YOUNG MEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN ATLANTA, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
AND
INDEPENDENT AUDITORS' REPORT

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SMITH+HOWARD
CPAs and Advisors

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Young Men's Christian Association of Metropolitan Atlanta, Inc., and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of the Young Men's Christian Association of Metropolitan Atlanta, Inc., and Subsidiaries (collectively, the "Association"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date of this report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Smith and Howard

September 14, 2022

YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN ATLANTA, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	**2020**
Assets		
Cash and cash equivalents	**$ 23,149,716**	$ 21,495,805
Restricted cash	**1,280,403**	5,132,304
Accounts receivable, net	**2,774,274**	2,057,414
Investments, at fair value	**5,875,172**	2,896,727
Pledges receivable, net	**8,219,600**	4,600,670
Other assets	**2,041,255**	422,714
Notes receivable	**22,247,200**	22,247,200
Land, buildings and equipment, net	**250,104,378**	259,426,445
Long term investments, at fair value	**40,617,803**	34,111,945
Total assets	**$ 356,309,801**	$ 352,391,224
Liabilities and net assets		
Accounts payable	**$ 7,157,400**	$ 8,757,749
Accrued expenses and other current liabilities	**2,218,408**	3,295,312
Deferred revenue	**5,123,021**	6,856,442
Custodial liability	**236,661**	159,457
Interest rate swap agreements	**736,911**	1,481,422
Notes payable, debt and capital lease obligations, net	**99,440,644**	99,917,866
Total liabilities	**114,913,045**	120,468,248
Net assets:		
Without donor restrictions		
Undesignated	**96,545,094**	88,549,044
Designated by the Board for operating reserve	**5,875,172**	2,896,727
Designated by the Board for endowment	**10,602,155**	8,913,860
Net investment in property, plant and equipment	**41,893,697**	54,317,958
Total without donor restriction	**154,916,118**	154,677,589
With donor restrictions		
Perpetual in nature	**18,993,427**	18,988,897
Purpose restrictions	**41,178,835**	29,997,075
Time-restricted for future periods	**26,308,376**	28,259,415
Total with donor restriction	**86,480,638**	77,245,387
Total net assets	**241,396,756**	231,922,976
Total liabilities and net assets	**$ 356,309,801**	$ 352,391,224

See accompanying notes.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN ATLANTA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021, WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Changes in net assets				
Revenues, gains, and other support:				
Direct support – Government agencies	$ 30,123,371	$ –	$ 30,123,371	$ 23,588,085
Direct support – Public	14,403,924	12,755,109	27,159,033	51,750,976
Other government support (Note 13)	15,722,103	–	15,722,103	–
Total support	60,249,398	12,755,109	73,004,507	75,339,061
Membership dues	23,476,025	–	23,476,025	28,017,298
Program service fees	15,853,386	–	15,853,386	10,321,649
Interest and dividend income	595,776	132,088	727,864	728,012
Other revenue	212,234	–	212,234	157,825
Total revenues, gains, and other support	100,386,819	12,887,197	113,274,016	114,563,845
Net assets released from restrictions:				
Expiration of time and purpose restrictions	8,433,726	(8,433,726)	–	–
Total revenues, gains, and other support	108,820,545	4,453,471	113,274,016	114,563,845
Expenses				
Program services	97,278,040	–	97,278,040	87,988,719
Management and general	12,963,247	–	12,963,247	12,934,224
Fund raising	1,660,122	–	1,660,122	2,170,288
Total expenses	111,901,409	–	111,901,409	103,093,231
Excess (Deficit) of operating revenue over expenses	(3,080,864)	4,453,471	1,372,607	11,470,614
Nonoperating activities				
Gain on sale of fixed assets	1,238,324	–	1,238,324	1,048,688
Unrealized gains (loss) on interest rate swap	744,511	–	744,511	(761,914)
Net unrealized and realized gains on investments	1,336,558	4,781,780	6,118,338	2,749,307
Total nonoperating activities	3,319,393	4,781,780	8,101,173	3,036,081
Change in net assets	238,529	9,235,251	9,473,780	14,506,695
Net assets at beginning of year	154,677,589	77,245,387	231,922,976	217,416,281
Net assets at end of year	$ 154,916,118	$ 86,480,638	$ 241,396,756	$ 231,922,976

See accompanying notes.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN ATLANTA, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2021	**2020**
Operating activities		
Change in net assets	**$ 9,473,780**	$ 14,506,695
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**11,861,637**	10,988,896
Amortization of debt issuance cost	**159,642**	178,642
Write off of debt issuance costs	**714,635**	–
Gain on disposal of land, buildings, and equipment	**(1,238,324)**	(1,048,688)
Contributions restricted for long-term investment	**(4,530)**	(2,500)
Contributions restricted for capital purposes	**(3,990,088)**	(810,663)
Net unrealized and realized gain on investments	**(6,118,338)**	(2,749,307)
Unrealized (gain) loss on interest rate swap	**(744,511)**	761,914
Bad debt expense	**218,246**	–
Changes in operating assets and liabilities:		
Accounts receivable	**(716,860)**	(160,296)
Pledges receivable, net	**146,411**	(1,951,222)
Other assets	**(1,618,541)**	1,520,788
Accounts payable	**(1,600,351)**	2,753,910
Accrued expenses and other liabilities	**(1,076,904)**	38,474
Deferred revenue	**(1,733,421)**	(1,556,716)
Custodial liability	**77,204**	73,590
Net cash provided by operating activities	**3,809,687**	22,543,517
Investing activities		
Proceeds from sales of investments	**9,713,865**	8,604,814
Purchases of investments	**(13,079,830)**	(5,606,044)
Proceeds from sale of land, buildings, and equipment	**1,661,608**	1,084,227
Purchases of land, buildings, and equipment	**(2,962,851)**	(11,488,239)
Net cash used in investing activities	**(4,667,208)**	(7,405,242)
Financing activities		
Cash restricted for long-term investment	**4,530**	2,500
Cash restricted for capital purposes	**6,500**	810,663
Payment of debt issuance costs	**(288,960)**	(13,085)
Proceeds from notes payable, debt and capital lease obligations	**1,145,723**	30,190,724
Payments of notes payable, debt and capital lease obligations	**(2,208,262)**	(35,812,549)
Net cash provided by (used in) financing activities	**(1,340,469)**	(4,821,747)
Change in cash and cash equivalents and restricted cash	**(2,197,990)**	10,316,528
Cash and cash equivalents and restricted cash at beginning of year	**26,628,109**	16,311,581
Cash and cash equivalents and restricted cash at end of year	**$ 24,430,119**	$ 26,628,109
Cash paid for interest	**$ 2,657,331**	$ 2,034,001

Schedule of Non-Cash Investing and Financing Activities:

At December 31, 2021 and 2020, the Association accrued $29,484 and $370,382 , respectively related to construction in progress.

As further described in Note 13, the YMCA entered into a new term loan during 2021 which was used to pay off certain outstanding debt in the amount of approximately $64,694,000.

See accompanying notes.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN ATLANTA, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021, WITH SUMMARIZED FINANCIAL INFORMATION
FOR YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fund Raising	Total Expenses 2021	Total Expenses 2020
Salaries	$ 31,169,459	$ 6,557,934	$ 1,203,387	$ 38,930,780	$ 35,033,304
Employee benefits	4,053,004	549,671	141,747	4,744,422	4,828,828
Payroll taxes	3,209,788	449,554	103,868	3,763,210	3,269,772
Total salaries and related expenses	38,432,251	7,557,159	1,449,002	47,438,412	43,131,904
Professional fees and contract services	19,006,516	1,762,270	138,355	20,907,141	19,032,848
Supplies	4,836,469	197,063	5,294	5,038,826	5,495,817
Telephone	790,910	85,036	–	875,946	872,512
Postage	26,472	84,939	1,841	113,252	29,908
Occupancy	13,328,999	678,736	–	14,007,735	13,246,189
Equipment expense and maintenance	3,526,154	114,238	3,089	3,643,481	3,022,274
Promotion and printing	421,287	404,347	36,136	861,770	614,343
Travel and transportation expense	585,943	27,718	94	613,755	758,750
Conferences, meetings, and training	458,921	83,379	12,073	554,373	487,811
Insurance	957,536	28,212	–	985,748	874,729
National support	41,985	–	–	41,985	142,079
Interest and fees	3,118,521	618,504	57	3,737,082	3,272,032
Depreciation and amortization	11,595,576	266,061	–	11,861,637	10,988,896
Write-off of bond issuance costs	–	714,635	–	714,635	–
Bad debt expense	–	218,246	–	218,246	–
Miscellaneous	150,500	122,704	14,181	287,385	1,123,139
Total expenses	$ 97,278,040	$ 12,963,247	$ 1,660,122	$ 111,901,409	$ 103,093,231

See accompanying notes.

Note 1 – Organization and Purpose

The Young Men’s Christian Association of Metropolitan Atlanta, Inc. (the YMCA, and collectively, the Association), reflecting its Judeo-Christian heritage, is an association of volunteers, members and staff, open to and serving all, providing programs and services which develop spirit, mind and body. All programs are directed toward strengthening the foundations of community. Financial assistance is available based on need. The YMCA actively seeks to identify and involve those in need. The YMCA is comprised of the Metropolitan YMCA, 24 branches and two resident camps. The Association’s program areas of focus are youth development, healthy living and social responsibility. The programs are funded primarily by charitable contributions, foundation and government grants, and membership and program fees.

The Early Childhood Development Co., LLC (the ECDC) was incorporated in 1999 to operate the Head Start program. Head Start is a federally funded program that provides services in both early childhood development and health. Parents play an integral part in the program by attending parent education classes, serving on committees, and providing transportation.

The YMCA Community Development Co., LLC (the CDC) was incorporated in 2002 to receive, hold, administer, and oversee grant funding for certain community oriented programs and projects in the metropolitan Atlanta area.

The YMCA East Lake Youth Center, LLC (the ELYC) was incorporated in 2011 to receive, hold, administer, and oversee the funding for the East Lake Youth Center.

YMCA East Lake Capital, LLC (East Lake Capital) was incorporated in 2011 to manage the funds related to the New Market Tax Credit (NMTC) program obtained for the East Lake Youth Center. The NMTC program for which these entities were incorporated expired during 2019 and were subsequently dissolved.

The Atlanta YMCA Westside QALICB, Inc. (QALICB), was incorporated in 2017 to enable the YMCA to efficiently finance (via NMTC and other mechanisms) projects in Atlanta’s Westside.

The YMCA Woodson Park QALICB, Inc. (Woodson QALICB), was incorporated in 2019 to manage the funds related to the NMTC program obtained for the Woodson Park Early Learning Center.

The ECDC, the CDC, and the ELYC are membership corporations with the YMCA as the only member of each entity. The QALICB and Woodson QALICB are designated as 501(c)(3) entities by the Internal Revenue Service and were established to operate exclusively for the benefit of and to carry out the purpose of the YMCA.

Note 2 – Significant Accounting Policies and Other Matters

<u>Basis of Accounting and Principles of Consolidation</u>

The accounting and reporting policies of the YMCA and its subsidiaries comply with accounting principles generally accepted in the United States of America (GAAP).

Note 2 – Significant Accounting Policies and Other Matters (Continued)

Basis of Accounting and Principles of Consolidation (Continued)

The consolidated financial statements include the accounts of the Young Men's Christian Association of Metropolitan Atlanta, Inc.; Early Childhood Development Co., LLC; YMCA Community Development Co., LLC; YMCA East Lake Youth Center, LLC; YMCA East Lake Capital, LLC; The Atlanta YMCA Westside

QALICB, Inc., and YMCA Woodson Park QALICB, Inc. (collectively, the Association). All significant inter-company accounts and transactions have been eliminated.

Upcoming Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards update ("ASU") 2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating under previous GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021. The Association has not yet implemented this ASU and is in the process of assessing the effect on the Association's consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The standard is effective for annual reporting periods beginning after June 15, 2021 and should be applied on a retrospective basis. The Association is evaluating the effect that ASU 2020-07 will have on its consolidated financial statements and related disclosures.

Net Assets

The Association's net assets and its support and revenues are classified based on the existence or absence of donor-imposed restrictions using the following net asset classifications:

- Net Assets Without Donor Restrictions – Net assets available for use in the general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions may be designated for specific purposes by the Board of Directors.

- Net Assets With Donor Restrictions – Net assets subject to donor imposed or legal restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Note 2 – Significant Accounting Policies and Other Matters (Continued)

Net Assets (Continued)

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Public Support

Contributions

Contributions are recognized as revenue when an unconditional promise to give is made or when cash is received, if an unconditional promise does not exist. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restriction. Unconditional promises to give are classified as net assets without donor restrictions. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

A donor-imposed restriction is satisfied when a stipulated time restriction expires or when a purpose restriction is accomplished. Upon satisfaction, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statement of activities as net assets released from restrictions. Donor restricted contributions that are both received and released in the same year are recorded as net assets without donor restrictions.

Donor-imposed restrictions that require the principal be maintained in perpetuity reflect the principal amount of that contribution and is reported as net assets with donor restrictions. Investment income either permanently or temporarily restricted by the donor is classified as net assets with donor restriction. If no donor-imposed restriction exists investment income is classified as net assets without donor restriction.

Contributions of long-lived assets are recorded at the estimated fair value at the date of receipt and are recorded as net assets without donor restriction unless the use of such contributed assets is subject to donor-imposed restrictions. Contributed long-lived assets with donor-imposed stipulations limiting their use are reported as net assets with donor restrictions. The Association does not imply time restrictions on contributions of long-lived assets (or of other assets restricted to the purchase of long-lived assets) received without donor stipulations about how long the contributed assets must be used. As a result, contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as net assets with donor restrictions; those restrictions expire when the long-lived assets are placed in service.

Note 2 – Significant Accounting Policies and Other Matters (Continued)

Public Support (Continued)

Government Grants and Contracts

The YMCA receives grant and contract funding from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing and other requirements. These program services range from childcare after school programs, day camp, family programs, programs for seniors, and immigration and health and welfare related programs. Such YMCA's government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Direct support is recognized as conditions are satisfied, primarily as expenses are incurred.

Certain direct and indirect support from government agencies is subject to independent audit under the Office of Management and Budget Uniform Guidance and review by grantor agencies. Such review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Management believes that costs ultimately disallowed, if any, would not materially affect the consolidated financial position of the Association.

Donations in Kind and Contributed Services

Donations in kind and contributed services are recorded at their estimated fair value at the date the contribution becomes an unconditional promise to give. Donated leases are reflected as net assets with donor restriction and as land, buildings, and equipment in the consolidated financial statements. Donated materials are recorded at the time the donated items are placed into service or distributed.

Contributed services are reported at their fair value if such services create or enhance non-financial assets. These services would have been purchased if not provided by contributions, and require specialized skills. A substantial number of volunteers have donated significant amounts of time and services in the Association's program operations and in its fund-raising campaigns. However, the Association does not record such contributed services as they do not meet the criteria for revenue recognition.

Revenue Recognition

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

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 2 – Significant Accounting Policies and Other Matters (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 and may cancel at any 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, childcare, 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 cancellable with 15 to 30 days' notice. 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.

Membership dues and program fees are recognized once payment is received, 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 fully recognized at the membership start date.

Membership dues and program fees paid to the YMCA in advance represent contract liabilities and are recorded as deferred revenue. During 2021 and 2020, $2,891,155 and $5,125,975, respectively, included in deferred revenues relating to membership dues and program fees at December 31, 2020 and December 31, 2019, respectively, were recognized in income. Deferred revenues at December 31, 2021 of $4,531,102 relating to membership dues and program fees are expected to be recognized as revenue during 2022.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents and restricted cash are short-term, highly liquid investments with original maturities of three months or less, with the exception of cash held for reinvestment which is included in investments and long-term investments. Cash and cash equivalents and restricted cash on hand restricted as of December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	**$ 23,149,716**	$ 21,495,805
Restricted cash for capital projects	**1,280,403**	5,132,304
	$ 24,430,119	$ 26,628,109

Note 2 – Significant Accounting Policies and Other Matters (Continued)

Pledges Receivable

Pledges receivable represent unconditional promises to give. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of the estimated future cash flows and are discounted at the rate applicable to the year in which the pledge was made. The discount rate is commensurate with the risk associated with the ultimate collection of the receivable, including collectability, at the date of the contribution. The discount is amortized using an effective yield over the expected collection period of the receivables and is recorded as contribution revenue.

Land, Buildings, and Equipment

Land, buildings, land and leasehold improvements, capital leases, and equipment are recorded at acquisition cost or, if donated, at fair value at the date of donation. Acquisition costs include costs necessary to get the asset ready for its intended use. Certain application development costs incurred to develop internal-use software are capitalized and amortized over the expected useful life of the software application. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Amortization of land leases and capital leases is computed using the straight-line method over the shorter of the expected lease terms or useful lives. Useful lives of the respective assets follow:

Buildings and improvements	30-40 years
Land improvements	20-30 years
Leasehold improvements	3-10 years
Equipment, computer hardware and software, vehicles	3-10 years

Land, buildings, and equipment are periodically reviewed for impairment based on an assessment of future operations. The Association records impairment losses on land, buildings, and equipment used in operations when indicators of impairment are present and the estimated undiscounted cash flows expected to be generated by those assets are less than the assets' carrying amount. For the years ended December 31, 2021 and 2020, no impairment losses were recognized.

Endowment Investment Earnings

Investment income and net appreciation (depreciation) on investments of donor endowments are presented net of investment fees and are reported as net assets with donor restrictions.

Deferred Revenue

Funds received by the YMCA for services related to childcare, membership, and other programs that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which the revenue is earned. In certain instances, gains from the sale of properties are deferred and recognized as revenue in the period in which the revenue is earned.

Note 2 – Significant Accounting Policies and Other Matters (Continued)

Custodial Liability

Custodial liabilities represent cash held for others in which the YMCA acts as a fiscal agent.

Fair Value Measurements

The Association records certain assets and liabilities at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting Standards Codification (ASC) 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value.

This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the asset or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Inputs that are unobservable and significant to the overall fair value measurement of the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed from sources independent of the reporting entity.

Unobservable inputs reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy.

The asset’s 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 2 – Significant Accounting Policies and Other Matters (Continued)

Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

- Money market funds are principally valued at the regular trading session closing price on the exchange or market in which such funds are principally traded on the last business day of each period presented using the market approach.
- United States government agency obligations and corporate bonds are valued on the basis of evaluated prices provided by independent pricing services when such processes are believed to reflect the fair market value of such securities using the income approach.
- Corporate stocks and mutual funds are principally valued at the regular trading session closing price on the exchange or market in which such securities are principally traded on the last business day of each period presented using the market approach.
- Interest rate swaps consist of swap contracts and are valued primarily based on data readily observable in public markets presented using the income approach.

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

The Association has segregated all financial assets and liabilities that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. See Note 5.

Institutional commingled funds and non-marketable investments are valued using the net asset value (NAV) of the Association's ownership in each fund. Certain investments that are measured using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in Note 5 are intended to permit reconciliation of the fair value hierarchy to the carrying values.

Fair Value of Financial Instruments

The Association's financial instruments consist of cash and cash equivalents, investments, accounts receivable, pledges receivable, notes receivable, long-term investments, accounts payable, accrued expenses and other liabilities, notes payable and capital obligations, bonds payable, and interest rate swaps.

The carrying value of cash and cash equivalents, accounts receivable, pledges receivable, notes receivable, accounts payable, accrued expenses and other liabilities, notes payable and capital obligations and bonds payable approximate fair value. Investments, long-term investments, and interest rate swaps are recorded at fair value.

Note 2 – Significant Accounting Policies and Other Matters (Continued)

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Association to concentrations of credit and market risk consist primarily of cash and cash equivalents, accounts and notes receivables, pledge receivables and investments. Cash and cash equivalents are maintained at large multistate financial institutions and credit exposure is limited to the amount of deposits at any one institution in excess of the federally insured limit. Accounts and notes receivable are due from a large number of government agencies, entities and individuals, therefore, diversifying the related concentration of credit risk. Pledge receivables are concentrated in a small number of entities located in Atlanta, Georgia. The Association's investments do not represent significant concentrations of market risk as the Association's investment portfolio is diversified among issuers.

Endowments

The Association's endowment consists of 37 individual funds established for a variety of purposes. Its endowment includes both donor-restricted and board-designated endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in the state of Georgia 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, the Association classifies as net assets with 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. Donor restricted amounts not retained in perpetuity will continue to be classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Association 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
(5) The expected total return from income and the appreciation and depreciation of investments
(6) Other resources of the Association
(7) The investment policies of the Association

Note 2 – Significant Accounting Policies and Other Matters (Continued)

Endowments (Continued)

Spending Policy

The Association has an endowment spending policy to spend the investment earnings from the endowment fund assets that is based on a total return formula and considers the long-term expected return. Such allocation of investment earnings for spending may equal up to 5% of the related investments' average market value for the prior 12 quarters less investment expenses for the current year calculated at June 30 of the prior year. The Association's objective is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Return Objectives and Risk Parameters

The Association's investment policy for endowment assets was monitored by the Finance and Audit Committee of its Board of Directors. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. In addition to the spending policy, the investment policy describes the objective for the fund and sets ranges for asset allocation. The objective is to earn the highest possible total return consistent with a level of risk suitable for these assets. At a minimum, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of these assets and provide necessary capital to fund the spending policy. The desired minimum rate of return is equal to the Consumer Price Index (CPI) plus 500 basis points on an annualized basis. Actual returns in any given year may vary from this amount.

The portfolio is constructed using a total return approach with a significant portion of the funds invested to seek growth of principal over time. The endowment assets are invested for the long-term, and a higher short-term volatility in these assets is expected. The following is a summary of the asset allocation guidelines, with allowable ranges for each asset type.

Asset Category	Minimum	Target	Maximum
Cash	– %	– %	30%
Fixed income securities	10%	30%	50%
Equity securities	40%	70%	90%
Alternative assets	– %	– %	15%

Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization which is allocated by direct cost, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 2 – Significant Accounting Policies and Other Matters (Continued)

Tax Status

The Young Men's Christian Association of Metropolitan Atlanta, Inc. is an organization exempt from federal income taxation under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Early Childhood Development Co., LLC; YMCA Community Development Co., LLC; YMCA East Lake Youth Center, LLC and YMCA East Lake Capital,

LLC are single member organizations. The Atlanta YMCA Westside QALICB, Inc. and the YMCA Woodson Park QALICB, Inc. are 501(c)(3) organizations established with their sole purpose to carry out the purposes of the YMCA of Metro Atlanta.

The FASB guidance requires tax effects from uncertain tax positions to be recognized in the consolidated 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 consolidated financial statements. Additionally, no provision for income taxes is reflected in these consolidated financial statements. Interest and penalties would be recognized as tax expense; however, there is no interest or penalties recognized in the consolidated statements of activities. In general, the Association is not subject to tax examinations for the tax years ending before December 31, 2018.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Presentation of Certain Prior Year Information

The consolidated financial statements include certain summarized comparative information from the prior year in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Association's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Note 3 – Liquidity and Availability

Financial assets available for general expenditure that is without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date comprise the following at December 31:

	2021	2020
Cash and Cash Equivalents	**$ 23,149,716**	$ 21,495,805
Accounts Receivable	**2,774,274**	2,057,414
Operating Investments	**5,875,172**	2,896,727
Endowment Spending Rate Distributions and Appropriations	**114,008**	2,038,000
	$ 31,913,170	$ 28,487,946

Endowment funds consist of donor restricted endowments and funds designated by the board as endowments. Income from the endowment is restricted for specific purposes, with the exception of the amounts available for general use. Donor restricted endowments are not available for general use.

The Association's board designated endowment of $8,913,860 is subject to an annual spending rate of up to 5.00% described in detail in Note 2. Although the Association does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure), these amounts could be made available if necessary.

A part of the Association's liquidity management plan includes cash reserves growth. To meet this objective, the Association invests excess cash in various short-term instruments. The value of the reserves was $5,875,172 and $2,896,727 as of December 31, 2021 and 2020, respectively.

As described in Note 11 below, the Association also has a line of credit in the amount of $5,000,000 of which it has $5,000,000 of available credit at December 31, 2021, which can be drawn upon in the event of an unanticipated liquidity need.

Note 4 – Investments and Long Term Investments

Investments and long-term investments consist of the following at December 31:

	2021	2020
Money Market	**$ 171,800**	$ 1,457,417
U.S. Government agency obligations and corporate bonds	**13,318,275**	9,110,209
Diversified institutional commingled funds	**31,393,149**	25,399,677
Non-Marketable Funds	**1,542,827**	974,445
Other	**66,924**	66,924
	$ 46,492,975	$ 37,008,672

Note 4 – Investments and Long Term Investments (Continued)

The Association's diversified institutional commingled funds are not directly publicly traded but are valued using the net asset value of the Association's balance of the fund. Institutional commingled funds consist of investments in diversified U.S., international, and emerging markets equities and diversifying strategies. Depending on the underlying asset, the fair value is determined through the national exchange price for securities with a readily determinable value or valuations and estimates typically determined by the fund's management. The financial statements of these funds are audited annually (at June 30) by independent auditors.

Because institutional commingled funds are not immediately marketable given the nature of the underlying strategies and the terms of the governing partnership agreements, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that may be received if a ready market for the investments had been in existence, and the difference could be material. The funds are diversified across strategies, managers and geography.

Non-marketable funds consist of limited partnerships and involve an advance commitment of capital called by the general partner as needed and distributions of capital and return on invested capital as underlying strategies are concluded during the life of the partnership. The expected liquidation date is unknown. There is not an active secondary market for these funds and the liquidity of these funds are determined by the general partner. These funds are valued using the net asset value of the Association's balance of the fund. The fair value is provided by the management of the partnership.

The Association's investments carried at net asset value are subject to varying redemption terms and notice periods as detailed below:

As of December 31, 2021	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Diversified institutional commingled funds	$ 31,393,149	$ -	Monthly	5 days
Non-marketable funds	1,542,827	579,331	N/A	N/A
Total	$ 32,935,976	$ 579,331		

As of December 31, 2020	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Diversified institutional commingled funds	$ 25,399,677	$ -	Monthly	5 days
Non-marketable funds	974,445	815,240	N/A	N/A
Total	$ 26,374,122	$ 815,240		

Investment income is reflected net of investment management fees of $101,897 and $85,723 for the years ended December 31, 2021 and 2020 respectively.

Note 4 – Investments and Long Term Investments (Continued)

The Association's marketable securities do not represent significant concentrations of market risk inasmuch as the Association's marketable securities portfolio is diversified among issuers. The fair value of these investments was $44,950,148 and $36,034,227 at December 31, 2021 and 2020, respectively.

Note 5 – Fair Value Measurements

The following table summarizes the assets and liabilities measured at fair value on a recurring basis at December 31, 2021:

	Total	Level 1	Level 2	Level 3	NAV
Investments, at fair value					
Money market	$ 120,088	$ 120,088	$ -	$ -	$ -
Corporate Bonds	5,755,084	-	5,755,084	-	-
Total Investments at Fair Value	$ 5,875,172	$ 120,088	$ 5,755,084	$ -	$ -
Long term investments, at fair value					
Money Market	$ 51,711	$ 51,711	$ -	$ -	$ -
Corporate bonds	7,563,192	-	7,563,192	-	-
Diversified institutional commingled funds	31,393,149	-	-	-	31,393,149
Non-Marketable Funds	1,542,827	-	-	-	1,542,827
Other	66,924	-	-	66,924	-
Total Investments at Fair Value	$ 40,617,803	$ 51,711	$ 7,563,192	$ 66,924	$ 32,935,976
Liabilities					
Interest rate swap	$ 736,911	$ -	$ -	$ 736,911	$ -

Note 5 – Fair Value Measurements (Continued)

The following table summarizes the assets and liabilities measured at fair value on a recurring basis at December 31, 2020:

	Total	Level 1	Level 2	Level 3	NAV
Investments, at fair value					
Money market	$ 1,300,410	$ 1,300,410	$ -	$ -	$ -
Corporate Bonds	1,596,317	-	1,596,317	-	-
Total Investments at Fair Value	$ 2,896,727	$ 1,300,410	$ 1,596,317	$ -	$ -
Long term investments, at fair value					
Money Market	$ 157,007	$ 157,007	$ -	$ -	$ -
Corporate bonds	7,513,892	-	7,513,892	-	-
Diversified institutional	-				
commingled funds	25,399,677	-	-	-	25,399,677
Non-Marketable Funds	974,445	-	-	-	974,445
Other	66,924	-	-	66,924	-
Total Investments at Fair Value	$ 34,111,945	$ 157,007	$ 7,513,892	$ 66,924	$ 26,374,122
Liabilities					
Interest rate swap	$ 1,481,422	$ -	$ -	$ 1,481,422	$ -

Note 6 – Pledges Receivable

Pledges receivable include the following at December 31:

	2021	2020
Pledges receivable due in:		
Less than one year	**$ 4,149,335**	$ 3,816,672
One year to five years	**4,527,271**	1,022,759
	8,676,606	4,839,431
Allowance for uncollectible pledges	**(441,947)**	(223,702)
Allowance for discount to fair value	**(15,059)**	(15,059)
	$ 8,219,600	$ 4,600,670

Pledges receivable have been discounted at rates ranging from 1.36% to 3.51%. At December 31, 2021, three donors made up 91% of the pledges receivable balance.

Note 6 – Pledges Receivable (Continued)

Conditional pledges are recorded when donor requirements are met. At December 31, 2021, there were no conditional pledges outstanding for which donor requirements had not been met as of December 31, 2021.

Note 7 – Notes Receivable

As part of the NMTC program (see Note 12), in December 2019, the YMCA entered into an agreement to lend $7,353,500 to the GP YMCA Atlanta Investment Fund. All principal on the note receivable is due and payable at the maturity date of June 1, 2048.

In October 2017, the YMCA entered into an agreement to lend $14,893,700 to the YMCA Investment Fund. All principal on the YMCA Investment Fund notes receivable is due and payable at the maturity date of October 5, 2044.

Management evaluated the financial condition of the borrowers and considered the notes receivable fully collectible. Accordingly, no allowance for doubtful accounts is recorded as of December 31, 2021.

Note 8 – Land, Buildings, and Equipment

The components of land, buildings, and equipment recorded in the consolidated financial statements are as follows at December 31:

	2021	2020
Land and land improvements	**$ 65,022,122**	$ 64,382,499
Buildings and improvements	**247,349,689**	245,907,678
Leasehold improvements	**18,312,007**	18,301,467
Equipment	**56,277,701**	53,903,157
Capitalized lease assets	**8,417,142**	8,417,142
Donated land leases	**35,918,133**	37,783,133
	431,296,794	428,695,076
Accumulated amortization for assets related to capital leases	**(7,818,306)**	(8,332,373)
Accumulated depreciation and other amortization	**(176,933,730)**	(165,820,748)
	246,544,758	254,541,955
Construction in progress	**3,559,620**	4,884,490
	$ 250,104,378	$ 259,426,445

Construction in progress includes $0 and $44,307 of capitalized interest in 2021 and 2020, respectively.

Note 8 – Land, Buildings, and Equipment (Continued)

Amortization expense for capitalized computer software costs was $820,499 and $820,499 for the years ended December 31, 2021 and 2020, respectively. Unamortized computer software costs were $1,497,027 and $2,317,526 as of December 31, 2021 and 2020, respectively.

Note 9 – Donated Property, Leases, Materials, and Services

The Association received approximately $11,876,512 and $11,577,765 of donated property, leases, and professional services for the years ended December 31, 2021 and 2020, respectively. These donations are reflected in the consolidated financial statements as either with or without donor restricted direct support.

Donated services received include $11,767,029 and $5,668,620 for consulting and teaching services used in the Head Start program during the years ended December 31, 2021 and 2020, respectively.

The fair value, lease term, and lease start date of donated land leases recorded in Land, Buildings, and Equipment at December 31, 2021 and at date of donation, are as follows:

Donated Lease	Fair Value at Donation Date	Unamortized Value at December 31, 2021	Year of Lease Start Date	Lease Term in Years
Facility use – City of Alpharetta	$ 2,100,000	$ 1,763,935	1998	30
Land use - East Lake Community	595,000	562,281	2001	54
Facility use - Atlanta Housing Authority	3,650,000	1,533,010	1998	30
Land use - City of Covington	335,000	203,685	1999	30
Land use - Atlanta Housing Authority	1,250,000	1,223,747	2004	57
Facility use - City of Canton	17,588,133	16,854,845	2006	49
Facility use - DeKalb County	10,050,000	6,926,819	2012	30
Land use – Bartow County	350,000	170,279	2010	20
	$ 35,918,133	$ 29,238,601		

Note 10 – Deferred Revenue

Deferred revenue includes the following at December 31:

		2021		2020
Membership fees	**$**	**2,141,691**	$	1,352,088
Program fees		**956,389**		945,888
Deferred gain on sale of properties		**718,338**		3,100,793
Miscellaneous		**1,306,603**		1,457,673
	$	**5,123,021**	$	6,856,442

Note 11 – Notes Payable, Debt, and Lease Obligations

Notes payable and lease obligations include the following at December 31:

		2021		2020
Amounts outstanding under line of credit (a)	**$**	**-**	$	9,363,724
Bridge loans payable (b)		**3,000,000**		4,405,502
Term loan (c)		**65,000,000**		-
Bank qualified tax exempt bonds payable (d)		**-**		55,040,381
NMTC notes payable (See Note 12)		**32,430,000**		32,430,000
Other notes payable (e)		**-**		252,932
Less debt issuance costs		**(989,356)**		(1,574,673)
	$	**99,440,644**	$	99,917,866

(a) In 2020, the Association entered into a revolving line of credit in the amount of $5,000,000. Borrowings on the line of credit was $0 at December 31, 2021. Interest expense on this line of credit was $29,439 in 2021. Interest is based on the monthly LIBOR index rate plus 185 points, with a floor of 2.6%. At December 31, 2021, the interest rate was 2.6%. The line of credit is collateralized by the assets of the YMCA. In 2021, the outstanding balance of the line of credit was paid in full as part of a debt refinancing transaction (see note 21). After the refinancing, the Association has a line of credit in the amount of $5,000,000 of which it has $5,000,000 of available credit. The line of credit matures in March 2023.

The Association had a $6,000,000 unsecured revolving line of credit with a bank. Borrowings on the line of credit were $0 and $5,242,000 at December 31, 2021 and 2020, respectively. Interest expense on this line of credit was $0 and $64,278 in 2021 and 2020, respectively. Interest is based on the monthly LIBOR index rate plus 150 basis points. In 2021, the outstanding balance of the line of credit was paid in full as part of a debt refinancing transaction as described in Note 13.

Note 11 – Notes Payable, Debt, and Lease Obligations (Continued)

(b) In 2019, the YMCA entered into a bridge loan for $8,000,000 with a bank to bridge capital campaign pledges and grant funds expected to be received for the Woodson Park Early Learning Center. These funds were invested in the GP YMCA Atlanta Investment Fund, LLC as part of the NMTC transaction. The outstanding principal balance bears interest at the adjusted LIBOR rate plus 150 basis points and proceeds from the collection of bridged pledges is to be used to pay the outstanding principal balance. As of December 31, 2021, the YMCA loan balance was $3,000,000. The interest rate was 1.59% and was capitalized as part of CIP (Note 8). The loan matured March 2022 and the balance was paid in full subsequent to year end.

In 2017, the YMCA entered into a bridge loan for $11,550,000 with a bank to bridge capital campaign pledges and grant funds expected to be received for the Leadership and Learning Center. These funds were invested in the YMCA of Metro Atlanta Investment Funds, LLC as part of the NMTC transaction. The loan matured September 2021 and was paid in full.

(c) In 2021, the YMCA entered into a two-year term loan agreement in the amount of $65,000,000. Interest will accrue at LIBOR plus 2.00% with a floor of 3.00% (effective rate of 3% as of December 31, 2021. The term loan was used to repay in full the outstanding line of credit (as described in (b) above) and all bank qualified tax-exempt bonds of the YMCA (see (d) below). The term loan is collateralized by the assets of the YMCA and matures on January 8, 2023. Interest incurred on the term loan during 2021 was $1,795,507

(d) The YMCA had an outstanding balance of the bank qualified tax exempt bonds payable at December 31, 2020 of $55,040,381. The bonds payable was paid in full during 2021 as part of a debt refinancing transaction described in (a) above. Interest rates on these loans were adjusted monthly based on a percentage of one-month LIBOR. Interest incurred on bonds during 2021 and 2020, was $96,134 and $1,137,727, respectively.

(e) In 2017, the YMCA entered into loans with various finance companies to purchase certain software packages. Interest and principal were paid annually until maturity of the notes in 2021. Loans were paid in full at maturity with principal payments of $252,932.

The line of credit and term loan includes financial covenants to maintain minimum debt service coverage ratios, minimum consolidated net assets, and limits on capital expenditures. At December 31, 2021, the Association is in compliance with all covenants.

Note 11 – Notes Payable, Debt, and Lease Obligations (Continued)

The Association has various operating leases for several branch facilities, automotive and other equipment. The following is a schedule of future minimum rental payments:

Year Ending December 31:		
2021	$	329,039
2022		258,586
2023		110,404
2024		36,801
2025 and thereafter		-
	$	734,830

Rent expense for facilities, including donated leases in 2021 and 2020, was $9,141,441 and $8,782,181, respectively.

Note 12 –New Market Tax Credit Financing Transactions

The Association participates in New Market Tax Credit (NMTC) programs. NMTC financing allows organizations such as the Association to receive low-interest loans or investment capital from certified community development entities (CDEs), which will allow their investors to receive tax credits.

In 2019, NFF New Markets Fund XXXVIII, LLC and ST CDE LXIV, LLC made NMTC enhanced loans totaling $10,730,000 (the QALICB NMTC Loan) to the YMCA Woodson Park QALICB, Inc. (Woodson QALICB) a 501(c)(3) controlled by the Association to develop the Woodson Park Early Learning Center. The GP YMCA Atlanta Investment Fund, LLC (GP YMCA Investment Fund), a Georgia limited liability company, contributed capital totaling $9,000,000 to the CDE's as a capital contribution. SunTrust Community Capital invested $4,290,000 in the GP YMCA Investment Fund and the YMCA made a loan (YMCA Investment Fund Leverage Loan) of $7,353,500 to the YMCA Investment Fund.

The Woodson QALICB NMTC Loan has an interest rate of 1.00% per annum and interest shall be paid quarterly on the outstanding principal balance until the end of the credit period which is December 1, 2025. The Woodson QALICB NMTC Loan is not eligible for prepayment and the entire principal amount outstanding is due and payable on the maturity date. At the NMTC Loan's maturity date, Woodson QALICB will pay the Sub CDE's the principal amounts due. The Sub-CDE's will distribute the principal amounts to the GP YMCA Investment Fund and the GP YMCA Investment Fund will repay the YMCA the YMCA Investment Fund Leverage Loan. At the Woodson QALICB NMTC Loan's maturity date, the YMCA is able to purchase the outstanding interests in the YMCA Investment Fund at a nominal amount.

Note 12 –New Market Tax Credit Financing Transactions (Continued)

In 2017, AEMI Fund XVI, LLC, ST CDE LXXXI, LLC, and MBS-UI Sub-CDE 37, LLC (Sub CDE's) made NMTC enhanced loans totaling $21,700,000 (the QALICB NMTC Loan) to the Atlanta YMCA Westside QALICB, Inc. (QALICB) a 501(c)(3) controlled by the Association to develop the Leadership and Learning Center. The YMCA of Metro Atlanta Investment Fund, LLC (YMCA Investment Fund), a Georgia limited liability company, contributed capital totaling $22,000,000 to the Sub CDE's as a capital contribution. SunTrust Community Capital invested $7,378,800 in the YMCA Investment Fund and the YMCA made a loan (YMCA Investment Fund Leverage Loan) of $14,893,700 to the YMCA Investment Fund.

The QALICB NMTC Loan has an interest rate of 1.25% per annum and interest shall be paid annually on the outstanding principal balance until the end of the credit period which is October 5, 2024. The QALICB NMTC Loan is not eligible for prepayment and the entire principal amount outstanding is due and payable on the maturity date. At the NMTC Loan's maturity date, QALICB will pay the Sub CDE's the principal amounts due. The Sub-CDE's will distribute the principal amounts to the YMCA Investment Fund and the YMCA Investment Funds will repay the YMCA the YMCA Investment Fund Leverage Loan. At the QALICB NMTC Loan's maturity date, the YMCA is able to purchase the outstanding interests in the YMCA Investment Fund at a nominal amount. The total of all Leverage Loans of $7,353,500 and $14,893,700 (QALICBs) are reflected as notes receivable in the consolidated financial statements as of December 31, 2021 (See Note 7).

Note 13 – Paycheck Protection Program and Employee Retention Credit

In 2021, the YMCA received a loan in the amount of $8,637,036 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated March 29, 2021 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. Accordingly, the YMCA has recognized all PPP proceeds within other governmental support on the accompanying consolidated statement of activities as of December 31, 2021. The YMCA has submitted the application.

As part of the CARES Act, employers are provided the Employee Retention Tax Credit ("ERTC"). The ERTC is a benefit provided through payroll tax credits to encourage maintaining employee headcounts throughout the Coronavirus pandemic. The YMCA Is treating the ERTC as a conditional grant and revenue is recorded when the conditions are substantially met. During the year ended December 31, 2021, the YMCA met the conditions required by the ERTC and recognized grant revenue of $7,085,067 which is reflected as other governmental support on the accompanying consolidated statement of activities as of December 31, 2021.

Note 14 – Interest Rate Swap Agreements

As part of an overall risk management strategy to minimize the effect of the fluctuations in the variable interest rate, the YMCA entered into two interest rate swap agreements. There is no exchange of the underlying principal amount. As of December 31, 2021 and 2020, the fair value of the swap agreements was a liability of $736,911 and 1,481,422 respectively, and the related unrealized gain (loss) on the value of the swap agreement was included in the consolidated statement of activities. The YMCA receives a variable rate based on a percentage of LIBOR plus a spread and averaged 0.7% at December 31, 2021. The YMCA pays interest at a fixed rate from 1.65% to 1.7%. These agreements consist of the following as of December 31, 2021:

Swap Agreement	Nominal Amount	Effective Date	Maturity Date
Agreement #1	$ 10,410,000	2016	2026
Agreement #2	10,410,000	2016	2026
	$ 20,820,000		

Note 15 – Retirement Plan

The YMCA participates in a defined contribution, individual account, money purchase, retirement plan which is administered by the Young Men's Christian Association Retirement Fund (Retirement Fund), a separately incorporated entity. This plan is for the benefit of all eligible employees of the Association who qualify under the participation requirements. The YMCA remits monthly contributions, which are based on a percentage of the participating employee's salary, to the Retirement Fund. The YMCA incurred $912,253 and $892,767 of expenses under the plan for the years ended December 31, 2021 and 2020, respectively. The Young Men's Christian Association Retirement Fund qualifies as a church pension plan and is a non-profit, tax-exempt New York State corporation. The Retirement Fund has no unfunded benefit obligations.

The Early Childhood Development Co., LLC participates in a defined contribution plan administered by the Teachers Insurance and Annuity Association (Teachers Association), a separately organized association. The plan is for the benefit of all eligible employees of the Early Childhood Development Co., LLC. The YMCA remits monthly contributions, which are based on a percentage of the participating employee's salary, to the Teachers Association. The YMCA incurred $891,267 and $771,694 of expenses under the plan for the years ended December 31, 2021 and 2020, respectively. The Teachers Insurance and Annuity retirement plan is operated under Section 403(b) of the Internal Revenue Code. The plan has no unfunded obligations.

Note 16 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	2021	2020
Subject to expenditure for the following specified purposes:		
Construction or acquisition of land, buildings, and equipment	**$ 22,512,183**	$ 19,426,644
Special purpose gifts	**7,690,725**	4,355,790
Subject to the passage of time:		
Donated land leases	**26,308,376**	28,259,415
	56,511,284	52,041,849
Endowments:		
Subject to YMCA endowment spending policy and appropriation for the following purposes:		
General Use	**3,226,661**	2,708,718
Programs	**26,675,769**	22,427,896
Investment - restricted in perpetuity	**66,924**	66,924
	29,969,354	25,203,538
	$ 86,480,638	$ 77,245,387

Net assets released from donor restrictions were for the following purposes at December 31:

	2021	2020
Construction or acquisition of land, buildings, and equipment	**$ 627,267**	$ 5,450,000
Special purpose gifts	**5,771,254**	4,867,736
Expiration of time restrictions:		
United Way	**-**	24,395
Donated land leases	**1,951,040**	539,212
	8,349,561	10,881,343
Restricted-purpose spending rate distributions and appropriations		
General Use	**9,077**	162,060
Programs	**75,088**	1,342,386
	84,165	1,504,446
	$ 8,433,726	$ 12,385,789

Note 17 – Endowments

A summary of the endowment net asset composition by type of fund as of December 31, 2021, is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated	**$ 10,602,155**	**$ -**	**$ 10,602,155**
Donor Restricted:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	**-**	**18,993,427**	**18,993,427**
Accumulated investment gains	**-**	**10,975,927**	**10,975,927**
	$ 10,602,155	**$ 29,969,354**	**$ 40,571,509**

A summary of the endowment net asset composition by type of fund as of December 31, 2020, is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated	$ 8,913,860	$ -	$ 8,913,860
Donor Restricted:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	18,988,895	18,988,895
Accumulated investment gains	-	6,214,643	6,214,643
	$ 8,913,860	$ 25,203,538	$ 34,117,398

The changes in endowment assets for the year ended December 31, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of January 1, 2021	**$ 8,913,860**	**$ 25,203,538**	**$ 34,117,398**
Investment return, net	**1,718,140**	**4,845,451**	**6,563,591**
Contributions	**-**	**4,530**	**4,530**
Appropriations	**(29,843)**	**(84,165)**	**(114,008)**
Endowment net assets as of December 31, 2021	**$ 10,602,157**	**$ 29,969,354**	**$ 40,571,511**

Note 17 – Endowments (Continued)

The changes in endowment assets for the year ended December 31, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of January 1, 2020	$ 8,641,304	$ 24,432,525	$ 33,073,829
Investment return, net	806,110	2,272,959	3,079,069
Contributions	-	2,500	2,500
Appropriations	(533,554)	(1,504,446)	(2,038,000)
Endowment net assets as of December 31, 2020	$ 8,913,860	$ 25,203,538	$ 34,117,398

From time to time, certain donor restricted endowments funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Association's interpreted UPMIFA to permit spending from underwater endowments accordance with prudent measures required under law.

Note 18 – Commitments and Contingencies

Authorized commitments for construction projects totaled $458,850 and $536,674 as of December 31, 2021 and 2020, respectively.

During 2021, the Association received notice of approximately $1,500,000 unemployment tax liability which the Organization is working with legal counsel. The issue is still pending and any potential liability could not be determined, therefore, no provision for any liability is recorded as of December 31, 2021.

Note 19 – Related-Party Transactions

The Association transacts business with several companies that have officers or directors on the Association's Board of Directors. Fees paid to related parties totaled approximately $8,425,253 and $5,813,827 for the years ended December 31, 2021 and 2020, respectively, and relate primarily to financial, utility, and construction services.

Note 20 – Subsidiary Financial Information

At December 31, 2021 the Association had two subsidiaries whose sole purpose was to allow the Association to efficiently finance (via New Markets Tax Credits and other financing mechanisms) specific capital projects in the Metropolitan Atlanta area (see note 12).

Financial information as of December 31, 2021 and the year then ended for those subsidiaries is as follows:

	Woodson Park QALICB, Inc	Atlanta YMCA Westside QALICB, LLC
ASSETS		
Cash and Cash Equivalents	$ 810,406	$ 324,827
Fixed Assets, Net	10,504,652	25,389,432
TOTAL ASSETS	**$ 11,315,058**	**$ 25,714,259**
LIABILITIES		
Due to Parent	$ 585,058	$ 4,014,259
Note Payable - NMTC	10,730,000	21,700,000
TOTAL LIABILITIES	**$ 11,315,058**	**$ 25,714,259**
REVENUE		
Program Fees (Use of Facility)	$ -	$ 240,000
TOTAL REVENUE	**$ -**	**$ 240,000**
EXPENSES		
Interest Expense	(211,793)	(482,113)
Depreciation/Amortization	(296,713)	(1,018,773)
OPERATING EXPENSES	**$ (508,506)**	**$ (1,500,886)**
TOTAL OPERATING CONTRIBUTION	**$ (508,506)**	**$ (1,260,886)**

Note that all amounts detailed above are reflected in the consolidated financial statements.

Note 21 – Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2021. Management has performed their analysis through the date of this report, the date the consolidated financial statements were available to be issued.