 21st Century and State of Illinois Food Program grants are reimbursement grants. Cost reimbursement government grants are recognized as revenue in the period the qualifying allowable expenditures are incurred. Amounts collected in advance but unearned are reflected in the statement of financial position as deferred revenue.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Topic 605. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as refundable advances.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

B. Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

For government receivables, the allowance for doubtful accounts is determined by a monthly and semi-annual review of account balances, including the age of the balance, historical collection experience and specific identification of uncollectible accounts. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

In-Kind Contributions

The Organization recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. For the year ending December 31, 2020, the Organization had no donated services that are reflected in the financial statements.

The Organization also receives donated services in the form of contributed time by volunteers. However, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Contributions of assets other than cash are recorded at estimated fair value.

Change in Accounting Policies

In 2018, FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement.* The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. Adoption of this pronouncement had no effect on the Organization's current or previously issued financial statements.

Pending Accounting Pronouncements

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU 2016-02 must be applied modified retrospectively. Management is evaluating what impact this new standard will have on its financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Association has evaluated events and transactions for potential recognition or disclosure in the financial statements through July 21, 2020, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2020 have been incorporated herein.

In January 2021, management has applied for and received a second round Paycheck Protection Program (PPP) loan from the Small Business Administration for the amount of $400,507. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses.

Note 2: Liquidity and Availability of Financial Assets

The Association monitors its liquidity so that it is able to meet its operating needs and other grant commitments while maximizing the investment of its excess operating cash. The YMCA has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

	2020	2019
Cash and cash equivalents	$ 764,094	$ 420,750
Accounts receivable - operations	64,537	47,561
Total	$ 828,631	$ 468,311

The YMCA meets general expenditures over the year by collecting sufficient revenues from membership, programs and donations. The statement of cash flows identifies the sources and uses of the YMCA's cash and shows cash generated by operations of $248,945 and $424,921 for fiscal years ending December 31, 2020 and 2019, respectively.

Note 3: Changes in Property and Equipment

Property and equipment consist of the following as of December 31:

	2019	Additions	Disposals	2020
Land	$ 163,082	$ -	$ -	$ 163,082
Buildings and improvements	11,336,390	65,590	-	11,401,980
Equipments	1,221,230	49,509	-	1,270,739
Total	12,720,702	115,099	-	12,835,801
Less accumulated depreciation and amortization	6,084,498	420,200	-	6,504,698
Total	$ 6,636,204	$ (305,101)	$ -	$ 6,331,103

Note 3: Changes in Property and Equipment (Continued)

Improvements and equipment over $2,000 are capitalized at cost. Purchases under $2,000 are expensed as maintenance and repair. Donated assets are capitalized at fair market value as of the date received. Depreciation and amortization is provided over the estimated useful lives of the assets on the straight-line method. Buildings and improvements are depreciated over 15 - 40 years, equipment is depreciated over 3 - 10 years, and leasehold improvements are amortized over 20 years.

Depreciation expense for December 31, 2020 and 2019 was $420,200 and $409,113, respectively.

Note 4: Pledges Receivable

Pledges receivable consist of the following as of December 31:

Years Ended December 31,	2020	2019
Less than one year	$ 1,731	$ 9,000
One to five years	-	-
Pledges receivable	$ 1,731	$ 9,000

Note 5: Notes Payable

On May 2, 2013, the Association obtained a loan from National Bank and Trust Company (NB&T) of Sycamore, Illinois in the amount of $2,357,000. The note currently resides with First Midwest Bank when NB&T merged with First First Midwest Bank in 2018. The note matures on August 2, 2027 with a variable interest rate that ranges from 3.95% to 8.00%. Bi-monthly payments of $7,133,including interest, began September 2, 2013. The balance due as of December 31, 2020 and 2019 was $1,772,247 and $1,850,558, respectively. From May 2020 through July 2020, First Midwest Bank agreed to defer principal and interest payments due to the hardships of the COVID-19 pandemic. In addition, on January 10, 2021, First Midwest Bank agreed to defer the principal payment due January 20, 2021 through June 20, 2021 to maturity.

On September 10, 2019, the Association obtained a $200,000 Line of Credit from First Midwest Bank. The Line of Credit matured September 10, 2020 with an interest rate of 5.25%. The Line of Credit was renewed on September 10, 2020 with a maturity date of January 10, 2021 with an interest rate of 3.50%. Subsequent to year-end, the line of credit renewed on January 10, 2021 with a maturity date of July 10, 2021 with an interest rate of 3.50%. The balance on the line of credit as of December 31, 2020 and 2019 was $150,000 and $-, respectively. On January 10, 2021 the line of credit was renewed through July 10, 2021.

Note 5: Notes Payable (Continued)

On December 1, 2019, the Association acquired the assets and liabilities of Rochelle Daycare. The Association assumed liability of three note payables held with Stillman Banccorp N.A. The three loans were refinanced on January 31, 2020 into one loan for $275,000. The note requires monthly payments of $1,750, including interest, at the rate of 4.50% with a single balloon payment of the entire unpaid balance of principal and interest at the date of maturity. The loan matures on January 31, 2027. As of December 31, 2020 and 2019, the balance on the loan was $270,753 and $222,177, respectively. In addition, the Association assumed a loan with Central Bank Illinois which matures on August 25, 2022. The note requires monthly payments of $117, including 0% per annum interest rate. As of December 31, 2020 and 2019, the balance on the loan was $2,451 and $3,850, respectively. Lastly, the Association assumed a loan from an individual in the amount of $6,000 at 0% interest. During the year ended December 31, 2019, $2,000 of this loan was forgiven and the remaining $4,000 balance on the loan was paid during fiscal year 2020.

On June 12, 2020, the Association received an Economic Injury Disaster Loan from the Small Business Administration (SBA) in the amount of $150,000. The loan bears interest at 2.75% with monthly payments of principal and interest of $641 beginning June 12, 2021 and a final payment of all principal and interest due June 12, 2050. The loan is secured by substantially all assets of the YMCA. The proceeds from the loan are required to be used solely as working capital to alleviate economic injury caused by COVID-19 Crisis.

Estimated annual principal payments for each of the next five years are:

2021	$ 209,983
2022	118,095
2023	121,829
2024	126,610
2025	131,989
Thereafter	1,636,945
Total	$ 2,345,451

Note 6: Leases

Capital Leases

The Association has capital lease agreements with an imputed interest rate ranging from 4.33% to 5.30%. Monthly payments of principal and interest range from $625 to $4,493 with a balloon payment of $25,000 paid in 2019 funded by a contribution. The assets and liabilities under capital leases are recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The net capitalized cost of the leased property at December 31, 2020 and 2019 was $225,490 and $252,368, respectively. Assets are amortized over their estimated productive lives, for leases that transfer ownership or contain bargain purchase clauses. Amortization expense on capital leases is included in depreciation expense. Accumulated amortization was $50,012 and $37,935 as of December 31, 2020 and 2019, respectively.

Note 6: Leases (Continued)

Operating Leases

The Association leases various office and fitness equipment. These leases are accounted for as operating leases. Rent expense on the operating leases was $7,370 and $7,438 for the years ended December 31, 2020 and 2019, respectively.

The following is a schedule of future minimum lease payments under all leases with an initial term in excess of one year at December 31, 2020:

	Capital Leases	Operating Leases
2021	$ 61,996	$ 6,970
2022	53,921	6,970
2023	22,467	5,809
Total future minimum lease payments	138,384	$ 19,749
Less - Amount representing interest	(7,000)	
Present value of future minimum lease payments	131,384	
Less - current portion	(57,409)	
Long-term capital lease obligation	$ 73,975	

Note 7: Fees to National Office

In accordance with the affiliation agreement between the Association and its National Office, $18,416 and $60,894 from the General Operating funds was remitted to the National Office for support of national research and other activities during 2020 and 2019, respectively.

Note 8: Pension Plan

The Association is a participant in the YMCA Retirement Fund. The Fund provides defined contribution, money purchase pension plans and serves YMCA Associations only. Each employee who has worked over 1,000 hours during the year, has been employed for two full years, and is 21 years of age or older is required to participate by contributing a minimum of 5% of their wages to the plan. The Association is required to contribute 7% of each qualified employee's wages. Normal retirement is at age 60 with early retirement at age 55 with five years of service.

As a result of the COVID-19 pandemic and economic hardships, the Association voted in April 2020 to reduce retirement contributions to 0% for employees and 1% from the Association through September 2020. In September 2020, the Association voted to extend the reduction in contributions through January 1, 2021.

For the years ending December 31, 2020 and 2019, the Association contributed $19,790 and $60,572 to the plan, respectively .

Note 9: Concentration of Credit Risk

The YMCA maintains cash balances at certain financial institutions that may exceed insurance limits provided by the Federal Deposit Insurance Corporation (FDIC) at some point throughout the year. The YMCA has not experienced any losses in such accounts. The YMCA monitors the financial stability of the financial institutions regularly and management does not believe there is a significant credit risk associated with deposits in excess of federally insured amounts.

Note 10: Investments

The investments of the YMCA are handled by the Investment Advisors of the Dekalb County Community Foundation (DCCF). The YMCA funds are accounted for separately on the books of the DCCF and have an annual audit of their records. YMCA funds are invested along with other entities that are part of DCCF. The Association's investments are presented in the financial statements in the aggregate at their fair market value as determined by the recognized exchanges. The following were the investment balances as of December 31:

	2020	
	Cost	Fair Value
Investments held by Community Foundation	$39,209	$39,209

	2019	
	Cost	Fair Value
Investments held by Community Foundation	$36,528	$36,528

Note 11: Fair Value Measurement

Fair Value Measurements, 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 unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under *Fair Value Measurements* are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2: Inputs to the valuation methodology include; quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable market data by correlation or other means.

Note 11: Fair Value Measurement (Continued)

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

The following table presents the Association's approximate fair value hierarchy for the assets measured at fair value on a recurring basis at December 31:

		2020		
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Investments held by Community Foundation	$39,209	-	-	$39,209

		2019		
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Investments held by Community Foundation	$36,528	-	-	$36,528

Reconciliation of assets measured using Level 3 inputs as of December 31,:

	2019	Gains (losses)	Purchases	Distributions	2020
Investment held by Community Foundation	$ 36,528	$ 2,681	$ -	$ -	$ 39,209

	2018	Gains (losses)	Purchases	Distributions	2019
Investment held by Community Foundation	$ 33,986	$ 2,542	$ -	$ -	$ 36,528

Note 11: Fair Value Measurement (Continued)

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following tables represent the Association's Level 3 assets, the valuation techniques used to measure the fair value of the assets, the significant unobservable inputs, and the ranges of values for those inputs.

As of December 31, 2020 and 2019

Assets	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Investments held by Community Foundation	$39,209	Market approach	Fair value of assets contributed to the community foundation	N/A

Note 12: Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31:

	2020	2019
Subject to expenditure for specified purpose:		
Scholarship fund	$ 5,000	$ 5,000
Rochelle Child Care	-	44,334
Kid Zone	-	14,000
Camp Power	38,489	34,689
Live Healthy	16,142	16,506
Hillcrest Church	10,365	-
Pedaling for Parkinson's	9,159	-
Other	5,459	-
Subject to passage of time:	1,731	9,000
Not subject to spending policy or appropriation:		
Initial contribution of the Dekalb County Community Foundation into the charitable fund	7,500	7,500
Net assets with donor restrictions	$ 93,845	$ 131,029

Note 12: Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2020	2019
Expiration of time restrictions	$ 161,388	$ 47,678
Net assets released from donor restrictions	$ 161,388	$ 47,678

Note 13: Risk and Uncertainties

Beginning in March 2020, the World Health Organization made the assessment that COVID-19 was a global health pandemic and the United States economy began suffering adverse effects from the COVID-19 pandemic. The global outbreak of COVID-19 continues to rapidly evolve, and the ultimate impact of the pandemic is highly uncertain. The future impact of the CV19 Crisis on the Association cannot be reasonably estimated at this time.