YOUNG MEN’S CHRISTIAN ASSOCIATION OF GREATER BOSTON, INC.

(D.B.A. YMCA of Greater Boston)

Consolidated Financial Statements

December 31, 2020 and 2019

(With Independent Auditors’ Report Thereon)

KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Directors
Young Men's Christian Association of
Greater Boston, Inc.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Young Men's Christian Association of Greater Boston, Inc. (the Association), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the 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 U.S. generally accepted accounting principles.

KPMG LLP

Boston, Massachusetts
May 21, 2021

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BOSTON, INC.

(D.B.A. YMCA of Greater Boston)

Consolidated Statements of Financial Position

December 31, 2020 and 2019

Assets	**2020**	**2019**
Cash and cash equivalents	$ 8,650,340	9,949,595
Accounts receivable, net (note 3)	5,882,125	3,160,791
Contributions receivable, net (note 4)	146,878	160,478
Investments (notes 6 and 7)		
Other investments	18,330,740	288,770
Endowment	18,622,599	16,489,671
Beneficial interest in perpetual trusts (note 7)	965,929	867,861
Property, plant, and equipment, net (note 8)	110,822,424	114,440,786
Other assets	415,368	420,005
Total assets	$ 163,836,403	145,777,957
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 9,986,336	4,175,198
Deferred revenue	1,406,726	1,593,693
Interest rate swap obligation (note 10)	2,709,327	2,248,163
Note payable (note 10)	1,000,000	—
Mortgages and interest payable (notes 10 and 13)	6,120,155	5,768,291
Bonds payable (note 10)	43,268,408	44,591,346
Total liabilities	64,490,952	58,376,691
Net assets:		
Without donor restrictions	80,642,964	71,938,870
With donor restrictions	18,702,487	15,462,396
Total net assets	99,345,451	87,401,266
Commitments and contingencies (note 11)		
Total liabilities and net assets	$ 163,836,403	145,777,957

See accompanying notes to consolidated financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BOSTON, INC.

(D.B.A. YMCA of Greater Boston)

Consolidated Statement of Activities

Year ended December 31, 2020

		Without donor restrictions	With donor restrictions	Total 2020
Support:				
Sustaining contributions	$	3,550,687	263,855	3,814,542
United Way		52,900	52,900	105,800
Other contributions and special events		4,189,130	2,181,512	6,370,642
Total support		7,792,717	2,498,267	10,290,984
Revenue:				
Program fees, including camping		9,179,961	—	9,179,961
Residence fees and facility rentals		1,016,598	—	1,016,598
Membership dues and joining fees		17,586,275	—	17,586,275
Contract and grant revenues		24,931,044	—	24,931,044
Other revenues		730,339	—	730,339
Investment income used in operations, net (notes 6 and 7)		586,670	—	586,670
Net assets released from restriction (note 9)		802,159	(802,159)	—
Total revenue		54,833,046	(802,159)	54,030,887
Total support and revenue		62,625,763	1,696,108	64,321,871
Expenses:				
Salaries, wages, and other employment costs		35,746,702	—	35,746,702
Contract and professional services		910,807	—	910,807
Supplies, telephone, and postage		11,875,669	—	11,875,669
Occupancy, transportation, and related costs		12,426,039	—	12,426,039
Depreciation and amortization		4,813,918	—	4,813,918
Other costs and expenses		4,641,805	—	4,641,805
Total expenses		70,414,940	—	70,414,940
Operating loss		(7,789,177)	1,696,108	(6,093,069)
Other revenues (expenses) and changes:				
Contributions for long-term investment		18,000,000	38,949	18,038,949
Capital contributions		—	4,800	4,800
Change in fair value of beneficial interest in trusts		—	98,068	98,068
Net assets released from restriction – capital (note 9)		13,800	(13,800)	—
Reinvested return on investments (notes 6 and 7)		219,983	1,415,966	1,635,949
Change in fair value on interest rate swap agreement (note 10)		(461,164)	—	(461,164)
Other		(1,279,348)	—	(1,279,348)
Total other revenues (expenses)		16,493,271	1,543,983	18,037,254
Total change in net assets		8,704,094	3,240,091	11,944,185
Net assets, beginning of year		71,938,870	15,462,396	87,401,266
Net assets, end of year	$	80,642,964	18,702,487	99,345,451

See accompanying notes to consolidated financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF
GREATER BOSTON, INC.
(D.B.A. YMCA of Greater Boston)

Consolidated Statement of Activities

Year ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total 2019
Support:			
Sustaining contributions	$ 2,586,388	114,816	2,701,204
United Way	57,500	57,500	115,000
Other contributions and special events	3,202,946	959,901	4,162,847
Total support	5,846,834	1,132,217	6,979,051
Revenue:			
Program fees, including camping	30,376,647	—	30,376,647
Residence fees and facility rentals	1,671,134	—	1,671,134
Membership dues and joining fees	27,932,993	—	27,932,993
Contract and grant revenues	12,938,464	—	12,938,464
Other revenues	1,091,500	—	1,091,500
Investment income used in operations, net (notes 6 and 7)	573,643	—	573,643
Net assets released from restriction (note 9)	423,255	(423,255)	—
Total revenue	75,007,636	(423,255)	74,584,381
Total support and revenue	80,854,470	708,962	81,563,432
Expenses:			
Salaries, wages, and other employment costs	46,569,091	—	46,569,091
Contract and professional services	2,994,274	—	2,994,274
Supplies, telephone, and postage	4,865,253	—	4,865,253
Occupancy, transportation, and related costs	14,754,824	—	14,754,824
Depreciation and amortization	5,537,951	—	5,537,951
Other costs and expenses	5,474,454	—	5,474,454
Total expenses	80,195,847	—	80,195,847
Operating income	658,623	708,962	1,367,585
Other revenues (expenses) and changes:			
Contributions for long-term investment	—	1,024,751	1,024,751
Change in fair value of beneficial interest in trusts	—	123,320	123,320
Net assets released from restriction – capital (note 9)	66,200	(66,200)	—
Reinvested return on investments (notes 6 and 7)	296,287	1,856,674	2,152,961
Net gain on forgiveness of debt (note 13)	5,462,387	—	5,462,387
Change in fair value on interest rate swap agreement (note 10)	(406,079)	—	(406,079)
Total other revenues (expenses)	5,418,795	2,938,545	8,357,340
Total change in net assets	6,077,418	3,647,507	9,724,925
Net assets, beginning of year	65,861,452	11,814,889	77,676,341
Net assets, end of year	$ 71,938,870	15,462,396	87,401,266

See accompanying notes to consolidated financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BOSTON, INC.

(D.B.A. YMCA of Greater Boston)

Consolidated Statements of Functional Expenses

Years ended December 31, 2020 and 2019

	2020			
		Support services		
	Program costs	General administration	Fundraising	Total
Salaries, wages, and other employment costs	$ 31,709,573	2,552,344	1,484,785	35,746,702
Contract and professional services	560,894	331,986	17,927	910,807
Supplies, telephone, and postage	11,786,173	72,469	17,027	11,875,669
Occupancy, transportation, and related costs	12,020,950	372,781	32,308	12,426,039
Depreciation and amortization	4,628,250	185,668	—	4,813,918
Other costs and expenses	3,843,588	571,830	226,387	4,641,805
Total	$ 64,549,428	4,087,078	1,778,434	70,414,940

	2019			
		Support services		
	Program costs	General administration	Fundraising	Total
Salaries, wages, and other employment costs	$ 42,267,006	2,764,192	1,537,893	46,569,091
Contract and professional services	2,408,232	548,630	37,412	2,994,274
Supplies, telephone, and postage	4,766,384	75,073	23,796	4,865,253
Occupancy, transportation, and related costs	14,245,075	469,094	40,655	14,754,824
Depreciation and amortization	5,306,315	231,636	—	5,537,951
Other costs and expenses	4,292,320	983,492	198,642	5,474,454
Total	$ 73,285,332	5,072,117	1,838,398	80,195,847

See accompanying notes to consolidated financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BOSTON, INC.
(D.B.A. YMCA of Greater Boston)

Consolidated Statements of Cash Flows

Years ended December 31, 2020 and 2019

		2020	2019
Cash flows from operating activities:			
Change in net assets	$	11,944,185	9,724,925
Adjustments to reconcile change in net assets to net cash provided by operating activities (gains)/losses:			
Realized and unrealized gains on investments		(1,905,255)	(2,426,085)
Depreciation and amortization		4,813,918	5,537,951
Change in fair value on interest rate swap agreement		461,164	406,079
Net gain on sale of building		(169,084)	—
Net gain on forgiveness of debt		—	(5,462,387)
Contributions restricted for long-term investment		(43,749)	(1,024,751)
Changes in assets and liabilities:			
Accounts and contributions receivable		(2,707,734)	(28,442)
Beneficial interest in perpetual trusts		(98,068)	(123,320)
Other assets		4,637	56,858
Accounts payable and accrued expenses		6,169,668	(32,739)
Deferred revenue		(186,967)	647,405
Net cash provided by operating activities		18,282,715	7,275,494
Cash flows from investing activities:			
Purchases of investments		(29,482,891)	(7,395,961)
Proceeds from sale of investments		11,213,249	6,355,564
Changes in funds held by third parties		—	615,600
Proceeds from sale of building, net		686,261	—
Portion of proceeds designated for long-term investment		(500,000)	—
Acquisition of property, plant, and equipment		(1,638,685)	(3,799,863)
Net cash used in investing activities		(19,722,066)	(4,224,660)
Cash flows from financing activities:			
Contributions restricted for long-term investment		43,749	1,024,751
Portion of proceeds designated for long-term investment		500,000	—
Proceeds from note payable		1,000,000	—
Principal repayments of long-term debt		(1,403,653)	(1,353,765)
Net cash provided by/(used by) financing activities		140,096	(329,014)
Net (decrease) increase in cash and cash equivalents		(1,299,255)	2,721,820
Cash and cash equivalents, beginning of year		9,949,595	7,227,775
Cash and cash equivalents, end of year	$	8,650,340	9,949,595
Supplemental disclosure of cash flow information:			
Cash paid for interest	$	1,703,081	1,852,060
Change in construction payable		7,430	661,109

See accompanying notes to consolidated financial statements.

(1) Organization

Young Men's Christian Association, Inc. of Greater Boston (D.B.A. YMCA of Greater Boston), a not-for-profit corporation was established in 1851 in the United States. The YMCA is dedicated to improving the health of mind, body, and spirit of individuals and families in our communities. We welcome men and women, boys and girls of all incomes, faiths and cultures.

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the financial statements of the Young Men's Christian Association of Greater Boston, Inc. and the YMCA of Greater Boston Huntington Avenue Realty Corporation (collectively, the YMCA of Greater Boston or the Association or the Y). See note 13 which discusses the merger of the entities effective December 31, 2019 and final dissolution effective February 2020.

(b) Basis of Presentation

The accompanying consolidated financial statements are presented on the accrual basis of accounting for not-for-profit entities. As such, net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of fees for service and related expenses associated with the core activities of the Association. In addition to these exchange transactions, changes in this category of net assets include investment returns on board designated endowment funds, change in valuations of interest rate swaps, and certain types of philanthropic support.

Such philanthropic support includes gifts without restrictions, including those designated by the Board of Trustees (the Board) to function as endowment funds and restricted gifts and grants whose donor-imposed restrictions were met during the fiscal year, as well as previously restricted gifts and grants for buildings and equipment that have been placed in service.

The Association conducts its many programs at sixteen branches and three resident camps and, in addition, conducts several programs throughout Greater Boston. Costs classified as program costs are the total costs incurred at each location and the costs of area programs. Support costs are the costs of general administration and fundraising function for the Association as a whole and are not allocated to programs.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met by the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and grants for buildings and equipment not yet placed in service, endowment, contribution receivables, and investment returns on endowment funds, and endowments where the principal may be expended upon the passage of a stated period of time. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained by the Association in perpetuity, including gifts and pledges wherein donor stipulates that only the income be made available for general or specific purposes. Other items in this net asset category include beneficial interest trusts for which the ultimate purpose for the proceeds is to be held in perpetuity.

Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year, if any, are discounted at the appropriate rate commensurate with the risks involved.

	2020			2019		
Detail of net assets	**Without donor restrictions**	**With donor restrictions**	**Total**	**Without donor restrictions**	**With donor restrictions**	**Total**
Operating	$ 76,657,150	—	76,657,150	68,673,039	—	68,673,039
Capital projects	—	75,500	75,500	—	75,500	75,500
Program related	—	2,877,395	2,877,395	—	1,134,716	1,134,716
Pledges receivable	—	93,978	93,978	—	102,978	102,978
United way	—	52,900	52,900	—	57,500	57,500
Endowment funds	3,985,814	14,636,785	18,622,599	3,265,831	13,223,841	16,489,672
Beneficial interest trusts	—	965,929	965,929	—	867,861	867,861
Total	$ 80,642,964	18,702,487	99,345,451	71,938,870	15,462,396	87,401,266

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment which amounts to $3,985,814, and $3,265,831 as of December 31, 2020 and 2019, respectively.

(c) Cash and Cash Equivalents

The Association considers all highly liquid investments with original maturities of three months or less to be cash equivalents, except any such investments that are part of the Association's endowment, which are reported as long-term investments.

(d) Beneficial Interest in Perpetual Trusts

Beneficial interest in perpetual trusts are reported at the estimated fair value of the Association's share of the underlying assets and are classified in Level 3 of the fair value hierarchy.

(e) Contributed Services

The Association receives contributed services from volunteers who donate significant time to the Association's activities. The value of such services is not material to the financial statements of the Association.

(f) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, or at market value on the date of receipt for donated property. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows: 40 to 50 years for buildings, 14 to 15 years for building improvements, and 3 to 10 years for equipment, including software. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

(g) Income Taxes

The Association is a nonprofit organization described under Internal Revenue Code (IRC) Section 501(c)(3) and is generally exempt from income taxes under the provisions of IRC Section 501(a). The Association believes it has taken no significant uncertain tax positions.

The YMCA of Greater Boston Huntington Realty Corporation is a nonprofit organization described under Internal Revenue Code (IRC) Section 501(c)(3) and is not subject to federal or state income taxes.

(h) Fair Value Measurements

Investments, beneficial interest in trusts, funds held by third party, and swaps are reported at fair value in the Association's financial statements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Generally Accepted Accounting Principles (GAAP) establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

- Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;
- Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data.
- Level 3 – unobservable inputs that are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Some of the Association's investments are held through limited partnerships for which fair value is estimated using NAVs reported by fund managers as a practical expedient.

(Continued)

(i) Recent Accounting Pronouncements

In November 2016, the FASB issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires the statement of cash flows to explain changes during the period for the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Association adopted ASU 2016-18 in 2020 and applied the changes retrospectively. The statement did not have a material effect on the Association.

(j) Reclassifications

Certain amounts in prior year have been reclassified to conform to the current year presentation.

(k) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

(3) Accounts Receivable

Accounts receivable, net consist of the following at December 31:

		2020	2019
Corporate and grant receivables			
Government contracts	$	3,066,092	213,211
Other corporate and grant receivables		1,420,239	503,938
		4,486,331	717,149
Branch receivables		1,773,294	2,767,492
		6,259,625	3,484,641
Less allowance for doubtful receivables		(377,500)	(323,850)
Accounts receivable, net	$	5,882,125	3,160,791

(4) Contributions Receivable

Contributions receivable, net is summarized as follows at December 31:

		2020	2019
Unconditional promises expected to be collected in:			
Less than one year	$	147,400	161,000
Two to five years		40,000	40,000
		187,400	201,000
Less allowance for uncollectable accounts and present value adjustment		(40,522)	(40,522)
	$	146,878	160,478

Contributions receivable are discounted at rates ranging from 0.72% to 2.69%.

(Continued)

(5) Financial Assets and Liquidity Resources

The following table reflects the Association's financial assets as of December 31, 2020 and 2019 reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other considerations of illiquid assets are perpetual endowments and accumulated earnings net of appropriations within one year or beneficial interests in perpetual trusts.

	2020	2019
Financial assets, at end of year	$ 52,598,611	30,917,166
Less those unavailable for general expenditure within one year, due to:		
Contributions receivable collectible beyond one year	(16,100)	(40,000)
Repayment on line of credit	(1,000,000)	—
COVID 19 deferrals related to unemployment taxes and FICA Tax deferral	(2,640,938)	—
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(75,500)	(75,500)
Perpetual endowments, and accumulated earnings subject to appropriation beyond one year	(14,147,771)	(11,754,505)
Investments held in trust	(965,929)	(867,861)
Board designated:		
Quasi-endowment fund, primarily for long-term investing subject to appropriation beyond one year	(3,858,098)	(4,148,497)
Financial assets available to meet cash needs for general expenditure within one year	$ 29,894,275	14,030,803

As of December 31, 2020 and 2019, the Association has liquid assets on hand to cover 154 and 63 days, respectively, of operating expenses. The Association's practice is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In December 2020, the Association was awarded an unrestricted gift of $18 million. In February 2021, the Association designed $8.2M of the grant to a Board designated account within the Endowment Fund. The balance of the funds is reflected as net assets without donor restrictions.

(6) Investments

(a) Overall Investment Objective

The overall investment objective of the Association is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Association diversifies its investments among various asset classes. Major investment decisions are authorized by the Investment Committee, which oversees the Association's investment program in accordance with established guidelines.

(b) Allocation of Investment Strategies

In addition to traditional stocks and fixed-income securities, the Association may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments, and are valued accordingly. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Moreover, the fair values of the Association's interests in shares or units of these funds, because of liquidity and commitment terms that vary depending on the specific fund or agreement, may differ from the fair value of the funds' underlying net assets.

(c) Basis of Reporting

Investments are reported at estimated fair value. If an investment is held directly by the Association and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in mutual funds registered with the Securities and Exchange Commission are based on share prices reported by the funds as of the last business day of the fiscal year. The Association's interests in alternative investment funds are generally reported at the net asset value (NAV) reported by the fund managers, which is used a practical expedient to estimate the fair value of the Association's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of December 31, 2020 and 2019, the Association had no plans or intentions to sell investments at amounts different from NAV.

The following tables summarize the Association's investments and other assets by major category in the fair value hierarchy as of December 31, 2020 and 2019, as well as related strategy, liquidity and funding commitments.

	Investments measured at NAV	Level 1	Level 2	Total 2020	% of Total
Cash equivalents	$ —	19,256,034	—	19,256,034	52 %
Fixed income	—	336,852	1,544,855	1,881,707	5
Equities	—	13,659,000	—	13,659,000	37
Commodities	—	329,748	—	329,748	1
	—	33,581,634	1,544,855	35,126,489	95
Hedge strategies:					
Long/short	625,830	1,201,020	—	1,826,850	5
Total investments	$ 625,830	34,782,654	1,544,855	36,953,339	100 %

	Investments measured at NAV	Level 1	Level 2	Total 2019	% of Total
Cash equivalents	$ —	458,582	—	458,582	3 %
Fixed income	—	554,230	1,591,169	2,145,399	13
Equities	—	12,251,635	—	12,251,635	73
Commodities	—	169,507	—	169,507	1
	—	13,433,954	1,591,169	15,025,123	90
Hedge strategies:					
Long/short	570,452	1,182,866	—	1,753,318	10
Total investments	$ 570,452	14,616,820	1,591,169	16,778,441	100 %

U.S. Treasuries and registered mutual funds are classified in Level 1 of the fair value hierarchy because their fair values are based on quoted prices for identical securities. The Association's fixed income investments include directly held corporate bonds which although readily marketable are valued using matrix pricing and are classified as Level 2.

(Continued)

(d) Liquidity

Investment liquidity as of December 31, 2020 and 2019 is aggregated in the tables below based on redemption or sale period.

		2020	2019
Daily:			
Cash equivalents	$	19,256,034	458,582
Fixed Income		1,881,707	2,145,399
Equities		13,659,000	12,251,635
Commodities		329,748	169,507
Long/short		1,201,020	1,182,866
Total daily		36,327,509	16,207,989
Semi-annually:			
Long/short		625,830	570,452
Total semi-annually		625,830	570,452
	$	36,953,339	16,778,441

Total return on investments consisted of the following for the years ended December 31:

		2020	2019
Investment return:			
Interest and dividends	$	404,065	382,858
Net realized gains		752,890	131,640
Net unrealized gains		1,152,365	2,294,445
External investment fees		(86,701)	(82,339)
Net return on investments	$	2,222,619	2,726,604

(7) Endowment

The Association's endowment consists of various individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board to function as endowment. Net assets associated with endowment funds, including funds designated by the Board to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Relevant Law

The Association is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Commonwealth of Massachusetts.

Under UPMIFA, the historic-dollar-value threshold is eliminated, and the governing Board has direction to determine appropriate expenditures of a donor-restricted endowment fund in accordance with a robust set of guidelines about what constitutes prudent spending. UPMIFA permits the Association to appropriate for expenditure or accumulate so much of an endowment fund as the Association determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established. Seven criteria are to be used to guide the Association in its yearly expenditure decisions: 1) duration and preservation of the endowment fund; 2) the purposes of the Association and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the Association; and, 7) the investment policy of the Association.

Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below historic dollar value. There is an expectation that, over time, the original gift amount will remain intact. This perspective is aligned with the accounting standards definition that endowment funds are those that must be held in perpetuity even though the historic-dollar-value may be expended on a temporary basis.

The Association has relied upon the Massachusetts Attorney General's interpretation of relevant state law that unappropriated endowment gains should generally be classified as donor-imposed restrictions.

The Association classifies as with donor restriction endowment funds (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns in accordance with the direction of the applicable donor gift instrument or appropriated for spending by the Board.

(b) Investment Policy

Securities and monetary assets accepted or acquired by the endowment fund of the Association are deemed to be permanent funds. These funds shall be invested for the long-term with the basic operating assumptions and guidelines reflecting that perspective. The goal of the Association's investment program is to generate maximum total return from its endowment assets, consistent with acceptable risk levels and the Association need for a predictable level of spendable endowment revenue.

(c) Spending Policy

The Association's investment and spending guidelines limit the amount of total endowment return available for current use. For the years ended December 31, 2020 and 2019, this limit equaled 4% of the previous 12 quarters' fair value of the Association's endowment investments.

Changes in fair value of the Association endowment investments and net assets by type of fund were as follows for the years ended December 31, 2020 and 2019:

	Without donor restrictions	With donor restrictions			Total Funds
		Original gift	Accumulated gains (losses)	Total	
Year ended December 31, 2020:					
Board designated funds	$ 3,985,814	1,000,000	103,231	1,103,231	5,089,045
Donor-restricted funds:					
Underwater funds	—	10,000	(2,718)	7,282	7,282
Other funds, including beneficial interest trusts	—	5,241,898	9,250,303	14,492,201	14,492,201
Total endowment funds	$ 3,985,814	6,251,898	9,350,816	15,602,714	19,588,528

	Without donor restrictions	With donor restrictions			Total Funds
		Original gift	Accumulated gains (losses)	Total	
Year ended December 31, 2019:					
Board designated funds	$ 3,265,831	1,000,000	—	1,000,000	4,265,831
Donor-restricted funds:					
Underwater funds	—	299,203	(15,612)	283,591	283,591
Other funds, including benefical interest trusts	—	4,815,679	7,992,431	12,808,110	12,808,110
Total endowment funds	$ 3,265,831	6,114,882	7,976,819	14,091,701	17,357,532

(Continued)

	2020		
	Without donor restrictions	**With donor restrictions**	**Total**
Endowment net assets, beginning of year	$ 3,265,831	14,091,701	17,357,532
Investment return:			
Investment income	69,792	327,000	396,792
External investment fees	(86,700)	—	(86,700)
Net appreciation – realized and unrealized	353,083	1,517,474	1,870,557
Total investment return	336,175	1,844,474	2,180,649
Contributions	—	38,949	38,949
Portion of building sale proceeds designated by Board	500,000	—	500,000
Beneficial interest in perpetual trusts	—	98,068	98,068
Appropriation of endowment assets for expenditure	(116,192)	(470,478)	(586,670)
Endowment net assets, end of year	$ 3,985,814	15,602,714	19,588,528

	2019		
	Without donor restrictions	**With donor restrictions**	**Total**
Endowment net assets, beginning of year	$ 2,969,544	11,086,956	14,056,500
Investment return:			
Investment income	68,844	314,014	382,858
External investment fees	(82,339)	—	(82,339)
Net appreciation – realized and unrealized	437,746	1,988,339	2,426,085
Total investment return	424,251	2,302,353	2,726,604
Contributions	—	1,024,751	1,024,751
Beneficial interest in perpetual trusts	—	123,320	123,320
Appropriation of endowment assets for expenditure	(127,964)	(445,679)	(573,643)
Endowment net assets, end of year	$ 3,265,831	14,091,701	17,357,532

(Continued)

(8) Property, Plant, and Equipment

Property, plant, and equipment is comprised of the following at December 31:

		2020	2019
Land, buildings, and improvements	$	176,161,200	176,029,654
Furnishings and equipment		22,213,008	22,026,576
Construction in progress		1,766,158	970,058
		200,140,366	199,026,288
Less accumulated depreciation		(89,317,942)	(84,585,502)
	$	110,822,424	114,440,786

Depreciation expense was $4,732,440 and $5,389,895 for the years ended December 31, 2020 and 2019, respectively.

The Association sold its ownership of the Dorchester Teen Center along with the adjacent land parcels in September 2020 for net total proceeds of $686,261 and the sale resulted in a net gain of $169,084. $500,000 of the proceeds were transferred to the Association's Board Designated Endowment Fund, $100,000 will be held for use in 2021 for capital infrastructure projects at Dorchester YMCA and the balance of the proceeds were transferred to the Association's operating bank account.

(9) Net Assets Released from Restriction

Net assets with donor restrictions are releases by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donor during the years ended December 31 net assets released from restriction were as follows:

		2020	2019
Time and use restricted	$	815,959	489,455
	$	815,959	489,455

(10) Bonds, Note, Mortgages and Interest Payable

Long-term debt consists of the following at December 31:

	2020	2019
Bonds:		
Massachusetts Development Finance Agency (MDFA):		
Variable Rate Demand Revenue Bonds Series 2004A,		
due through 2034.	$ 19,807,987	19,811,564
Massachusetts Development Finance Agency (MDFA):		
Variable Rate Demand Revenue Bonds Series 2007,		
due through 2036.	4,785,379	5,926,182
Massachusetts Development Finance Agency (MDFA):		
Variable Rate Demand Revenue Bonds Series 2012,		
due through 2041.	10,565,000	10,595,000
Massachusetts Development Finance Agency (MDFA):		
Variable Rate Demand Revenue Bonds Series 2015,		
due through 2041.	8,871,654	9,100,928
Total bonds payable	44,030,020	45,433,674
Less bond issue costs	(761,612)	(842,328)
Total bonds payable	$ 43,268,408	44,591,346

	2020	
	Principal	Accrued interest
Mortgages and Interest Payable:		
Public Facilities Department of City of Boston:		
Community Development Block Grant Promissory note,		
maturity date, December 31, 2025.	$ 750,000	3,083,449
HOME Program Promissory note, maturity date,		
December 31, 2025.	300,000	1,233,381
Housing Innovations Fund II Note:		
Community Economic Development Assistance		
Corporation Promissory note, maturity date,		
December 31, 2025.	500,000	257,129
	$ 1,550,000	4,573,959
Total mortgages and accrued interest payable	$ 6,123,959	
Less mortgage issuance costs	(3,804)	
Total mortgages and accrued interest payable	$ 6,120,155	

(a) Bonds Payable

The Association previously issued four series of Variable Rate Demand Bonds through MDFA each supported by a related credit facility. The proceeds from these Bonds were used for renovations at various Association branches.

In April 2012, the Association issued $10,800,000 MDFA Series 2012 Bonds, and reissued the outstanding balances of the MDFA Series 2004A Bonds ($24,830,000) and Series 2007 Bonds ($8,005,000) as variable rate Private Bank Notes to a single counterparty.

In April 2015, the Association issued $10,000,000 MDFA Series 2015 Bonds as fixed rate Private Bank Notes to the same counterparty.

In September 2017, the Association and the counterparty restructured the terms of all outstanding Private Bank Notes to convert the variable rate Notes to a fixed rate of 3.3% for 15 years through September 2032 and to convert the fixed rate note to a variable rate Note based on 1-month LIBOR for 15 years through September 2032. The credit facility supporting the variable rate Note is also set to expire in September 2032. As of December 31, 2020, the variable rate for the outstanding Note was 5.429%. Additionally, while the future principal payments of the notes have been restructured to provide a more level amortization, the original maturity dates have not changed.

As a condition of the bond agreements with Citizens Bank (the lender), the Association is required to maintain certain operating and financial covenants as of December 31, 2020. In connection with the note payable issued in December 2020, the Debt Service Coverage Ratio ("DSCR") covenant was modified to an EBIDA test for reporting periods beginning December 31, 2020 and continuing for reporting periods for March 31, 2021 and June 30, 2021. The liquidity and leverage ratio requirements remained unchanged, however, the second tier leverage ratio put in place due to the Association's participation in new markets tax credit financing program was dropped in 2020 as the wholly owned subsidiary, YMCA of Greater Boston Huntington Avenue Realty Corporation, was merged into the YMCA of Greater Boston as of December 31, 2019. The lender waived the events of default which would have occurred by reason of the Association's failure to comply with the DSCR covenant as of each of June 30, 2020 and September 30, 2020. The lender also waived the events of default which would have occurred by reason of the Association sales of the Dorchester Teen Center for $700,000, an amount above the allowed asset sales. The Association was in compliance with its operating and financial covenants as of December 31, 2020.

As collateral for the Series 2004A, 2007 and 2012 and 2015 Bonds, certain YMCA facilities are included in a collateral pool including Burbank, North Suburban, Dorchester, East Boston, Wang, Roxbury, Waltham, Charlestown and West Roxbury.

(b) Note Payable

The Association entered into a committed revolving working capital line of credit that allows it to borrow up to $5 million based upon the Association providing the Bank a combination of pledged unrestricted investment securities and a second mortgage on its Charlestown real estate. As of December 31, 2020, the Association had not yet provided the required second mortgage so its borrowings were

(Continued)

limited based upon a percentage of its pledged securities. Available funds under the line as of December 31, 2020 totaled $2,103,000 and the Association had a balance of $1,000,000 outstanding. The note carries a floating interest rate of Libor plus 2.75% with a Libor floor of 0.75% and the note mature on December 31, 2021 but is subject to renewal at the Bank's discretion. The working capital line of credit is subject to the operating and financial covenants outlined above for the Bonds Payable.

(c) Interest Rate Swaps

In connection with its variable rate bonds, the Association has entered into interest rate swaps to help hedge against interest rate exposure by reducing the uncertainty of future cash flows.

Under the terms of the current swap, the Association will receive a variable payment from the counterparty based on 1-month LIBOR and pay the counterparty a fixed rate of 5.429% through September 2032. The fixed rate reflects the negative mark to market value of the Association's prior fixed rate swap. The fair value of the swap agreement at December 31, 2020 and 2019 was $2,709,327 and $2,248,163, respectively.

Because the inputs used to value the agreements can generally be corroborated by market data, the Association's interest rate swaps at December 31, 2020 and 2019 is classified in Level 2 of the fair value hierarchy.

Scheduled principal repayments on long-term debt are as follows:

Year ending December 31:		
2021	$	1,425,537
2022		1,479,506
2023		1,535,650
2024		1,594,063
2025		1,654,844
Thereafter		36,340,420
	$	44,030,020

(11) Operating Leases

The Association leases vehicles, office and fitness equipment, and office space under noncancelable operating leases that expire through 2020. Rental expense for long-term operating leases during 2020 and 2019 was $3,556,648 and $3,628,910, respectively.

Future minimum lease payments due under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2020 are:

2021	$	2,654,501
2022		1,751,264
2023		960,870
2024		421,085
2025		386,971
Thereafter		2,869,047
	$	9,043,738

(12) Retirement Funds

The Association participates in a defined contribution, individual account, money purchase retirement plan, which is administered by the YMCA Retirement Fund (Retirement Fund) (a separate corporation). The plan is for the benefit of substantially all full-time professional and support staff of the Association. In accordance with the agreement with the Retirement Fund, the Association contributes a percentage of each participating employee's salary after employees satisfy eligibility requirements and remits such amounts to the Retirement Fund monthly. Total Association contributions charged to retirement costs were $1,716,079 and $2,265,026 for the years ended December 31, 2020 and 2019, respectively.

The Retirement Fund is operated as a church pension plan and is a nonprofit, tax-exempt New York state corporation. Participation is available to all duly organized or reorganized YMCAs in the United States. As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations.

(13) YMCA of Greater Boston Huntington Avenue Realty Corporation

On August 28, 2012 and on December 18, 2012, the YMCA of Greater Boston (the Association) entered into financing agreement with U.S. Bancorp Community Development Corporation under the Federal New Market Tax Credit (NMTC) program for the redevelopment and modernization of the YMCA's Huntington branch.

The NMTC program allows the Private Investor, in return for its equity investment, to earn tax credits over a seven-year period. The seven-year period expired on November 7, 2019. At that time all loans were forgiven and $615,600 in funds held by the third parties as of December 31, 2018 were returned to the Association. The forgiveness of the loans of $5,567,773 less expense of $105,386 is reported as a net gain of $5,462,387. The Association portion of the loans to YGBHARC have been eliminated in the presentation above.

The YGBHARC merged with the YMCA of Greater Boston (Association), effective December 31, 2019, as evidenced by an Agreement of Merger and Articles of Merger with the Commonwealth of Massachusetts (the Merger). Pursuant to the terms and conditions set forth in the Merger, the Association shall be the surviving entity, assuming all assets, debt, liabilities, obligation and duties of YGBHARC.

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(14) COVID-19 – Risks and Uncertainties

Events have occurred including mandates from federal, state and local authorities leading to the temporary reduction and, at times, closure of certain operations of the YMCA of Greater Boston in 2020 and an overall decline in economic activity. The impact to the Association for the calendar year ending December 31, 2020 resulted in a loss of revenues and other adverse effects to the Association's financial position, results of operations, employees and cash flows. The Association's liquidity as of December 31, 2020 is documented at Note 5. In addition, the Commonwealth of Massachusetts and the CARES Act provided for deferred payment of unemployment costs and the employer portion of Social Security taxes, respectively. As of December 31, 2020 the Association deferred $2,640,938, which is recorded within the accounts payable and accrued expenses on the consolidated statement of financial position. The Association is not able to estimate the length or severity of this outbreak and the related financial impact. Management has taken action to adjust its operations accordingly for a continued impact of COVID-19 during 2021 and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Association's operation continue for an extended period of time, the Association may have to seek alternative measures to finance its operations. The Association continues to monitor the impact of COVID-19 and any material adverse effects it may have on its financial condition and liquidity.

(15) Subsequent Events

The Association considers events or transactions that occur after the statement of financial position date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on May 21, 2021 and subsequent events have been evaluated through that date.

In March 2021, in conjunction with the signing into law of the American Rescue Plan Act, the Association applied for a first draw under the Paycheck Protection Program ("PPP"). The Association has received acceptance and approval of its application from the Small Business Administration ("SBA") for $8.8 million and closed on the loan in April 2021. The loan matures in five years and bears interest at 1% per annum. The loan is subject to forgiveness by the SBA if the Association meets certain requirements of the PPP. The amount of the loan that might be eligible for forgiveness is not currently known.

(16) Not-for-profit Contractor Surplus Revenue Retention (Unaudited)

In compliance with the Massachusetts Department of Purchased Services pursuant to 808 CMR 1.03(7), if, through cost savings initiatives implemented consistent with programmatic and contractual obligations, a non profit provider accrues an annual net surplus from the revenues and expenses associated with services provided to purchasing agencies which are subject to 808 CMR 1.00, the provider may retain, for future use, a portion of that annual surplus not to exceed 20% of said revenues. Surpluses may be used by the provider for any of its established charitable purposes, provided that no portion of the surplus may be used for any non-reimbursable cost set forth in 808 CMR 1.05, the free care prohibition excepted. The Division shall be responsible for determining the amount of surplus that may be retained by each provider in any given year and may determine whether any excess surplus shall be used to reduce future prices or be recouped. The Association did not exceed the 20% of said revenues as of December 31, 2020 and 2019.