YOUNG MEN'S CHRISTIAN ASSOCIATION
BUFFALO NIAGARA
(d/b/a YMCA BUFFALO NIAGARA)

Financial Statements
With Independent Auditor's Report

December 31, 2019

Dopkins & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
and the Board of Directors
Young Men's Christian Association Buffalo Niagara
(d/b/a YMCA Buffalo Niagara)
Buffalo, New York

Report on the Financial Statements
We have audited the accompanying financial statements of Young Men's Christian Association Buffalo Niagara (d/b/a YMCA Buffalo Niagara), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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

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

200 International Drive ▪ Buffalo, New York 14221-5794
(716) 634-8800 ▪ Toll Free (888) 634-0001 ▪ Fax (716) 634-8987 ▪ www.dopkins.com

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

Emphasis of Matter
As discussed in Note 1 to the financial statements, in 2019 YMCA Buffalo Niagara adopted Accounting Standards Update 2016-18, *Statement of Cash Flows, Restricted Cash.* Our opinion is not modified with respect to this matter.

Report on Summarized and Comparative Information
We have previously audited YMCA Buffalo Niagara's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 18, 2019. In our opinion, the summarized and comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived after taking into consideration the adoption of Accounting Standards Update 2016-18, *Statement of Cash Flows, Restricted Cash,* as discussed in Note 1 to the financial statements.

Dopkins & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 21, 2020

YMCA BUFFALO NIAGARA

STATEMENT OF FINANCIAL POSITION
December 31, 2019
(With Comparative Financial Information as of December 31, 2018)

ASSETS	**2019**	2018
Current Assets		
Cash and cash equivalents	**$ 5,064,154**	$ 3,723,189
Receivables, net	**745,858**	1,938,792
Prepaid expenses	**268,080**	257,465
Total current assets	**6,078,092**	5,919,446
Other Assets		
Investments	**12,367,226**	11,580,472
Beneficial interest in trusts	**139,493**	123,243
Interest rate swaps	**-**	29,126
	12,506,719	11,732,841
Property and Equipment, net	**40,600,224**	42,412,011
Total assets	**$ 59,185,035**	$ 60,064,298
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current maturities of long-term debt	**$ 1,549,099**	$ 1,430,419
Current maturities of capital leases	**293,155**	253,221
Accounts payable	**561,224**	1,791,327
Accrued expenses	**982,403**	917,506
Deferred revenue	**917,582**	1,006,630
Total current liabilities	**4,303,463**	5,399,103
Deferred Naming Rights Revenue	**600,000**	600,000
Long-Term Debt, less current maturities	**20,734,948**	22,247,175
Capital Leases, less current maturities	**209,186**	154,928
Interest Rate Swaps	**468,283**	-
Total liabilities	**26,315,880**	28,401,206
Net Assets		
Without donor restrictions:		
Undesignated	**20,213,254**	18,664,783
Board designated - endowment	**11,044,211**	10,312,811
	31,257,465	28,977,594
With donor restrictions	**1,611,690**	2,685,498
Total net assets	**32,869,155**	31,663,092
Total liabilities and net assets	**$ 59,185,035**	$ 60,064,298

See Notes to Financial Statements.

YMCA BUFFALO NIAGARA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2019
(With Summarized Comparative Financial Information for the Year Ended December 31, 2018)

	2019			2018
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Total
Operating activities:				
Public support:				
Annual campaign	$ 789,084	$ -	**$ 789,084**	$ 779,249
Special events, net	213,564	-	**213,564**	288,599
Contributions	452,308	-	**452,308**	454,197
United Way	68,330	-	**68,330**	63,133
Net assets released from restriction	13,527	(13,527)	**-**	-
	1,536,813	(13,527)	**1,523,286**	1,585,178
Operating revenue:				
Membership fees	12,858,505	-	**12,858,505**	10,764,398
Program service fees	9,619,925	-	**9,619,925**	9,097,073
Governmental contracts	2,006,664	-	**2,006,664**	2,072,674
Rental income	89,836	-	**89,836**	286,834
Merchandise sales	34,195	-	**34,195**	33,611
Miscellaneous	47,907	-	**47,907**	38,305
	24,657,032	-	**24,657,032**	22,292,895
Total operating activities	26,193,845	(13,527)	**26,180,318**	23,878,073
Operating expenses:				
Program services:				
Youth development	12,432,654	-	**12,432,654**	11,796,926
Healthy living	10,959,315	-	**10,959,315**	9,195,464
Social responsibility	57,731	-	**57,731**	61,343
	23,449,700	-	**23,449,700**	21,053,733
Support services:				
Management and general	2,862,783	-	**2,862,783**	2,688,097
Fundraising	338,533	-	**338,533**	353,855
	3,201,316	-	**3,201,316**	3,041,952
Total operating expenses	26,651,016	-	**26,651,016**	24,095,685
Operating loss	(457,171)	(13,527)	**(470,698)**	(217,612)
Non-operating activities:				
Investment income (loss), net	2,087,713	55,354	**2,143,067**	(439,912)
Change in fair value of beneficial interest in trusts	4,435	16,250	**20,685**	(6,431)
Change in fair value of interest rate swaps	(497,409)	-	**(497,409)**	197,137
Net gain on sale of property and equipment	10,418	-	**10,418**	42,100
Capital campaign contributions	-	-	**-**	572,274
Net assets released from restriction	1,131,885	(1,131,885)	**-**	-
Total non-operating activities	2,737,042	(1,060,281)	**1,676,761**	365,168
Change in net assets	2,279,871	(1,073,808)	**1,206,063**	147,556
Net assets, beginning of year	28,977,594	2,685,498	**31,663,092**	31,515,536
Net assets, end of year	$ 31,257,465	$ 1,611,690	**$ 32,869,155**	$ 31,663,092

See Notes to Financial Statements.

YMCA BUFFALO NIAGARA

STATEMENT OF CASH FLOWS
Year Ended December 31, 2019
(With Comparative Financial Information for the Year Ended December 31, 2018)

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	**$ 1,206,063**	$ 147,556
Adjustments to reconcile change in net assets		
to net cash, cash equivalents and restricted cash provided by operating activities:		
Depreciation	**2,937,601**	2,333,791
Amortization of deferred financing costs	**36,873**	36,873
Non-operating cash contributions from capital campaign	**-**	(558,950)
Net realized and unrealized (gains) losses on investments	**(1,870,571)**	753,733
Change in fair value of beneficial interest in trusts	**(20,685)**	6,431
Net gain on sale of property and equipment	**(10,418)**	(42,100)
Contributions of marketable securities	**(1,736)**	-
Change in fair value of interest rate swaps	**497,409**	(197,137)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	**61,049**	(89,780)
Prepaid expenses	**(10,615)**	(5,434)
Increase (decrease) in:		
Accounts payable	**136,755**	(110,099)
Accrued expenses	**64,897**	158,878
Deferred revenue	**(89,048)**	188,917
Net cash provided by operating activities	**2,937,574**	2,622,679
Cash Flows From Investing Activities		
Purchases of property and equipment	**(2,028,247)**	(11,754,315)
Proceeds from sale of property and equipment	**-**	5,050
Proceeds from sale of investments	**4,332,699**	6,479,128
Purchase of investments	**(3,247,146)**	(3,999,318)
Proceeds from beneficial interest in trusts	**4,435**	6,977
Net cash used in investing activities	**(938,259)**	(9,262,478)
Cash Flows From Financing Activities		
Proceeds from long-term debt	**-**	6,973,030
Principal payments on long-term debt	**(1,430,420)**	(1,124,837)
Principal payments on capital leases	**(359,815)**	(323,490)
Proceeds from capital campaign pledges	**1,131,885**	1,717,349
Net cash provided by (used in) financing activities	**(658,350)**	7,242,052
Increase in cash, cash equivalents and restricted cash	**1,340,965**	602,253
Cash, cash equivalents and restricted cash:		
Beginning	**3,723,189**	3,120,936
Ending	**$ 5,064,154**	$ 3,723,189
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	**$ 749,518**	$ 531,837
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Property and equipment purchases included in accounts payable	**$ -**	$ 1,366,858
Property and equipment financed with capital lease obligation	**$ 454,007**	$ 369,049

See Notes to Financial Statements.

YMCA BUFFALO NIAGARA

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019
(With Summarized Comparative Financial Information for the Year Ended December 31, 2018)

	PROGRAM SERVICES					SUPPORT SERVICES				TOTAL	
	Youth Development	Healthy Living	Social Responsibility	**2019 Total**	2018 Total	Management and General	Fund - Raising	**2019 Total**	2018 Total	**2019**	2018
Salaries	$ 6,828,224	$ 5,048,054	$ 24,614	**$ 11,900,892**	$ 10,665,091	$ 1,369,554	$ 204,885	**$ 1,574,439**	$ 1,538,888	**$ 13,475,331**	$ 12,203,979
Employee benefits	407,692	432,411	3,671	**843,774**	754,863	310,400	39,748	**350,148**	338,200	**1,193,922**	1,093,063
Payroll taxes	661,270	490,332	2,447	**1,154,049**	1,134,170	130,184	18,847	**149,031**	126,747	**1,303,080**	1,260,917
Total salaries and related expenses	7,897,186	5,970,797	30,732	**13,898,715**	12,554,124	1,810,138	263,480	**2,073,618**	2,003,835	**15,972,333**	14,557,959
Purchased services	61,330	153,094	142	**214,566**	96,074	600,869	11,021	**611,890**	581,419	**826,456**	677,493
Supplies	959,463	369,666	2,919	**1,332,048**	1,319,260	14,950	24,135	**39,085**	44,055	**1,371,133**	1,363,315
Telephone	66,380	58,152	292	**124,824**	113,616	14,152	410	**14,562**	11,175	**139,386**	124,791
Postage and shipping	16,752	23,287	1,360	**41,399**	50,648	3,346	3,583	**6,929**	7,373	**48,328**	58,021
Occupancy	1,275,447	1,128,960	10,167	**2,414,574**	2,261,601	210,153	1,050	**211,203**	198,765	**2,625,777**	2,460,366
Equipment rental and maintenance	146,278	116,208	534	**263,020**	270,464	35,535	4,587	**40,122**	29,538	**303,142**	300,002
Advertising and promotion	129,044	178,188	91	**307,323**	363,761	14,231	2,121	**16,352**	13,755	**323,675**	377,516
Travel	181,656	32,319	135	**214,110**	237,087	34,753	2,581	**37,334**	20,171	**251,444**	257,258
Training and meetings	38,199	36,482	89	**74,770**	84,540	54,458	23,340	**77,798**	62,881	**152,568**	147,421
Membership dues	162,369	193,395	623	**356,387**	328,099	43,369	2,225	**45,594**	36,432	**401,981**	364,531
Finance costs	361,092	811,252	463	**1,172,807**	936,166	10,094	-	**10,094**	7,811	**1,182,901**	943,977
Miscellaneous	32,384	69,807	1,113	**103,304**	115,957	10,987	-	**10,987**	13,287	**114,291**	129,244
Total expenses before depreciation	11,327,580	9,141,607	48,660	**20,517,847**	18,731,397	2,857,035	338,533	**3,195,568**	3,030,497	**23,713,415**	21,761,894
Depreciation	1,105,074	1,817,708	9,071	**2,931,853**	2,322,336	5,748	-	**5,748**	11,455	**2,937,601**	2,333,791
	$ 12,432,654	$ 10,959,315	$ 57,731	**$ 23,449,700**	$ 21,053,733	$ 2,862,783	$ 338,533	**$ 3,201,316**	$ 3,041,952	**$ 26,651,016**	$ 24,095,685

Note 1. Nature of the Association and Significant Accounting Policies

Nature of the Association:

Young Men's Christian Association Buffalo Niagara (d/b/a YMCA Buffalo Niagara) (YMCA or the Association) is a nonprofit organization with the following mission statement:

> "YMCA Buffalo Niagara is a charitable, community-based organization committed to providing programs designed to build a healthy spirit, mind and body for all."

The Association's goal is to advance its cause of strengthening the 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 our neighbors, the YMCA enables youth, adults, families and communities to be healthy, confident, connected and secure.

Program activities:

A summary of the Association's significant program activities follows:

Youth Development – The YMCA is committed to nurturing the potential of every child and teen. We believe that all children 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. YMCA programs, such as school age child care, summer camp and preschool education, 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 an obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment.

Social Responsibility – The 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 the senior citizen center, volunteer service programs, and CPR & First Aid training, 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 are not able to participate.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

YMCA of the USA:

The Association is a member of the National Council of Young Men's Christian Associations of the United States of America. The Association is an independent autonomous organization, recognized as a member of, but separate from the National Council. The Association must meet annual certification requirements to remain a member.

A summary of the Association's significant accounting policies follows:

Basis of accounting:

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

Basis of presentation:

The Association records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, a board-designated endowment.
>
> Net assets with donor restrictions – Net assets subject to donor-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.

During 2019, the Association adopted Accounting Standards Update 2016-18, *Statement of Cash Flows, Restricted Cash* (ASU 2016-18). ASU 2016-18 requires the statement of cash flows to present the change during the period in total cash flows which includes activities related to cash, cash equivalents and amounts generally described as restricted cash. ASU 2016-18 has been adopted on a retrospective basis resulting in adjustments to the amounts originally reported on the 2018 statement of cash flows. The adoption of ASU 2016-18 had no impact on the Association's 2019 or 2018 net assets or changes therein.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Basis of presentation (continued):

The following statement of cash flows line items for the year ended December 31, 2018 have been adjusted in accordance with ASU 2016-18:

	As Originally Reported	As Adjusted	Effect of ASU 2016-18 Increase (Decrease)
Cash and cash equivalents (and restricted cash) beginning	$ 855,069	$ 3,120,936	$ 2,265,867
Transfer from restricted cash (including amounts designated for new facility and other capital improvements)	$ 2,265,867	$ -	$ (2,265,867)
Net cash and cash equivalents used in investing activities	$ (6,996,611)	$ (9,262,478)	$ (2,265,867)
Increase in cash and cash equivalents (and restricted cash)	$ 2,868,120	$ 602,253	$ (2,265,867)

The Association did not have restricted cash at December 31, 2019 and 2018 or during 2019.

Operating activities:

Operating activities reflect all transactions increasing or decreasing net assets except those contributions received for long-term investment purposes, investment returns, changes in the fair value of the interest rate swaps, and gains/losses from sale of property and equipment.

Public support:

The Association receives public support in the form of contributions through its annual campaign, special events, the United Way and other fundraising efforts. Contributions are received from individuals, foundations and corporations to support specific programming activities, capital projects, general operations, and endowments.

On January 1, 2019, the Association adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) using the modified retrospective transition method. ASU 2018-08 provided clarified guidance on evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958 Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance, and determining whether the contribution is conditional. The Association determined that its accounting policies prior to the adoption of ASU 2018-08 were consistent with the clarification provided by ASU 2018-08. Accordingly, there was no impact to the Association’s financial statements as a result of adopting ASU 2018-08.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Public support (continued):

All contributions are considered to be available for unrestricted use unless specifically restricted by a donor. Unconditional contributions not subject to a pledge agreement with the Association are recorded as revenue when received. The Association records unconditional promises to give as contribution revenues and pledges receivable, net of an estimate for uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional contributions containing a measurable performance or other barrier and right of return for contributions received are reported as deferred revenue, and for conditional promises to give are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

The Association reports gifts of land, buildings and equipment at estimated fair value as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions in the statement of activities and changes in net assets.

Revenue recognition and deferred revenue:

On January 1, 2019, the Association adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09) and all its related amendments to all reciprocal exchange transactions using the modified retrospective method and determined that a cumulative effect adjustment to net assets was not required. The 2018 summarized comparative information has not been restated and continues to be reported under the accounting standards in effect prior to the adoption of ASU 2014-09. The Association's revenues constituting reciprocal exchange transactions consist of membership, program and governmental fees.

Membership and program service fees consist of revenues earned from providing health, fitness, education, childcare, summer camp and recreation programs to families and individuals. Certain programs are also available to the public. Membership and program service fees are specific to distinct performance obligations that are satisfied over time. Accordingly, revenue is recognized ratably on a straight-line basis in an amount that reflects the consideration the Association expects to be entitled to, net of financial assistance provided (Note 15), in exchange for providing services. Financial assistance represents deductions from gross membership and program service fees for individuals that demonstrate financial need and is estimated in the same period the revenue is recognized using the most likely amount method based on the terms of the financial assistance. Membership and program service fees are generally due in advance of the membership or program service period and are reported as deferred revenue until the membership or program service period occurs.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Revenue recognition and deferred revenue (continued):

Contracts with governmental agencies consist of revenues earned from providing education, recreation and child care programs primarily to school districts. Contracts with governmental agencies are recognized as revenue over time as the distinct performance obligations are satisfied, which is generally as related expenditures are incurred over the service period. Advances from governmental agencies are reported as deferred revenue when received.

Revenues may be affected by consumer recreation and fitness trends as well as general economic conditions. There is generally not an extension of credit and, therefore, no financing component to revenue transactions.

Donated services:

The Association receives services from a large number of volunteers who give significant amounts of their time to the programs of the Association. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure their value.

Cash and cash equivalents:

The Association reports all cash accounts as cash and cash equivalents on the accompanying statement of financial position. The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to its cash balances.

Receivables:

Receivables include amounts for trade accounts, fundraising pledges, and investment income. Receivables are carried at their original amount less an estimate made for doubtful receivables based on a periodic review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Receivables are considered to be past due if any portion of the balance is outstanding past its original due date. The Association does not accrue interest on unpaid receivables.

Investments:

The Association has investments in debt, marketable equity securities and money market funds. Investments are reported at fair value, with realized and unrealized holding gains and losses reported in the statement of activities and changes in net assets. Interest on debt securities and money market funds is recognized in income as earned, and dividends on marketable equity securities are recognized in income when declared. Realized gains and losses are determined on the basis of the specific securities sold.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Beneficial interest in trusts:

In the absence of donor-imposed conditions, the Association recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits. The Association is an income beneficiary under the trusts, the corpus of which is not controlled by the Association. Although the Association has no control over the administration of the investment of the trusts' assets, the fair value of the Association's beneficial interest is recognized in the statement of financial position. The Association values the beneficial interest in trusts based upon the Association's interest in the underlying net assets of the trusts reported at fair value by the trustees.

Property and equipment:

Property and equipment are stated at cost. The Association capitalizes items that are over $5,000 and provide future value. Depreciation is computed on the straight-line basis over the following estimated useful lives:

	Years
Buildings and improvements	5 - 40
Equipment	3 - 20

Expenditures for maintenance and repairs are charged to expense as incurred.

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

Capital leases:

Leases which meet the capital lease criteria are recorded as assets and obligations at the lesser of the present value of future rental payments or the fair market value of the leased property and equipment at the inception of the lease. Amortization of property and equipment under capital leases is provided using the straight-line method over the terms of the related lease and is included in depreciation expense.

Interest rate swaps:

The interest rate swaps are recorded in the statement of financial position at their fair value. Changes in fair value are recorded in the statement of activities and changes in net assets.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Deferred financing costs:

Financing costs related to debt instruments are deferred and presented in the statement of financial position as a direct reduction from the carrying amount of the related debt. Amortization of deferred financing costs is presented as a component of interest expense.

Deferred naming rights revenue:

In 2011, the Association received a $2,000,000 conditional sponsorship for naming rights of the Independent Health Family Branch YMCA. Sponsorship revenue of $1,400,000 was contingent on the construction of the facility and $600,000 was contingent on the facility remaining open for ten years. The YMCA recognized $1,400,000 as revenue in 2013 when the building was placed in service. The balance of $600,000 remains in the accompanying statement of financial position as deferred naming rights revenue until the final condition is resolved, which is expected to occur in 2023.

Endowments:

The Association’s endowments consist of donor-restricted and board-designated endowment funds. The donor-restricted endowment is established through donor-restricted contributions. The Board of Trustees of the Association has set aside funds through unrestricted donor contributions representing a portion of the Association’s net assets without donor restrictions in a board-designated endowment.

The New York Prudent Management of Institutional Funds Act (NYPMIFA or the Act), New York’s version of the Uniform Prudent Management of Institutional Funds Act, governs the management and investment of funds held by not-for-profit corporations and other institutions. The Association has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds which is prudent, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) 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. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Association in a manner consistent with the standards of prudence prescribed by NYPMIFA.

When making a determination to appropriate or accumulate donor-restricted endowment funds, the Association considers the following: the duration and preservation of the endowment fund; the purposes of the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Association; where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Association; and the investment policies of the Association.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Endowments (continued):

From time-to-time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or relevant law requires the Association to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported in net assets with donor restrictions. The reporting of such deficiencies as a reduction of Association-controlled net assets with donor restrictions does not legally create an affirmative obligation of the Association to restore the fair value of those funds from net assets without donor restrictions. Deficiencies of this nature amounted to $14,036 and $69,390 at December 31, 2019 and 2018, respectively.

The Association, under the direction of the Board of Trustees, has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Association while seeking to maintain the purchasing power of the endowment assets after considering the effects of inflation. Under these policies, endowment assets are invested in a manner that is intended to achieve returns, net of fees, in excess of a relevant balanced benchmark, as defined by the target asset allocation, while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

The Board of Trustees will review the fund's performance at least annually and will appropriate for distribution an amount it feels is appropriate. Annual endowment fund spending is expected to be no more than 5% of the average market value for the last twenty quarters, unless modified and approved by a majority of the Board of Trustees. All endowment expenditures will be made in accordance with any donor restrictions or board designations.

Income taxes:

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

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

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Functional allocation of expenses:

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting function of the Association. Those expenses include personnel, occupancy, finance costs and depreciation. Expenses are allocated to the program or supporting functions based on the revenue produced by each program or function.

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.

Summarized comparative financial information:

The statements of activities and changes in net assets and functional expenses include prior year summarized comparative financial information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassification:

The Association reclassified 2018 accumulated investment losses on amounts to be retained in perpetuity in the amount of $69,390 that were previously reported as a reduction of board designated endowment net assets without donor restrictions to net assets with donor restrictions. This reclassification had no impact on 2018 total net assets or changes therein.

Subsequent events:

Management has evaluated subsequent events through April 21, 2020, which is the date the financial statements were available to be issued.

Note 2. Liquidity Management

The Association regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on board-designated endowment investments not required for annual operations. As of December 31, 2019, the Association has financial assets consisting of cash, cash equivalents and receivables amounting to $5,810,012 to meet annual operating needs for the 2020 fiscal year. The Association has additional sources of liquidity available, including a line of credit (Note 7) and board-designated endowment investments (Note 13), which are subject to appropriation by the Board of Trustees. The Association's revenue bonds (Note 8) require the Association to generally maintain a minimum of $6,500,000 of cash and investments not subject to donor restrictions.

Note 3. Receivables

Receivables at December 31, 2019 and 2018 are summarized as follows:

	2019	2018
Trade accounts	**$ 386,713**	$ 450,858
Annual campaign pledges	**257,834**	259,552
Capital campaign pledges	**78,775**	1,210,660
Interest and dividends	**22,536**	17,722
	$ 745,858	$ 1,938,792

Receivables are presented net of an allowance for doubtful accounts of $111,779 and $164,996 at December 31, 2019 and 2018, respectively.

Note 4. Investments

Investments at December 31, 2019, stated at fair value, consist of the following:

	Cost	**Net Unrealized Gain**	**Fair Value**
Common stocks	**$ 3,153,926**	**$ 2,066,449**	**$ 5,220,375**
Bonds	**1,628,067**	**70,695**	**1,698,762**
Mutual funds	**4,391,185**	**130,350**	**4,521,535**
Exchange traded funds	**448,769**	**55,980**	**504,749**
Money market funds	**421,805**	**-**	**421,805**
	$ 10,043,752	**$ 2,323,474**	**$ 12,367,226**

Investments at December 31, 2018, stated at fair value, consist of the following:

	Cost	Net Unrealized Gain (Loss)	Fair Value
Common stocks	$ 3,082,855	$ 882,428	$ 3,965,283
Bonds	1,769,625	(22,170)	1,747,455
Mutual funds	3,741,055	(394,999)	3,346,056
Exchange traded funds	448,768	11,403	460,171
Money market funds	2,061,507	-	2,061,507
	$ 11,103,810	$ 476,662	$ 11,580,472

Note 4. Investments (Continued)

A summary of net investment income (loss) for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Unrealized gain (loss)	**$ 1,846,812**	$ (1,102,126)
Realized gain on sale of securities	**23,759**	348,393
Interest and dividend income	**336,946**	383,555
Investment expenses	**(64,450)**	(69,734)
Total investment income (loss), net	**$ 2,143,067**	$ (439,912)

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the financial position of the Association.

Note 5. Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority level to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- 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 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.

Note 5. Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for the Association's assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018:

Common stocks: Valued at the daily closing price as reported on public exchanges.

Bonds: Valued at approximate fair value as determined by a service provider to the bond custodian using a pricing model.

Mutual funds: Mutual funds, except for money market mutual funds, are valued at the daily closing price as reported by the fund. Mutual funds owned by the Association are open-end funds that are registered with the Securities and Exchange Commission (SEC). These funds are required to publish their daily net asset value (NAV) and to transact at that price. The Association deems funds owned by them to be actively traded.

Exchange traded funds: Exchange traded funds (ETF) are traded at quoted prices throughout the day and valued at the end of the day at NAV as determined by the fund based upon the fair value of the underlying investments held by the fund less its liabilities. The ETFs are registered with the SEC and are deemed to be actively traded.

Money market funds: Money market funds generally transact at $1.00 NAV as reported by the fund and is based on the amortized cost of the underlying securities of the fund. The $1.00 NAV is considered to be the price to sell the money market fund and its estimated fair value. The Association's investments in money market funds have a daily redemption frequency. There are no required redemption notice periods and there are no unfunded commitments at December 31, 2019 and 2018.

Beneficial interest in trusts: Valued based upon the Association's interest in the fair value of the underlying trust assets as reported by the trustees. The underlying assets of the trusts are primarily invested in equity securities and mutual funds that are valued daily on public exchanges.

Interest rate swaps: Valued by the issuing financial institution using a proprietary market-based model.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association 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.

Note 5. Fair Value Measurements (Continued)

Financial instruments at December 31, 2019, stated at fair value, consist of the following:

	Level 1	Level 2	Level 3	Total
Investments:				
Common stocks:				
Consumer discretionary	$ 502,985	$ -	$ -	$ 502,985
Consumer staples	528,510	-	-	528,510
Energy	218,002	-	-	218,002
Financials	701,315	-	-	701,315
Healthcare	769,666	-	-	769,666
Industrials	518,452	-	-	518,452
Information technology	1,212,995	-	-	1,212,995
Materials	132,990	-	-	132,990
Real estate	175,261	-	-	175,261
Telecom services	354,460	-	-	354,460
Utilities	105,739	-	-	105,739
	5,220,375	-	-	5,220,375
Bonds:				
Corporate short-term	-	452,641	-	452,641
Corporate medium-term	-	350,048	-	350,048
International	-	257,392	-	257,392
Structured notes	-	638,681	-	638,681
	-	1,698,762	-	1,698,762
Mutual funds:				
International large-cap	1,218,093	-	-	1,218,093
International small-cap	579,526	-	-	579,526
Domestic large-cap	437,740	-	-	437,740
Domestic mid-cap	356,630	-	-	356,630
Domestic small-cap	210,515	-	-	210,515
Bond	715,140	-	-	715,140
Alternative	1,003,891	-	-	1,003,891
	4,521,535	-	-	4,521,535
Exchange traded funds:				
Domestic small-cap	144,818	-	-	144,818
Bonds	359,931	-	-	359,931
	504,749	-	-	504,749
Money market funds	-	421,805	-	421,805
	$ 10,246,659	$ 2,120,567	$ -	$ 12,367,226
Beneficial interest in trusts	$ -	$ -	$ 139,493	$ 139,493
Interest rate swaps	$ -	$ (468,283)	$ -	$ (468,283)

Note 5. Fair Value Measurements (Continued)

Financial instruments at December 31, 2018, stated at fair value, consist of the following:

	Level 1	Level 2	Level 3	Total
Investments:				
Common stocks:				
Consumer discretionary	$ 382,788	$ -	$ -	$ 382,788
Consumer staples	405,091	-	-	405,091
Energy	205,376	-	-	205,376
Financials	478,792	-	-	478,792
Healthcare	675,910	-	-	675,910
Industrials	396,053	-	-	396,053
Information technology	756,478	-	-	756,478
Materials	124,431	-	-	124,431
Real estate	126,874	-	-	126,874
Telecom services	310,574	-	-	310,574
Utilities	102,916	-	-	102,916
	3,965,283	-	-	3,965,283
Bonds:				
Corporate short-term	-	574,786	-	574,786
Corporate medium-term	-	346,931	-	346,931
International	-	273,255	-	273,255
Structured notes	-	552,483	-	552,483
	-	1,747,455	-	1,747,455
Mutual funds:				
International large-cap	509,069	-	-	509,069
International small-cap	382,282	-	-	382,282
Domestic large-cap	514,418	-	-	514,418
Domestic mid-cap	290,095	-	-	290,095
Domestic small-cap	164,743	-	-	164,743
Bond	683,735	-	-	683,735
Alternative	691,230	-	-	691,230
Real estate	110,484	-	-	110,484
	3,346,056	-	-	3,346,056
Exchange traded funds:				
Domestic small-cap	119,410	-	-	119,410
Bonds	340,761	-	-	340,761
	460,171	-	-	460,171
Money market funds	-	2,061,507	-	2,061,507
	$ 7,771,510	$ 3,808,962	$ -	$ 11,580,472
Beneficial interest in trusts	$ -	$ -	$ 123,243	$ 123,243
Interest rate swaps	$ -	$ 29,126	$ -	$ 29,126

Note 5. Fair Value Measurements (Continued)

The following table sets forth a summary of changes in the fair value of Level 3 assets for the years ended December 31, 2019 and 2018:

	2019	2018
Balance, beginning of year	**$ 123,243**	$ 136,651
Change in fair value	**20,685**	(6,431)
Distributions	**(4,435)**	(6,977)
Balance, end of year	**$ 139,493**	$ 123,243

Note 6. Property and Equipment

Property and equipment at December 31, 2019 and 2018 consist of the following:

	2019	2018
Land	**$ 2,930,572**	$ 2,930,572
Buildings and improvements	**55,234,731**	54,882,476
Equipment	**4,711,087**	4,508,571
Construction-in-progress	**154,000**	41,099
	63,030,390	62,362,718
Less accumulated depreciation	**22,430,166**	19,950,707
Total property and equipment, net	**$ 40,600,224**	$ 42,412,011

Note 7. Revolving Credit

The YMCA has a bank revolving credit facility with a maximum borrowing capacity of $1,000,000 at December 31, 2019. Borrowed amounts bear interest at the prime rate. There were no outstanding borrowings on this facility at either December 31, 2019 or 2018.

Note 8. Long-Term Debt

Long-term debt at December 31, 2019 and 2018 consists of the following:

	2019	2018
Civic facility revenue bond with a bank due in monthly principal and interest payments of $88,000 through July 2033. Interest is variable and is equal to thirty-day LIBOR plus 2.15% times 67% (2.58% at December 31, 2019).	**$ 12,850,261**	$ 13,688,643
Less deferred financing costs	**261,658**	280,921
	12,588,603	13,407,722
Civic facility revenue bond with a bank due in monthly principal and interest payments of $49,995 through March 2039. Variable interest is equal to thirty-day LIBOR plus 2.15% times 65% (2.50% at December 31, 2019). Monthly interest only payments were due through March 2019.	**9,407,962**	9,700,000
Less deferred financing costs	**337,518**	355,128
	9,070,444	9,344,872
Business loan agreement with a bank due in monthly principal installments of $25,000 through February 2022 plus variable interest at thirty-day LIBOR plus .75% (2.44% at December 31, 2019).	**625,000**	925,000
	22,284,047	23,677,594
Less current maturities	**1,549,099**	1,430,419
	$ 20,734,948	$ 22,247,175

The revenue bonds are subject to certain covenants which, among other things, require the Association to maintain a certain amount of the following: net assets; debt service coverage, and unrestricted cash and investments. At December 31, 2019, the Association was in compliance with these requirements. Long-term debt is secured by a mortgage on property in Amherst, West Seneca, and Lockport, New York along with property and equipment at two other branches.

Aggregate maturities of long-term debt at December 31, 2019 are as follows:

Years ending December 31,	
2020	$ 1,549,099
2021	1,571,916
2022	1,320,156
2023	1,318,832
2024	1,342,950
Thereafter	15,780,270
Total	$ 22,883,223

Note 8. Long-Term Debt (Continued)

The Association maintains interest rate swap agreements with a bank to eliminate the risk of changes in interest rates on the civic facility revenue bonds. The notional amount for one swap agreement equals the outstanding principal balance at December 31, 2019 and 2018 of $12,850,261 and $13,688,643, respectively, and effectively changes the Association's interest rate exposure for the original bond to a fixed rate of 3.00% through 2023. The notional amount for the second swap agreement at December 31, 2019 and 2018 is $7,677,972 and $8,000,000, respectively, and effectively changes the Association's interest rate exposure to a fixed rate of 3.05% through 2028.

The Association is exposed to credit loss in the event of non-performance by the counterparties to the interest rate swap agreements; however, the Association does not anticipate such non-performance. The valuation of the interest rate swap agreements resulted in a liability of ($468,283) and an asset of $29,126 as of December 31, 2019 and 2018, respectively.

Interest expense amounted to $780,971 and $592,075 for the years ended December 31, 2019 and 2018, respectively. Interest expense is included in finance costs in the accompanying statement of functional expenses.

Note 9. Capital Leases

The Association maintains various capital lease agreements for equipment. Capital lease obligations at December 31, 2019 and 2018 consist of the following:

	2019	2018
Equipment lease payable to a bank, due in aggregate fixed monthly installments of $13,709, including interest of 5.50% expiring through 2022.	**$ 347,412**	$ -
Equipment lease payable to a bank, due in aggregate fixed monthly installments of $10,935, including interest of 4.24% expiring through 2021.	**138,704**	261,213
Equipment lease due in 2020.	**16,225**	111,313
Equipment leases paid in 2019.	**-**	35,623
	502,341	408,149
Less current maturities	**293,155**	253,221
	$ 209,186	$ 154,928

Note 9. Capital Leases (Continued)

Future minimum payments required on capital lease obligations, including interest, at December 31, 2019 are as follows:

Years ending December 31,		
2020	$	312,039
2021		175,446
2022		41,127
		528,612
Less amount representing interest		26,271
Present value of net minimum lease payments	$	502,341

Equipment held under capital leases at December 31, 2019 and 2018 consists of the following:

		2019		2018
Equipment cost	**$**	**1,174,968**	$	1,110,979
Accumulated depreciation		**(506,561)**		(548,633)
Net book value	**$**	**668,407**	$	562,346

Note 10. Operating Leases – Lessee

The Association leases a building and various equipment under non-cancelable operating lease agreements requiring various minimum payments through 2022.

Future minimum payments, by years and in the aggregate, under non-cancelable operating leases at December 31, 2019 are as follows:

Years ending December 31,		
2020	$	315,202
2021		50,651
2022		33,435
Total	$	399,288

Rent expense, including rent under non-cancelable operating leases and rent under month-to-month rental agreements, amounted to $577,202 and $540,243 for the years ended December 31, 2019 and 2018, respectively, and is included in occupancy and equipment costs in the statement of functional expenses.

Note 11. Operating Leases – Lessor

The Association entered into two non-cancelable operating lease agreements for a portion of one of its branches through February 2023. Future lease receipts are approximately $74,000 per year. Additionally, the Association rents certain facilities on a daily or longer-term basis that are generally cancelable. Income for all rental activities was $89,836 and $286,834 for the years ended December 31, 2019 and 2018, respectively.

Note 12. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2019 and 2018 are available for the following purposes or periods:

	2019	2018
Subject to the passage of time:		
Capital campaign receivables restricted for Lockport facility.	**$ 78,775**	$ 1,210,660
Subject to expenditure for a specified purpose:		
Contributions received to fund specific program operations.	**70,407**	83,934
Restricted in perpetuity with income subject to appropriation or expenditure:		
Donor-restricted endowment (Note 13) - investments in perpetuity at the original gift amount plus accumulated gains or losses, the income from which is expendable, once approved, to support specific YMCA branch operations.	**1,323,015**	1,267,661
Beneficial interest in trusts, the income from which is expendable, once approved, to support general YMCA operations and programming in the City of Niagara Falls.	**139,493**	123,243
	$ 1,611,690	$ 2,685,498

During 2019, net assets of $1,145,412 were released from donor restrictions primarily through satisfaction of time restrictions.

Note 13. Endowment Funds

The Association's endowment consists of donor-restricted endowment funds and funds that have been designated by the Board of Trustees to function as an endowment.

Changes in endowment net assets and net asset composition as of and for the years ended December 31, 2019 and 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2017	$ 13,476,964	$ 1,337,051	$ 14,814,015
Investment return:			
Net loss on investments	(684,343)	(69,390)	(753,733)
Interest and dividends	383,555	-	383,555
Investment expenses	(69,734)	-	(69,734)
	(370,522)	(69,390)	(439,912)
Appropriation of endowment net assets for expenditure	(2,827,266)	-	(2,827,266)
Cash contributions	33,635	-	33,635
Endowment net assets, December 31, 2018	10,312,811	1,267,661	11,580,472
Investment return:			
Net gain on investments	**1,815,217**	**55,354**	**1,870,571**
Interest and dividends	**336,946**	**-**	**336,946**
Investment expenses	**(64,450)**	**-**	**(64,450)**
	2,087,713	**55,354**	**2,143,067**
Appropriation of endowment net assets for expenditure	**(1,358,049)**	**-**	**(1,358,049)**
Donated securities	**1,736**	**-**	**1,736**
Endowment net assets, December 31, 2019	**$ 11,044,211**	**$ 1,323,015**	**$ 12,367,226**

Note 13. Endowment Funds (Continued)

Endowment net asset composition by type of fund as of December 31, 2019 and 2018 are as follows:

	2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Restricted in perpetuity	**$ -**	**$ 1,337,051**	**$ 1,337,051**
Accumulated investment losses on amounts to be retained in perpetuity	**-**	**(14,036)**	**(14,036)**
Board designated endowment fund	**11,044,211**	**-**	**11,044,211**
	$ 11,044,211	**$ 1,323,015**	**$ 12,367,226**

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Restricted in perpetuity	$ -	$ 1,337,051	$ 1,337,051
Accumulated investment losses on amounts to be retained in perpetuity	-	(69,390)	(69,390)
Board designated endowment fund	10,312,811	-	10,312,811
	$ 10,312,811	$ 1,267,661	$ 11,580,472

The aggregate fair value and cost of underwater donor-restricted endowment fund investments at December 31, 2019 and 2018 is as follows:

	2019	2018
Fair value	**$ 233,789**	$ 633,130
Cost	**247,825**	702,520
	$ (14,036)	$ (69,390)

Note 14. Special Events

As part of its fundraising efforts, the Association holds periodic special events. Revenue from special events is recognized in the period in which the event is held and is presented net of direct expenses in the statement of activities and changes in net assets. Special event revenue and direct expenses for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Revenue	**$ 559,578**	$ 647,419
Direct expenses	**346,014**	(358,820)
Special event revenue, net	**$ 213,564**	$ 288,599

Note 15. Financial Assistance Provided

Gross membership and program service fees along with financial assistance provided for the years ended December 31, 2019 and 2018 amounted to:

	2019	2018
Gross membership fees	**$ 13,251,399**	$ 11,107,368
Less financial assistance provided	**392,894**	342,970
Membership fees, net	**$ 12,858,505**	$ 10,764,398
Gross program service fees	**$ 10,629,846**	$ 10,153,306
Less financial assistance provided	**1,009,921**	1,056,233
Program service fees, net	**$ 9,619,925**	$ 9,097,073

Note 16. Retirement Plans

The Association participates in the YMCA Retirement Fund Retirement Plan (the Retirement Plan) which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the IRC, as amended, and The YMCA Retirement Fund Tax-Deferred Savings Plan (the Tax-Deferred Savings Plan) which is a retirement income account plan as defined in Section 403(b)(9) of the IRC. Both plans are sponsored by The Young Men's Christian Association Retirement Fund (the Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York. The Fund is organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with an agreement between the Fund and the Association, contributions to the Retirement Plan are a percentage of the participating employees' salaries. These amounts are paid by the Association. Total cash contributions charged to retirement costs were $640,207 and $597,960 for the years ended December 31, 2019 and 2018, respectively.

Note 16. Retirement Plans (Continued)

Contributions to the Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution to this plan.

Note 17. Related Parties

The Association pays dues to YMCA of the USA and Alliance of New York State YMCAs. Dues paid to YMCA of the USA for the years ended December 31, 2019 and 2018 were $325,000 and $300,000, respectively. Dues paid to Alliance of New York State YMCAs for the years ended December 31, 2019 and 2018 were $29,166 and $25,822, respectively.

Note 18. Contingencies

In the normal course of business, various legal actions and claims are pending or may be instituted or asserted in the future against the Association. On March 3, 2020, a complaint was filed against the Association and the Alliance of New York State YMCAs, Inc. alleging abuse for a period of time during the 1990s by an alleged former employee of the Association. The plaintiff seeks punitive damages from the Association which have not been quantified. The Association is investigating the claim but denies liability. The Association is also investigating whether any insurance policies from the relevant time period provide coverage. At this time, management is unable to reasonably estimate the ultimate effect of an adverse decision resulting from this claim on the Association's financial position, results of operations or cash flows.

Note 19. Uncertainties from Coronavirus Pandemic

On March 13, 2020, the President of the United States of America declared a national state of emergency related to the health pandemic from the COVID-19 virus (Coronavirus Pandemic). As a result of the Coronavirus Pandemic, certain restrictions by governmental agencies including the closure of non-essential business, as defined, have been imposed. On March 15, 2020, the Association closed all locations for general programming and began providing certain limited childcare services that were deemed essential. Also, local school districts closed resulting in the Association ceasing school age child care programming. As a result of the closures, some Association members canceled or temporarily suspended their memberships resulting in a decline of membership revenue. The closure is expected to be temporary but the ultimate duration is unknown. The situation is continuously changing and additional impacts to the Association may arise. As a result of these developments, the Association cannot reasonably estimate the ultimate impact of the Coronavirus Pandemic but expects a material adverse impact on its financial position, results of operations and cash flows.

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