

**GREATER VALLEY YOUNG MEN'S CHRISTIAN
ASSOCIATION
(A Not-for-Profit Organization)**

**Financial Statements
and Independent Auditor's Report**

December 31, 2020 and 2019

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greater Valley Young Men's Christian Association
Allentown, PA

We have audited the accompanying financial statements of the Greater Valley Young Men's Christian Association (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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.

Basis for Qualified Opinion

As explained in Note 2 to the financial statements, buildings and equipment that the Greater Valley Young Men's Christian Association purchased or acquired prior to January 1, 2016 are recorded in the financial statements at insured value. Land, buildings and equipment acquired during acquisitions after January 1, 2016 are recorded in the financial statements at cost. Accounting principles generally accepted in the United States of America require buildings and equipment purchased to be recorded at cost and land, buildings and equipment acquired in an acquisition to be recorded at fair market value at the date of acquisition. The effects on the accompanying financial statements of the failure to record the land, buildings and equipment at their appropriate value have not been determined.

As explained in Note 19 to the financial statements, the Greater Valley Young Men's Christian Association has not consolidated the financial statements of Bethlehem YMCA Affordable Housing LP. Accounting principles generally accepted in the United States of America require certain not-for-profit entities to consolidate for-profit entities in which they are general partners. The effects on the accompanying financial statements of the failure to consolidate Bethlehem YMCA Affordable Housing LP have not been determined.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Valley Young Men's Christian Association as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2021, on our consideration of Greater Valley Young Men's Christian Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Greater Valley Young Men's Christian Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Valley Young Men's Christian Association's internal control over financial reporting and compliance.

Campbell, Rappold & Yucasita LLP

August 27, 2021

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GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2020 and 2019

	2020	2019
<u>Assets</u>		
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,741,868	\$ 1,598,382
Grants and Accounts Receivable (Note 3)	191,888	101,597
Pledges Receivable (Note 4)	142,140	149,898
Prepaid Expenses	138,460	144,972
Security Deposits	40,484	9,104
Inventory	1,725	703
Total Current Assets	3,256,565	2,004,656
 Pledges Receivable (Note 4)	282,939	360,664
Investments (Note 5)	2,508,075	2,160,555
Beneficial Interest in Perpetual Trusts (Note 6)	135,340	124,909
Land, Buildings and Equipment, Net (Note 7)	34,626,028	30,726,228
Total Assets	\$ 40,808,947	\$ 35,377,012
<u>Liabilities and Net Assets</u>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 718,607	\$ 364,668
Accrued Expenses	309,806	379,989
Deferred Revenue	609,448	180,118
Line of Credit (Note 8)	102,961	114,461
PPP Loan (Note 10)	1,355,117	-
Current Portion of Notes Payable (Note 11)	129,535	125,837
Current Portion of Capital Lease Obligation (Note 13)	31,877	30,084
Total Current Liabilities	3,257,351	1,195,157
 Notes Payable, less Current Portion (Note 11)	5,957,003	3,541,648
Capital Lease Obligation, less Current Portion (Note 13)	47,596	79,553
Total Liabilities	9,261,950	4,816,358
Net Assets		
Without Donor Restrictions (Note 14)	27,768,997	26,752,655
With Donor Restrictions (Note 14)	3,778,000	3,807,999
Total Net Assets	31,546,997	30,560,654
Total Liabilities and Net Assets	\$ 40,808,947	\$ 35,377,012

See Independent Auditor's Report and Notes to Financial Statements.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2020
Operating Revenues, Gains and Other Support			
Contributions	\$ 398,753	\$ 46,108	\$ 444,861
United Way Allocations	22,331	5,000	27,331
Corporate/Foundations	239,347	632,243	871,590
Government Grants and Contracts	4,876,007	8,024	4,884,031
Membership Fees, Net	1,595,237	-	1,595,237
Program Fees, Net	164,991	-	164,991
Childcare Fees, Net	1,611,380	-	1,611,380
	<u>8,908,046</u>	<u>691,375</u>	<u>9,599,421</u>
Special Events	6,399	-	6,399
Sales of Merchandise	4,151	-	4,151
Facility Rental Revenue	13,283	-	13,283
Miscellaneous	103,783	-	103,783
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>1,045,187</u>	<u>(1,045,187)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>10,080,849</u>	<u>(353,812)</u>	<u>9,727,037</u>
Operating Expenses			
Program Services:			
Youth Development	5,017,664	-	5,017,664
Healthy Living	1,584,254	-	1,584,254
Social Responsibility	1,281,533	-	1,281,533
Management and General	753,368	-	753,368
Fundraising	445,405	-	445,405
	<u>9,082,224</u>	<u>-</u>	<u>9,082,224</u>
Increase (Decrease) in Net Assets from Operating Activities	<u>998,625</u>	<u>(353,812)</u>	<u>644,813</u>
Other Changes			
Interest and Dividends (Net of Fees of \$16,474)	19,606	23,771	43,377
Changes in Beneficial Interest in Perpetual Trusts	-	10,431	10,431
Net Realized/Unrealized Gain/(Loss) on Investments	1,815	289,611	291,426
Net Realized/Unrealized Gain/(Loss) on Sale of Capital Assets	<u>(3,704)</u>	<u>-</u>	<u>(3,704)</u>
Total Other Changes	<u>17,717</u>	<u>323,813</u>	<u>341,530</u>
Increase (Decrease) in Net Assets	<u>1,016,342</u>	<u>(29,999)</u>	<u>986,343</u>
Net Assets at Beginning of Year	<u>26,752,655</u>	<u>3,807,999</u>	<u>30,560,654</u>
Net Assets at End of Year	<u>\$ 27,768,997</u>	<u>\$ 3,778,000</u>	<u>\$ 31,546,997</u>

See Independent Auditor's Report and Notes to Financial Statements.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2019
Operating Revenues, Gains and Other Support			
Contributions	\$ 357,168	\$ 319,114	\$ 676,282
United Way Allocations	16,531	-	16,531
Corporate/Foundations	166,446	1,018,204	1,184,650
Government Grants and Contracts	3,753,313	-	3,753,313
Membership Fees, Net	3,148,566	-	3,148,566
Program Fees, Net	613,996	-	613,996
Childcare Fees, Net	3,482,909	-	3,482,909
	<u>11,538,929</u>	<u>1,337,318</u>	<u>12,876,247</u>
Special Events	170,025	-	170,025
Sales of Merchandise	17,887	-	17,887
Facility Rental Revenue	50,884	-	50,884
Miscellaneous	186,570	-	186,570
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>304,417</u>	<u>(304,417)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>12,268,712</u>	<u>1,032,901</u>	<u>13,301,613</u>
Operating Expenses			
Program Services:			
Youth Development	6,448,453	-	6,448,453
Healthy Living	3,122,995	-	3,122,995
Social Responsibility	398,810	-	398,810
Management and General	914,467	-	914,467
Fundraising	<u>578,791</u>	<u>-</u>	<u>578,791</u>
Total Expenses	<u>11,463,516</u>	<u>-</u>	<u>11,463,516</u>
Increase (Decrease) in Net Assets from Operating Activities	<u>805,196</u>	<u>1,032,901</u>	<u>1,838,097</u>
Other Changes			
Interest and Dividends (Net of Fees of \$15,329)	17,402	33,854	51,256
Changes in Beneficial Interest in Perpetual Trusts	-	13,612	13,612
Net Realized/Unrealized Gain/(Loss) on Investments	1,876	312,537	314,413
Net Realized/Unrealized Gain/(Loss) on Sale of Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Changes	<u>19,278</u>	<u>360,003</u>	<u>379,281</u>
Increase (Decrease) in Net Assets	<u>824,474</u>	<u>1,392,904</u>	<u>2,217,378</u>
Net Assets at Beginning of Year	<u>25,928,181</u>	<u>2,415,095</u>	<u>28,343,276</u>
Net Assets at End of Year	<u>\$ 26,752,655</u>	<u>\$ 3,807,999</u>	<u>\$ 30,560,654</u>

See Independent Auditor's Report and Notes to Financial Statements.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Year Ended December 31, 2020							
	Program Services				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Total	Management and General	Fund- raising	Total	2020
Wages	\$ 2,171,814	\$ 1,074,732	\$ 651,944	\$ 3,898,490	\$ 371,309	\$ 344,064	\$ 715,373	\$ 4,613,863
Employee Health, Retirement and Other Benefits	368,153	136,531	99,101	603,785	57,986	52,095	110,081	713,866
Payroll Taxes	198,029	95,517	58,825	352,371	41,061	29,831	70,892	423,263
 Total Wages and Related Expenses	 2,737,996	 1,306,780	 809,870	 4,854,646	 470,356	 425,990	 896,346	 5,750,992
 Contracted Services	 89,642	 37,975	 25,313	 152,930	 89,841	 5	 89,846	 242,776
Supplies	475,862	80,088	103,998	659,948	5,501	6,836	12,337	672,285
Telecommunications	61,055	18,924	15,505	95,484	11,559	530	12,089	107,573
Postage and Shipping	1,223	273	284	1,780	1,945	2,257	4,202	5,982
Occupancy	653,009	72,737	133,421	859,167	29,401	-	29,401	888,568
Equipment - Expendable or Rented	125,551	20,147	27,193	172,891	10,759	-	10,759	183,650
Printing, Publications and Promotions	23,746	2,123	4,721	30,590	123,061	5,214	128,275	158,865
Business Related Travel Costs	32,443	10,223	8,281	50,947	5,811	434	6,245	57,192
Conferences and Meetings	2,336	86	434	2,856	2,323	3,356	5,679	8,535
Dues to Y-USA and Other Organizations	93,929	240	16,636	110,805	-	190	190	110,995
Financing and Bank Costs	225,345	2,111	40,294	267,750	-	-	-	267,750
Business Insurance	144,379	3,860	26,444	174,683	-	593	593	175,276
Bad Debt Expense	9,540	28,687	8,855	47,082	-	-	-	47,082
Depreciation	341,608	-	60,284	401,892	2,811	-	2,811	404,703
 Total	 \$ 5,017,664	 \$ 1,584,254	 \$ 1,281,533	 \$ 7,883,451	 \$ 753,368	 \$ 445,405	 \$ 1,198,773	 \$ 9,082,224

See Independent Auditor's Report and Notes to Financial Statements.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Year Ended December 31, 2019							
	Program Services				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Total	Management and General	Fund- raising	Total	2019
Wages	\$ 3,030,715	\$ 2,029,656	\$ 210,849	\$ 5,271,220	\$ 483,192	\$ 394,191	\$ 877,383	\$ 6,148,603
Employee Health, Retirement and Other Benefits	425,069	199,884	26,040	650,993	84,274	59,936	144,210	795,203
Payroll Taxes	272,037	181,626	18,903	472,566	49,251	33,484	82,735	555,301
Total Wages and Related Expenses	3,727,821	2,411,166	255,792	6,394,779	616,717	487,611	1,104,328	7,499,107
Contracted Services	203,894	43,141	10,293	257,328	105,527	5	105,532	362,860
Supplies	426,414	257,320	28,489	712,223	25,921	71,960	97,881	810,104
Telecommunications	69,613	28,921	4,105	102,639	14,953	600	15,553	118,192
Postage and Shipping	1,005	2,419	143	3,567	3,702	2,416	6,118	9,685
Occupancy	1,021,971	114,119	47,337	1,183,427	28,878	10	28,888	1,212,315
Equipment - Expendable or Rented	123,714	37,793	6,729	168,236	11,451	-	11,451	179,687
Printing, Publications and Promotions	18,398	3,950	931	23,279	81,643	6,276	87,919	111,198
Business Related Travel Costs	72,313	36,340	4,527	113,180	18,384	3,652	22,036	135,216
Conferences and Meetings	1,754	2,137	162	4,053	4,617	5,488	10,105	14,158
Dues to Y-USA and Other Organizations	138,925	4,070	5,958	148,953	-	370	370	149,323
Financing and Bank Costs	263,681	4,392	11,079	279,152	-	-	-	279,152
Business Insurance	148,241	5,060	6,387	159,688	-	403	403	160,091
Bad Debt Expense	6,473	48,334	2,284	57,091	-	-	-	57,091
Depreciation	224,236	123,833	14,594	362,663	2,674	-	2,674	365,337
Total	\$ 6,448,453	\$ 3,122,995	\$ 398,810	\$ 9,970,258	\$ 914,467	\$ 578,791	\$ 1,493,258	\$ 11,463,516

See Independent Auditor's Report and Notes to Financial Statements.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 986,343	\$ 2,217,378
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	404,703	365,337
Gain on Investments	(291,426)	(314,413)
Loss on Sale of Assets	3,704	-
(Increase) Decrease in Beneficial Interest in Perpetual Trusts	(10,431)	(13,612)
(Increase) Decrease in Assets:		
Grants and Accounts Receivable	(90,291)	38,254
Pledges Receivable	85,483	(499,007)
Prepaid Expenses	6,512	(20,191)
Security Deposits	(31,380)	(688)
Inventory	(1,022)	125
Increase (Decrease) in Liabilities:		
Accounts Payable	353,939	10,655
Accrued Expenses	(70,183)	78,269
Deferred Revenue	429,330	50,677
Net Cash Provided by Operating Activities	<u>1,775,281</u>	<u>1,912,784</u>
Cash Flows from Investing Activities		
Purchase of Investments	(56,094)	(72,892)
Purchase of Equipment and Building Improvements	<u>(4,308,207)</u>	<u>(936,662)</u>
Net Cash Used by Investing Activities	<u>(4,364,301)</u>	<u>(1,009,554)</u>
Cash Flows from Financing Activities		
Repayments on Line of Credit	(11,500)	(20,516)
Repayments on Capital Lease Obligation	(30,164)	(22,497)
Borrowings on PPP Loan	1,355,117	-
Borrowings on Notes Payable	2,511,493	-
Repayments on Notes Payable	<u>(92,440)</u>	<u>(185,692)</u>
Net Cash Provided (Used) by Financing Activities	<u>3,732,506</u>	<u>(228,705)</u>
Net Increase in Cash and Cash Equivalents	1,143,486	674,525
Cash and Cash Equivalents, at Beginning of Year	<u>1,598,382</u>	<u>923,857</u>
Cash and Cash Equivalents, at End of Year	<u><u>\$ 2,741,868</u></u>	<u><u>\$ 1,598,382</u></u>
<u>Supplemental Disclosure:</u>		
Loan Interest Paid	<u><u>\$ 177,940</u></u>	<u><u>\$ 142,277</u></u>
Equipment Purchased Through Capital Lease	<u><u>\$ -</u></u>	<u><u>\$ 20,955</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

1. Nature of Activities

Greater Valley Young Men's Christian Association (YMCA, the "Organization") is a not-for-profit organization, which is organized under the laws of the Commonwealth of Pennsylvania committed to advance our cause of strengthening community through youth development, healthy living and social responsibility. The YMCA is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families and communities to be healthy, confident, connected and secure.

Program Activities

Youth Development – Our YMCA is committed to nurturing the potential of every child and teen. We believe that all kids deserve the opportunity to discover who they are and what they can achieve. That is why we help young people cultivate the values, skills, and relationships that lead to positive behaviors, better health and educational achievement. Our YMCA programs, such as child care, arts and humanities, youth sports, day and specialty camp programs and other youth programmings, offer a range of experiences that enrich cognitive, social, physical and emotional growth.

Healthy Living – The YMCA is a leading voice on health and well-being. We bring families closer together, encourage good health and foster connections through fitness, sports, fun and shared interests. As a result, people in our community are receiving the support, guidance and resources they need to achieve greater health in spirit, mind and body. This is particularly important as our nation struggles with the obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment. Healthy Living programs include group adult classes, diabetes prevention, health screening, walking groups and other recreation activities.

Social Responsibility – Our YMCA believes in giving back and supporting our neighbors. We have been listening and responding to our community's most critical social needs. YMCA programs, such as housing, are examples of how we deliver training, resources and support that empower our neighbors to effect change, bridge gaps and overcome obstacles. We engage YMCA members, participants and volunteers in activities that strengthen our community and pave the way for future generations to thrive.

As part of our mission our programs are accessible, affordable and open to all faiths, backgrounds, abilities and income levels. We provide financial assistance to people who otherwise may not have been able to afford to participate.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A brief description of each 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 without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other donor-imposed restrictions 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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Any cash held for investment purposes is included as part of the investment account and not as cash and cash equivalents on the Statement of Cash Flows. Restricted cash and cash equivalents held as of December 31, 2020 was \$968,060.

Inventory

The Organization has a YMCA apparel store located at the Allentown YMCA. Inventory is stated at the lower of cost or market value on a first-in, first-out basis.

Grants and Accounts Receivable

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

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (Continued)

Land, Building and Equipment

Building and equipment purchased or acquired prior to January 1, 2016 is recorded in the accompanying financial statements at insured value, based upon the value provided by the insurance company. Land acquired prior to January 1, 2016 is held at cost.

Land, building and equipment purchased or acquired, including through merger, on or after January 1, 2016 is stated at cost. Depreciation is computed by use of the straight-line method based on estimated useful lives.

	<u>Years</u>
Building and Improvements	15 – 50
Leasehold Improvements	15
Furniture and Fixtures	5 – 10
Equipment	3 – 10
Vehicles	5 – 7

Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the original useful lives of the respective assets are expensed as incurred.

Loan Origination Fees

Deferred financing fees are being amortized on the straight-line method over the term of the related debt. Expense from the amortization is charged against interest.

Revenue and Revenue Recognition for Contributions

The Organization receives contributions to support operating activities, endowments and capital projects. These contributions and grants can be from individuals, foundations, corporations, trusts or government agencies. The Organization records contributions receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. The Organization's government grants that are non-exchange transactions are recorded once all conditions are met. The Organization discounts multi-year pledges that are expected to be collected after one year using a discount rate. Multi-year pledges are recorded at fair value at the date of the pledge. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible contributions receivable are charged to the allowance. An expense is recorded at the time the allowance is adjusted. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

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2. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition from Exchange Transactions

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

Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization 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.

Membership Dues, Childcare, 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 generally pay a onetime joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to classes, programs and activities, and discounts to fee-based programs. The Organization offers a variety of programs including family, child care, day camp, teen, scholastic, fitness, aquatics, and health services. 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.

Membership dues, childcare, and program fees are recognized ratably over the period the membership or program service is provided on a straight-line basis. Membership joining fees are non-refundable and are recognized in the month it is collected.

Membership dues, childcare, and program fees paid to the Organization in advance are recorded as deferred revenue.

Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Donated services of a specialized skill that would be purchased in the absence of this donation are recorded at the estimated market rate for the corresponding hours spent.

No amounts have been reflected in the statements for general donated services in-as-much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising campaigns.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
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2. Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Use of Estimates

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

Concentration of Credit Risk

The Organization maintains its cash accounts with two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. At December 31, 2020, the Organization's uninsured cash balances totaled approximately \$2,646,624.

Income Tax Status

The Organization is exempt from federal income tax under the provisions of Section 501 ©(3) of the Internal Revenue Code and applicable state law. Accordingly, no provision for income taxes is required in the accompanying financial statements.

The Organization has concluded that there are no material unrecognized tax benefits or accrued interest or penalties that would require recognition in the financial statements as of December 31, 2020. The Organization files its Form 990, *Return of Organization Exempt from Income Tax*, in the U.S. Federal jurisdiction and the Bureau of Charitable Organizations for the State of Pennsylvania. The Organization's Forms 990 are subject to examination by the IRS, generally for three years after they were filed.

Other Matters

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the net asset class that owned the assets. Ordinary income from investments, receivables, and the like is accounted for in the net asset class owning the assets, except for income derived from investments of endowment funds, which is accounted for, if without restrictions, as revenue of the current net asset without donor restriction class, or if restricted, as revenue in the appropriate net asset with donor restriction class.

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2. Summary of Significant Accounting Policies (Continued)

Operating Measure

The Organization includes all changes in net assets without donor restriction and net assets with donor restrictions in its "operating activities" on the Statement of Activities except:

- Interest and Dividends
- Net Realized/Unrealized Gain/(Loss) on Investments
- Net Realized/Unrealized Gain/(Loss) on Sale of Capital Assets
- Change in Beneficial Interest in Perpetual Trusts

Recently Adopted Accounting Guidance

Effective January 1, 2020, the Organization adopted ASU No. 2018-13 *Fair Value Measurements (Topic 820)*, which provides for changes to the disclosure requirements for recurring and nonrecurring fair value measurements under Topic 820, including changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty.

Accounting for Paycheck Protection Program (PPP)

The Organization may account for a Paycheck Protection Program (PPP) loan as a financial liability in accordance with FASB ASC Topic 470, Debt, or under other models, if certain conditions are met. If the Organization expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven, the Organization may account for the PPP loan in accordance with ASC Subtopic 958-605 as a conditional contribution. As of December 31, 2020, management had not received notification from the United States Small Business Administration that the loan had been forgiven. For this reason, the Organization has elected the debt method. Under this method, the Organization recorded a debt liability on the Statement of Financial Position and will subsequently recognize revenue from the extinguishment of the debt once forgiveness has been determined by the United States Small Business Administration. In April 2020, the Organization received \$1,355,117 under the Paycheck Protection Program.

Reclassification

Certain reclassifications have been made to prior year amounts to conform with the current presentation.

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3. Grants and Accounts Receivable

	<u>2020</u>	<u>2019</u>
Childcare	\$ 79,209	\$ 97,466
Membership	11,373	8,943
Programs	433	4,900
YMCA Management Fees	10,709	9,646
Other	115,304	319
	<u>217,028</u>	<u>121,274</u>
Less: Allowance for Doubtful Accounts	<u>(25,140)</u>	<u>(19,677)</u>
Total	<u><u>\$ 191,888</u></u>	<u><u>\$ 101,597</u></u>

4. Pledges Receivable

	<u>2020</u>	<u>2019</u>
Less Than One Year	\$ 142,140	\$ 149,898
One Year to Five Years	303,083	393,600
Over Five Years	-	-
	<u>445,223</u>	<u>543,498</u>
Less: Unamortized Discount	(20,144)	(32,936)
Less: Allowance for Uncollectible Pledges Receivable	<u>-</u>	<u>-</u>
Total	<u><u>\$ 425,079</u></u>	<u><u>\$ 510,562</u></u>

Pledges received are in relation to the annual support campaign to support the Organization and the Slate Belt expansion project. A discount of 4.5% was calculated on pledges receivable with an expected date greater than one year. In addition, uncollectible pledges are expected to be insignificant; therefore management has decided an allowance for uncollectible pledges receivable was not necessary.

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5. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement and Disclosure*, defines fair value, establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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;
- 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 for substantially the full term of the asset or liability.

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

The Organization currently does not have any Level 2 inputs.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

Mutual Funds: Valued at the net asset value ("NAV") of shares held by the Organization at year end.

Beneficial Interests in Perpetual Trusts: Measured based on quoted markets prices of the underlying securities and other relevant information generated by market transactions, at the Organization's share, based on its pro-rata share of distributable income of the Trusts.

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5. Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods 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 following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020 and 2019:

Assets at Fair Value as of December 31				
<u>2020</u>	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 158,468	\$ -	\$ -	\$ 158,468
Mutual Funds				
Small/Mid Cap	237,798	-	-	237,798
Large Cap	1,133,983	-	-	1,133,983
Developed International	126,581	-	-	126,581
Emerging International	34,679	-	-	34,679
Other International	113,437	-	-	113,437
Fixed Income				
U.S. Treasuries	55,048	-	-	55,048
Mortgage/Asset Backed	35,644	-	-	35,644
Multi-Sector	612,437	-	-	612,437
Beneficial Interest in Perpetual Trusts	-	-	135,340	135,340
Total Assets at Fair Value	<u>\$ 2,508,075</u>	<u>\$ -</u>	<u>\$ 135,340</u>	<u>\$ 2,643,415</u>
<u>2019</u>	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 115,125	\$ -	\$ -	\$ 115,125
Mutual Funds				
Small/Mid Cap	135,432	-	-	135,432
Large Cap	936,752	-	-	936,752
Developed International	158,725	-	-	158,725
Emerging International	93,655	-	-	93,655
Other International	73,308	-	-	73,308
Fixed Income				
U.S. Treasuries	31,182	-	-	31,182
Mortgage/Asset Backed	111,170	-	-	111,170
Multi-Sector	505,206	-	-	505,206
Beneficial Interest in Perpetual Trusts	-	-	124,909	124,909
Total Assets at Fair Value	<u>\$ 2,160,555</u>	<u>\$ -</u>	<u>\$ 124,909</u>	<u>\$ 2,285,464</u>

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6. Beneficial Interest in Perpetual Trusts

The Organization is an income beneficiary of two perpetual trusts. The trusts are held and administered by a corporate trustee. Under the terms of the trusts, the Organization, among other unrelated organizations, has the irrevocable right to receive a portion of the income earned on the trusts' assets, in perpetuity, but is not entitled to receive the assets held in trust. The arrangements were recognized as contribution revenue and as an asset when the Organization was notified of the trusts' existences. Accordingly, the Organization records an asset "Beneficial Interest in Perpetual Trusts" equivalent to the present value of the expected future cash flows from the trusts. In this case, the present value is estimated to be equal to the Organization's pro-rata fair market value of the assets of the trusts. Income distributions received from the trusts were \$6,120 and \$7,667 in 2020 and 2019, respectively.

7. Land, Buildings and Equipment

A portion of land, building, and equipment are carried at insured value, and a portion is carried at cost. See Note 2 for a further explanation.

	<u>2020</u>	<u>2019</u>
Assets Held at Insured Value	\$ 28,427,464	\$ 28,427,464
Assets Held at Cost		
Land	16,500	16,500
Land Improvements	861	861
Building and Building Improvements	2,737,680	2,755,740
Equipment	2,143,747	1,823,318
Vehicles	75,999	75,999
Construction in Progress	3,718,319	224,785
	<u>37,120,570</u>	<u>33,324,667</u>
Less: Accumulated Depreciation	<u>(2,494,542)</u>	<u>(2,598,439)</u>
Land, Buildings and Equipment, Net	<u>\$ 34,626,028</u>	<u>\$ 30,726,228</u>

Depreciation and amortization charged to expense for the years ended December 31, 2020 and 2019 was \$404,703 and \$365,337, respectively.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
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8. Line of Credit

The Organization has a \$600,000 line of credit with a bank at an interest rate based upon the Wall Street Journal U.S. Prime Rate, with a floor of 3.25% (3.25% at December 31, 2020). The line is collateralized by accounts receivable, inventory, general intangibles, and equipment of the Organization. The outstanding balance on the line of credit as of December 31, 2020 and 2019 was \$102,961 and \$114,461, respectively. Interest paid on the line of credit was \$3,907 and \$6,348 for the years ended December 31, 2020 and 2019, respectively.

9. Letter of Credit

During 2020, the Organization entered into a Prime Rate \$291,842 unsecured letter of credit with a bank at a variable interest rate (3.75% at December 31, 2020). There was no outstanding balance on the line of credit as of December 31, 2020 and no interest was paid on the line of credit. This letter of credit was carved out of the \$4,000,000 open-ended construction mortgage, as noted in Note 11.

10. PPP Loan

The Organization was the recipient of the federally issued Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") Paycheck Protection Program (PPP) as a result of the COVID-19 pandemic.

Proceeds of \$1,355,117 from the PPP loan program were received in April 2020. To conform with accounting principles generally accepted in the United States of America, the Organization has elected to treat the loan proceeds as a financial liability. If the Small Business Administration (SBA) did not confirm forgiveness of the loan, or only partly confirmed forgiveness of the loan, the Organization would be obligated to repay the bank principal and interest (at a fixed rate of 1.00%) based upon terms established in a separate letter with the bank based upon a maturity date of two years from the funding date.

Subsequent to year end, the Organization was notified of the forgiveness of the debt by the SBA, and will recognize revenue from the extinguishment of debt in the fiscal year ended December 31, 2021.

11. Notes Payable

The Organization has a \$3,394,050 note payable to the bank which is due in monthly installments of \$17,232, including interest at a fixed rate of 2.97%, until July 23, 2020 followed by an interest rate at the Wall Street Journal U.S. Prime Rate (3.45% at December 31, 2020). One final payment of all unpaid principal and interest shall then be due on April 23, 2040 (as amended, below). The note is secured by real estate of several of the Organization's branches. The outstanding balance on the note was \$3,078,900 and \$3,159,818 as of December 31, 2020 and 2019, respectively. Interest paid on the note was \$109,680 and \$95,472 for the years ended December 31, 2020 and 2019, respectively.

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NOTES TO FINANCIAL STATEMENTS
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11. Notes Payable (Continued)

In December 2019, the note payable was amended and is now due in monthly installments of \$18,018, including interest at a fixed rate of 3.45%, until December 23, 2026 followed by a variable interest rate at the bank's prime rate. One final payment of all unpaid principal and interest shall then be due on June 23, 2040. The note contains a prepayment penalty during the fixed rate period.

The Organization has a \$650,000 note payable to the bank which is due in monthly installments of \$3,801 beginning in July, 2015, including interest at a fixed rate of 5.00%. Beginning July, 2020, monthly installments will remain at \$3,801 however interest will be adjusted to the Wall Street Journal Prime Rate plus 1.75%, due in full June, 2025 (5.00% at December 31, 2020). The note is secured by real estate, assignment of rents and guarantee by the Allentown Branch of the Greater Valley YMCA. The outstanding balance on the note was \$564,843 and \$581,671 as of December 31, 2020 and 2019, respectively. Interest paid on the note was \$28,699 and \$29,524 for the years ended December 31, 2020 and 2019, respectively. Unamortized loan origination fees related to the loan were \$9,488 and \$11,678 for the years ended December 31, 2020 and 2019, respectively.

During September 2019, the Organization entered into a \$4,000,000 open-ended construction mortgage with a bank which can be drawn upon, as needed. There is an assignment of loan and promissory note with the Northampton County General Purpose Authority to secure liabilities. The note is secured by real estate at 315 West Pennsylvania Avenue in the Borough of Pen Argyl. Interest only payments are due until September 2021, at which point, interest and principal payments are due. The outstanding balance on the note was \$2,511,493 and \$0 as of December 31, 2020 and 2019, respectively. Interest paid on the note was \$21,314 and \$0 for the years ended December 31, 2020 and 2019, respectively. Unamortized loan origination fees related to the note were \$59,210 and \$62,326 for the years ended December 31, 2020 and 2019, respectively.

Maturities of long-term debt are as follows:

2021	\$ 129,535
2022	162,288
2023	225,344
2024	233,932
2025	709,227
Thereafter	<u>4,694,910</u>
	<u>\$ 6,155,236</u>

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12. Operating Lease Obligations

The Organization leases various program equipment and properties under various noncancellable operating leases expiring at various dates through 2030. Rental expense for those leases was \$199,779 and \$194,185 for 2020 and 2019, respectively.

Future minimum lease payments under equipment and property operating leases that have remaining terms in excess of one year are:

Years ending December 31,	2021	\$	164,525
	2022		149,542
	2023		138,136
	2024		127,322
	2025		128,961
	Thereafter		616,017

13. Capital Lease Obligations

The Organization leases exercise equipment under two separate capital leases. The economic substance of leases is that the Organization is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities.

The leased assets have a cost of \$143,421 and are included in Land, Buildings, and Equipment. The related accumulated depreciation is \$63,383 and \$34,699 at December 31, 2020 and 2019, respectively.

The lease agreements contain a bargain purchase option at the end of the lease term.

The following is a schedule by years of future minimum payments required under the leases together with their present value as of December 31, 2020:

Year Ending December 31,	2021	\$	35,578
	2022		35,578
	2023		<u>14,040</u>
Total Minimum Lease Payments			85,196
Less: Amount Representing Interest			<u>(5,723)</u>
Present Value of Minmum Lease Payments		\$	<u><u>79,473</u></u>

Amortization of assets held under capital leases is included with depreciation expense.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
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14. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following:

	For the Year Ended December 31,	
	2020	2019
Without Restrictions	\$ (946,058)	\$ (416,008)
Fixed Assets (Net of Debt)	28,460,017	26,949,106
Board Designated:		
Allentown Endowment Fund	3,850	3,289
Nazareth Endowment Fund	4,642	4,042
Capital Improvements/Repairs	246,546	212,226
Total Net Assets Without Donor Restrictions	<u>\$ 27,768,997</u>	<u>\$ 26,752,655</u>

The Board of Directors of the Greater Valley YMCA has several standing board policies that affect the presentation of board designations on net assets. The Board of Directors have established one type of endowment fund, which covers all locations. The Allentown and Nazareth YMCA Endowment Funds have been established for covering the program and management related costs incurred by Greater Valley YMCA to operate those locations.

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14. Net Assets (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions for the following purposes or periods:

	2020	2019
Purpose Restricted:		
Camp Sponsorship	\$ 7,452	\$ 21,100
Capital Improvements	141,967	414,369
Childcare, Summer Feeding, 7th Grade Initiative	-	108,918
Childcare	8,307	-
Childcare Renovations	61,300	-
Expansion	363,151	568,888
Shining Star Program	-	2,000
Food Grant	52,917	8,830
Food Program	8,024	-
Health and Wellness Youth Programs	15,904	17,141
Swim Team	19,496	14,406
Preschool Scholarships (EITC)	45,172	72,981
Promise of Spring	1,763	-
Literacy Programs	-	6,322
Diabetes Prevention Program	63,300	29,459
Warming Station	232,760	110,911
	<u>\$ 1,021,513</u>	<u>\$ 1,375,325</u>
Endowment:		
Earnings on Endowment	1,202,134	888,752
Marhefka Fund	419,013	419,013
Acopian Fund	1,000,000	1,000,000
	<u>2,621,147</u>	<u>2,307,765</u>
Beneficial Interest in Perpetual Trust:		
Lichtenwalner Trust	116,844	107,628
Lentz Trust	18,496	17,281
	<u>135,340</u>	<u>124,909</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 3,778,000</u></u>	<u><u>\$ 3,807,999</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

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15. Endowment Net Assets

The Organization's endowment consists of funds established for the purpose of supporting programs and services of the Organization. As required by accounting principles generally accepted in the United States of America, 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 Organization follows Commonwealth of Pennsylvania law and its own governing documents with respect to the management of endowment funds. In the absence of donor restrictions, the net appreciation of a donor-restricted endowment fund is spendable.

As a result of this interpretation, the Organization classifies the original value of an endowment gift, the original value of subsequent gifts donated and accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as net assets with donor restrictions. These gifts are held in perpetuity until they are appropriated for expenditure by the Organization in a manner consistent with the laws of the Commonwealth of Pennsylvania.

Endowment Return Objectives, Risk Parameters and Strategies

The primary goal of the investment policy is to meet the short and long-term needs and goals of the Organization while carefully controlling risk. Basic to the process is the establishment of mutually agreed upon objectives and the development of an investment program designed to meet those needs. Preservation of capital and a stable level of current income are foremost in the fixed income strategy. The portfolio is invested in common stock and mutual funds; plus liquidity as the primary objective and goals. To achieve these goals, the Organization closely follows the stock market and constantly reviews the fund returns to realize the highest level of income.

Spending Policy

The Organization is permitted to spend the earnings of the fund annually. This is defined as the interest and dividends earned in the fiscal period.

As of December 31, 2020, total endowment composition by net asset fund is:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor Restricted Endowment	\$ -	\$ 2,621,147	\$ 2,621,147
Board Designated Endowment	8,492	-	8,492
	<u>\$ 8,492</u>	<u>\$ 2,621,147</u>	<u>\$ 2,629,639</u>

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15. Endowment Net Assets (Continued)

As of December 31, 2019, total endowment composition by net asset fund is:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor Designated Endowment	\$ -	\$ 2,307,765	\$ 2,307,765
Board Designated Endowment	7,331	-	7,331
	<u>\$ 7,331</u>	<u>\$ 2,307,765</u>	<u>\$ 2,315,096</u>

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Balance, Beginning of Year	\$7,331	\$ 2,307,765	\$2,315,096
Gifts and Contributions	-	-	-
Investment Income	41	22,872	22,913
Net Appreciation (Depreciation)	1,208	289,611	290,819
Interest on Loan Repayments	-	899	899
Amounts Released for Operations	(88)	-	(88)
Balance, End of Year	<u>\$ 8,492</u>	<u>\$ 2,621,147</u>	<u>\$ 2,629,639</u>

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

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Balance, Beginning of Year	\$ 5,151	\$ 1,972,998	\$ 1,978,149
Gifts and Contributions	1,000	-	1,000
Investment Income	41	32,095	32,136
Net Appreciation (Depreciation)	1,267	312,537	313,804
Interest on Loan Repayments	-	1,759	1,759
Amounts Released for Operations	(128)	(11,624)	(11,752)
Balance, End of Year	<u>\$ 7,331</u>	<u>\$ 2,307,765</u>	<u>\$ 2,315,096</u>

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

16. Endowment Loans

In late 2011, a 10-year loan to the general fund was authorized for use of \$350,000 from the Acopian Trust in the Endowment with an interest rate of 1.00%. Monthly payments on the loan are \$3,220 and the outstanding balance on the loan as of December 31, 2020 and 2019 was \$51,150 and \$76,471, respectively. Interest paid on the loan was \$436 and \$969 for the years ended December 31, 2020 and 2019, respectively. During 2020, due to the pandemic, 4 months of payments were suspended.

Principal repayments on the loan are as follows:

Years ending December 31,	2021	\$	38,299
	2022		12,851

A previous review of the Bethlehem YMCA endowment fund conducted by a member of a bank's trust department determined the value, at that date, as \$186,909. As the value of the endowment fund was \$76,320, at that date, a loan was set up for repayment to the general fund. The loan is a 10-year loan to the general fund with an interest rate of 1.00%. Monthly payments on the loan are \$1,118 and the outstanding balance on the loan as of December 31, 2020 and 2019 was \$74,338 and \$81,432, respectively. Interest paid on the loan was \$457 and \$880 for the years ended December 31, 2020 and 2019, respectively. During 2020, due to the pandemic, 5 months of payments were suspended.

Principal repayments on the loan are as follows:

Years ending December 31,	2021	\$	12,258
	2022		12,381
	2023		12,505
	2024		12,631
	2025		12,757
	Thereafter		11,806

17. Defined Contribution Plans

The Organization participates in two plans (Plans) sponsored by the YMCA Retirement Fund (the "Fund"). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York, organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The participating Plans include:

- the Retirement Plan – a defined contribution plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code (IRC), as amended, and,
- the Tax-Deferred Savings Plan – a retirement income account plan as defined in IRC Section 403(b).

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

17. Defined Contribution Plans (Continued)

The Retirement Plan requires that all employees participate in the plan upon completing 1,000 hours of service during each of two years and attaining 21 years of age and also requires a contribution rate ranging from 8%-12% of compensation. The Organization may elect to pay the contribution in full or share with the employee. Employee contributions are made after – tax. The Organization contributes 8% of eligible employees' compensation on an annual basis. Due to COVID-19 from May 6, 2020 to October 1, 2020 the contribution rate was reduced to 1%.

The Tax-Deferred Savings plan allows all employees, upon hire, to elect to contribute a percentage of their eligible compensation to the plan, subject to certain IRC limits. There is no employer contribution.

All contributions to the Plans vest immediately. Each of the plans, as defined contribution plans, have no unfunded benefit obligations. Total YMCA employer contributions to the Plan were \$154,359 and \$245,429 for the years ended December 31, 2020 and 2019, respectively.

18. Related Parties

The Organization pays dues to the YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2020 and 2019 was \$102,604 and \$137,268, respectively.

19. Limited Partnership

The Young Men's Christian Association of Bethlehem, which merged into the Organization effective May 1, 2015, is the general partner of Bethlehem YMCA Affordable Housing LP, a 35-unit low-income housing project limited partnership. The Greater Valley YMCA has a 0.01% interest in Bethlehem YMCA Affordable Housing LP. FASB ASC 810, *Consolidation*, determines when a general partner, or the group of general partners as a group, controls a limited partnership or similar entity when the limited partners have certain rights. The guidance presumes that a general partner controls a limited partnership and, therefore, should consolidate the partnership. This presumption can be overcome if the limited partners have kick-out or substantive participating rights. Management has determined that Bethlehem YMCA Affordable Housing LP should be consolidated into the Organization's financial statements. Management has decided not to include the financial statements of the Bethlehem YMCA Affordable Housing LP in accompanying financial statements.

20. Advertising Expense

Advertising costs are expensed as incurred and were \$158,866 and \$111,198 the years ended December 31, 2020 and 2019, respectively.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

21. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

	2020	2019
Cash and Cash Equivalents	\$ 2,741,868	\$ 1,598,382
Accounts Receivable	191,888	101,597
Pledges Receivable	425,079	510,562
Investments	2,508,075	2,160,555
Total Financial Assets at Year End	5,866,910	4,371,096
Expected Distributions from Beneficial Interest in Perpetual Trusts	6,120	7,667
Less those Unavailable for General Expenditures within One Year Due to:		
Contractual or Donor-Imposed Restrictions:		
Restricted by Donor with Time or Purpose Restrictions	(3,642,660)	(3,683,090)
Board-Designations:		
Quasi-Endowment Fund	(8,492)	(7,331)
Capital Improvements/Repairs	(246,546)	(212,226)
	<u>\$ 1,975,332</u>	<u>\$ 476,116</u>

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

Board-designated endowments of \$8,492 are not subject to an annual spending rate. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As described in Note 8, the Organization has a line of credit of \$600,000, with available funds of \$497,039 as of December 31, 2020, which it could draw upon in the event of an anticipated liquidity need.

Membership dues and childcare fees are collected on a monthly basis in order to support general operating expenditures.

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

22. Subsequent Events

Management has evaluated subsequent events through August 27, 2021, the date the financial statements were available to be issued, and has determined that with the exception to the items noted below and in footnote 10, no material subsequent events exist that require disclosure.

During the year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still occurring subsequent to year-end.

In February 2021, the Organization received a second loan under the Paycheck Protection Program totaling \$1,355,117.

The Organization met the requirements of the Employee Retention Credit in relation to the Quarter 1, 2021 and therefore received \$743,548 in payroll tax credits during 2021.

During July, 2021, the Organization entered into a lease agreement with the Township of Upper Saucon in relation to certain lots held by the township. The lessee will pay the lessor annual base rent of one dollar, annually. The term of the lease is for twenty-nine years from the date of the agreement, contingent on the lessee meeting certain stipulations within the agreement.

-SUPPLEMENTARY INFORMATION-

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Additional Award Identification	Pass-Through Entity Identifying Number	Expenditures	Expenditures to Sub-Recipients
CCDF Cluster:					
U.S. Department of Health and Human Services					
Passed Through the Pennsylvania Department of Education:					
Child Care and Development Block Grant	93.575		N/A	\$ 26,813	\$ -
Total CCDF Cluster				26,813	-
CDBG - Entitlement Grants Cluster:					
U.S. Department of Housing and Urban Development					
Passed Through the City of Allentown:					
Community Development Block Grants	14.218		N/A	29,518	-
COVID-19 - Community Development Block Grants	14.218	COVID-19	N/A	100,000	-
Passed Through the City of Bethlehem:					
Community Development Block Grants	14.218		N/A	14,553	-
Total CDBG - Entitlement Grants Cluster				144,071	-
Child Nutrition Cluster					
U.S. Department of Agriculture					
Passed Through the Pennsylvania Department of Education:					
Summer Food Service Program for Children	10.559		529884	25,594	-
COVID-19 - Summer Food Service Program for Children	10.559	COVID-19	529884	123,616	-
Total Child Nutrition Cluster				149,210	-
U.S. Department of Housing and Urban Development					
Passed Through the City of Allentown:					
COVID-19 - Emergency Solutions Grant Program	14.231	COVID-19	N/A	92,005	-
Total U.S. Department of Housing and Urban Development				92,005	-
U.S. Department of Treasury					
Passed Through the Pennsylvania Department of Education:					
COVID-19 - Coronavirus Relief Fund	21.019	COVID-19	529884	47,762	-
Passed Through the County of Lehigh:					
COVID-19 - Coronavirus Relief Fund	21.019	COVID-19	N/A	149,504	-
Passed Through the County of Northampton:					
COVID-19 - Coronavirus Relief Fund	21.019	COVID-19	N/A	15,000	-
Total U.S. Department of Treasury				212,266	-
U.S. Department of Agriculture					
Passed Through the Pennsylvania Department of Education:					
Child and Adult Care Food Program	10.558		529884	116,054	-
COVID-19 - Child and Adult Care Food Program	10.558	COVID-19	529884	37,842	-
Total U.S. Department of Agriculture				153,896	-
Total Expenditures of Federal Awards				\$ 778,261	\$ -

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Corporation)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Greater Valley Young Men's Christian Association under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Greater Valley Young Men's Christian Association it is not intended to and does not present the financial position, changes in net assets, or cash flows of Greater Valley Young Men's Christian Association

2. Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized using the principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Greater Valley Young Men's Christian Association has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Greater Valley Young Men's Christian Association
Allentown, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greater Valley Young Men's Christian Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greater Valley Young Men's Christian Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater Valley Young Men's Christian Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater Valley Young Men's Christian Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Valley Young Men's Christian Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Greater Valley Young Men's Christian Association's Response to Findings

Greater Valley Young Men's Christian Association's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Greater Valley Young Men's Christian Association response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cory Bell, Rappold & Yucasita LLP

August 27, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Greater Valley Young Men's Christian Association
Allentown, PA

Report on Compliance for Each Major Federal Program

We have audited Greater Valley Young Men's Christian Association's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Greater Valley Young Men's Christian Association's major federal programs for the year ended December 31, 2020. Greater Valley Young Men's Christian Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Greater Valley Young Men's Christian Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greater Valley Young Men's Christian Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Greater Valley Young Men's Christian Association's compliance.

Opinion on Each Major Federal Program

In our opinion, Greater Valley Young Men's Christian Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of Greater Valley Young Men's Christian Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Greater Valley Young Men's Christian Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greater Valley Young Men's Christian Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cory Bell, Rappold & Yasuta LLP

August 27, 2021

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? ☐ yes ☒ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food Program
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
(A Not-for-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended December 31, 2020

Section II - Financial Statement Findings

FINDING: 2020-001

Approval of Purchases

Condition

All invoices or purchase orders require management approval. However, written evidence documenting approval is not required.

Criteria

Internal controls should have been in place to ensure all invoices or purchase orders contain written evidence of approval.

Cause

Internal controls do not require written evidence of approval. This has allowed invoices and purchases to be paid without approval signature or initialing.

Effect

Lack of written evidence of approval could allow for unauthorized purchases to occur and not otherwise be detected.

Recommendation

Our recommendation is that procedures be implemented to ensure that the approval of purchases should always be clearly written on the face of the invoice or purchase order so that it is clear the purchase was proper.

View of Responsible Officials and Planned Corrective Actions

All invoices or purchase orders will require written management approval.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.



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GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION
CORRECTIVE ACTION PLAN
DECEMBER 31, 2020

Federal Audit Clearinghouse
Bureau of the Census
1201 East 10th Street
Jeffersonville, IN 47132

The Greater Valley Young Men's Christian Association respectfully submits the following corrective action plan for the year ended December 31, 2020.

Name and Address of Independent Public Accounting Firm:

Campbell, Rappold & Yurasits LLP
1033 South Cedar Crest Boulevard
Allentown, PA 18103

Name and Address of Contact Person responsible for the corrective action plan:

David Fagerstrom
President/CEO
Greater Valley Young Men's Christian Association
1524 West Linden Street, Suite 209
Allentown, PA 18102

Audit Period:

Year Ended December 31, 2020



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Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCIES:

Finding: 2020-001

Corrective Action Plan:

The CFO will oversee the process that all invoices or purchase orders submitted to the accounting department for payment have management written evidence-documenting approval prior to payment. This could include emails from a Program/Branch Executive Director stating the vendor, invoice number and invoice amount is approved for payment.

The accounts payable staff will attach said email as back up to the invoice. Any documents received without proper written evidence will not be paid until proper written evidence is obtained. Utility invoices (Gas, Electricity, and Sewer & Water) and recurring Service Maintenance invoices that are supported by Contracts or Leases do not need prior written evidence.

Anticipated Completion Date:

Recommendation expected to be implemented in September 2021.

If the Federal Audit Clearinghouse has any question regarding this plan, please contact me at 610-438-6065.

Sincerely,



David Fagerstrom
President/CEO

cc: Campbell Rappold & Yurasits, LLP