KPMG

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

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

Financial Statements

December 31, 2021 and 2020

(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.:

*Opinion*

We have audited the financial statements of Young Men's Christian Association of Greater Boston, Inc.(the Association), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*Basis for Opinion*

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

*Responsibilities of Management for the Financial Statements*

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

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

*Auditors' Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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

KPMG LLP

Boston, Massachusetts
May 13, 2022

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

Statements of Financial Position

December 31, 2021 and 2020

| Assets | | 2021 | 2020 |
|---|---|---|---|
| Cash and cash equivalents | $ | 14,577,155 | 8,650,340 |
| Accounts receivable, net (note 3) | | 4,074,576 | 5,882,125 |
| Contributions receivable, net (note 4) | | 52,900 | 146,878 |
| Investments (notes 6 and 7): | | | |
| Other investments | | 5,709,909 | 18,330,740 |
| Endowment | | 29,331,165 | 18,622,599 |
| Beneficial interest in perpetual trusts (note 7) | | 1,040,090 | 965,929 |
| Property, plant, and equipment, net (note 8) | | 108,731,375 | 110,822,424 |
| Other assets | | 636,786 | 415,368 |
| Total assets | $ | 164,153,956 | 163,836,403 |
| **Liabilities and Net Assets** | | | |
| Accounts payable and accrued expenses | $ | 6,111,055 | 9,986,336 |
| Deferred revenue | | 1,890,363 | 1,406,726 |
| Interest rate swap obligation (note 10) | | 2,077,377 | 2,709,327 |
| Note payable (note 10) | | — | 1,000,000 |
| Paycheck protection program loan (note 10) | | 8,765,400 | — |
| Mortgages and interest payable (note 10) | | 6,496,595 | 6,120,155 |
| Bonds payable (note 10) | | 41,794,224 | 43,268,408 |
| Total liabilities | | 67,135,014 | 64,490,952 |
| Net assets: | | | |
| Without donor restrictions | | 76,078,040 | 80,642,964 |
| With donor restrictions | | 20,940,902 | 18,702,487 |
| Total net assets | | 97,018,942 | 99,345,451 |
| Commitments and contingencies (note 11) | | | |
| Total liabilities and net assets | $ | 164,153,956 | 163,836,403 |

See accompanying notes to financial statements.

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

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

Statement of Activities

Year ended December 31, 2021

| | | Without donor restrictions | With donor restrictions | Total 2021 |
|---|---|---|---|---|
| Support: | | | | |
| Sustaining contributions | $ | 2,861,218 | — | 2,861,218 |
| United Way | | 433,405 | 52,900 | 486,305 |
| Other contributions and special events | | 3,656,326 | 2,653,346 | 6,309,672 |
| Total support | | 6,950,949 | 2,706,246 | 9,657,195 |
| Revenue: | | | | |
| Program fees, including camping | | 16,873,487 | — | 16,873,487 |
| Residence fees and facility rentals | | 1,359,045 | — | 1,359,045 |
| Membership dues and joining fees | | 13,461,808 | — | 13,461,808 |
| Contract and grant revenues | | 29,444,761 | — | 29,444,761 |
| Other revenues | | 827,141 | — | 827,141 |
| Investment income used in operations, net (notes 6 and 7) | | 605,753 | — | 605,753 |
| Net assets released from restriction (note 9) | | 2,079,735 | (2,079,735) | — |
| Total revenue | | 64,651,730 | (2,079,735) | 62,571,995 |
| Total support and revenue | | 71,602,679 | 626,511 | 72,229,190 |
| Expenses: | | | | |
| Salaries, wages, and other employment costs | | 36,920,088 | — | 36,920,088 |
| Contract and professional services | | 2,538,788 | — | 2,538,788 |
| Supplies, telephone, and postage | | 16,755,604 | — | 16,755,604 |
| Occupancy, transportation, and related costs | | 13,379,638 | — | 13,379,638 |
| Depreciation and amortization | | 4,459,511 | — | 4,459,511 |
| Other costs and expenses | | 3,471,464 | — | 3,471,464 |
| Total expenses | | 77,525,093 | — | 77,525,093 |
| Operating loss | | (5,922,414) | 626,511 | (5,295,903) |
| Other revenues (expenses) and changes: | | | | |
| Contributions for long-term investment | | — | 5,665 | 5,665 |
| Change in fair value of beneficial interest in trusts | | — | 74,161 | 74,161 |
| Net assets released from restriction – capital (note 9) | | 3,600 | (3,600) | — |
| Reinvested return on investments (notes 6 and 7) | | 721,940 | 1,628,758 | 2,350,698 |
| Change in fair value on interest rate swap agreement (note 10) | | 631,950 | — | 631,950 |
| Other | | — | (93,080) | (93,080) |
| Total other revenues (expenses) | | 1,357,490 | 1,611,904 | 2,969,394 |
| Total change in net assets | | (4,564,924) | 2,238,415 | (2,326,509) |
| Net assets, beginning of year | | 80,642,964 | 18,702,487 | 99,345,451 |
| Net assets, end of year | $ | 76,078,040 | 20,940,902 | 97,018,942 |

See accompanying notes to financial statements.

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

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

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 financial statements.

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

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

Statements of Functional Expenses

Years ended December 31, 2021 and 2020

| | 2021 | | | |
|---|---|---|---|---|
| | | Support services | | |
| | Program costs | General administration | Fundraising | Total |
| Salaries, wages, and other employment costs | $ 32,615,135 | 2,644,286 | 1,660,667 | 36,920,088 |
| Contract and professional services | 2,090,979 | 431,667 | 16,142 | 2,538,788 |
| Supplies, telephone, and postage | 16,685,217 | 50,285 | 20,102 | 16,755,604 |
| Occupancy, transportation, and related costs | 12,943,462 | 401,389 | 34,787 | 13,379,638 |
| Depreciation and amortization | 4,278,386 | 181,125 | — | 4,459,511 |
| Other costs and expenses | 2,471,688 | 629,706 | 370,070 | 3,471,464 |
| Total | $ 71,084,867 | 4,338,458 | 2,101,768 | 77,525,093 |

| | 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 |

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended December 31, 2021 and 2020

| | 2021 | 2020 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ (2,326,509) | 11,944,185 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities (gains)/losses: | | |
| Realized and unrealized gains on investments | (2,278,879) | (1,905,255) |
| Depreciation and amortization | 4,459,511 | 4,813,918 |
| Change in fair value on interest rate swap agreement | (631,950) | 461,164 |
| Net gain on sale of building | — | (169,084) |
| Contributions restricted for long-term investment | (5,665) | (43,749) |
| Changes in assets and liabilities: | | |
| Accounts and contributions receivable | 1,901,527 | (2,707,734) |
| Beneficial interest in perpetual trusts | (74,161) | (98,068) |
| Other assets | (221,418) | 4,637 |
| Accounts payable and accrued expenses | (3,632,743) | 6,169,668 |
| Deferred revenue | 483,637 | (186,967) |
| Net cash (used in) provided by operating activities | (2,326,650) | 18,282,715 |
| Cash flows from investing activities: | | |
| Purchases of investments | (30,048,485) | (29,482,891) |
| Proceeds from sale of investments | 34,239,629 | 11,213,249 |
| Proceeds from sale of building, net | — | 686,261 |
| Portion of proceeds designated for long-term investment | — | (500,000) |
| Acquisition of property, plant, and equipment | (2,158,141) | (1,638,685) |
| Net cash provided by (used in) investing activities | 2,033,003 | (19,722,066) |
| Cash flows from financing activities: | | |
| Contributions restricted for long-term investment | 5,665 | 43,749 |
| Portion of proceeds designated for long-term investment | — | 500,000 |
| Payments on/proceeds from note payable | (1,000,000) | 1,000,000 |
| Proceeds from paycheck protection program loan | 8,765,400 | — |
| Principal repayments of long-term debt | (1,550,603) | (1,403,653) |
| Net cash provided by financing activities | 6,220,462 | 140,096 |
| Net increase (decrease) in cash and cash equivalents | 5,926,815 | (1,299,255) |
| Cash and cash equivalents, beginning of year | 8,650,340 | 9,949,595 |
| Cash and cash equivalents, end of year | $ 14,577,155 | 8,650,340 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | $ 1,683,108 | 1,703,081 |
| Change in construction payable | (133,141) | 7,430 |

See accompanying notes to financial statements.

## (1) Organization

Young Men's Christian Association of Greater Boston, Inc. (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) Basis of Presentation*

The accompanying 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.

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| **Detail of net assets** | **Without donor restrictions** | **With donor restrictions** | **Total** | **Without donor restrictions** | **With donor restrictions** | **Total** |
| Operating | $ 63,019,507 | — | 63,019,507 | 76,657,150 | — | 76,657,150 |
| Capital projects | — | 75,500 | 75,500 | — | 75,500 | 75,500 |
| Program related | — | 3,499,780 | 3,499,780 | — | 2,877,395 | 2,877,395 |
| Pledges receivable | — | — | — | — | 93,978 | 93,978 |
| United way | — | 52,900 | 52,900 | — | 52,900 | 52,900 |
| Endowment funds | 13,058,533 | 16,272,632 | 29,331,165 | 3,985,814 | 14,636,785 | 18,622,599 |
| Beneficial interest trusts | — | 1,040,090 | 1,040,090 | — | 965,929 | 965,929 |
| Total | $ 76,078,040 | 20,940,902 | 97,018,942 | 80,642,964 | 18,702,487 | 99,345,451 |

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment which amount to $13,058,533, and $3,985,814 as of December 31, 2021 and 2020, respectively.

### *(b) 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.

### *(c) 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.

### *(d) 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.

### *(e) 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.

### *(f) 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.

### *(g) Fair Value Measurements*

Investments, beneficial interest in perpetual trusts and interest rate 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.

### *(h) Use of Estimates*

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period.

## (3) Accounts Receivable

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

| | | 2021 | 2020 |
|---|---|---|---|
| Corporate and grant receivables: | | | |
| Government contracts | $ | 728,375 | 3,066,092 |
| Other corporate and grant receivables | | 1,819,801 | 1,420,239 |
| | | 2,548,176 | 4,486,331 |
| Branch receivables | | 1,838,358 | 1,773,294 |
| | | 4,386,534 | 6,259,625 |
| Less allowance for doubtful receivables | | (311,958) | (377,500) |
| Accounts receivable, net | $ | 4,074,576 | 5,882,125 |

## (4) Contributions Receivable

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

| | | 2021 | 2020 |
|---|---|---|---|
| Unconditional promises expected to be collected in: | | | |
| Less than one year | $ | 122,900 | 147,400 |
| Two to five years | | 50,000 | 40,000 |
| | | 172,900 | 187,400 |
| Less allowance for uncollectable accounts and present value adjustment | | (120,000) | (40,522) |
| Contributions receivable, net | $ | 52,900 | 146,878 |

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

## (5) Financial Assets and Liquidity Resources

The following table reflects the Association's financial assets as of December 31, 2021 and 2020 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.

| | | 2021 | 2020 |
|---|---|---|---|
| Financial assets, at end of year | $ | 54,785,795 | 52,598,611 |
| Less those unavailable for general expenditure within one year, due to: | | | |
| Contributions receivable collectible beyond one year | | — | (16,100) |
| Repayment on line of credit | | — | (1,000,000) |
| COVID 19 deferrals related to unemployment taxes and FICA Tax deferral | | (515,464) | (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) | (14,147,771) |
| Investments held in trust | | (1,040,090) | (965,929) |
| Board designated: | | | |
| Quasi-endowment fund, primarily for long-term investing subject to appropriation beyond one year | | (12,930,817) | (3,858,098) |
| Financial assets available to meet cash needs for general expenditure within one year | $ | 26,076,153 | 29,894,275 |

As of December 31, 2021 and 2020, the Association has liquid assets on hand to cover 123 and 155 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 designated $8.2 million 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 above impact of inflation. The Association diversifies its investments among various asset classes. Major investment policy 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, 2021 and 2020, the Association had no plans or intentions to sell investments at amounts different from NAV.

The following tables summarize the Association's Investments by major category in the fair value hierarchy as of December 31, 2021 and 2020, as well as related strategy, liquidity and funding commitments.

| | Investments measured at NAV | Level 1 | Level 2 | Total 2021 | % of Total |
|---|---|---|---|---|---|
| Cash equivalents | $ — | 1,917,241 | — | 1,917,241 | 5 % |
| Fixed income | — | 646,732 | 9,371,067 | 10,017,799 | 29 |
| Equities | — | 20,565,787 | — | 20,565,787 | 59 |
| Commodities | — | 431,055 | — | 431,055 | 1 |
| | — | 23,560,815 | 9,371,067 | 32,931,882 | 94 |
| Hedge strategies: | | | | | |
| Long/short | 681,658 | 1,427,534 | — | 2,109,192 | 6 |
| Total investments | $ 681,658 | 24,988,349 | 9,371,067 | 35,041,074 | 100 % |

| | 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 % |

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, 2021 and 2020 is aggregated in the tables below based on redemption or sale period.

| | | 2021 | 2020 |
|---|---|---|---|
| Daily: | | | |
| Cash equivalents | $ | 1,917,241 | 19,256,034 |
| Fixed Income | | 10,017,799 | 1,881,707 |
| Equities | | 20,565,787 | 13,659,000 |
| Commodities | | 431,055 | 329,748 |
| Long/short | | 1,427,534 | 1,201,020 |
| Total daily | | 34,359,416 | 36,327,509 |
| Semi-annually: | | | |
| Long/short | | 681,658 | 625,830 |
| Total semi-annually | | 681,658 | 625,830 |
| | $ | 35,041,074 | 36,953,339 |

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

| | | 2021 | 2020 |
|---|---|---|---|
| Investment return: | | | |
| Interest and dividends | $ | 801,683 | 404,065 |
| Net realized gains | | 626,764 | 752,890 |
| Net unrealized gains | | 1,652,115 | 1,152,365 |
| External investment fees | | (124,111) | (86,701) |
| Net return on investments | $ | 2,956,451 | 2,222,619 |

## (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, 2021 and 2020, 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, 2021 and 2020:

| | Without donor restrictions | With donor restrictions: Original gift | With donor restrictions: Accumulated gains (losses) | With donor restrictions: Total | Total funds |
|---|---|---|---|---|---|
| Year ended December 31, 2021: | | | | | |
| Board designated funds | $ 13,058,533 | 1,000,000 | 224,410 | 1,224,410 | 14,282,943 |
| Donor-restricted funds: | | | | | |
| Underwater funds | — | 10,000 | (1,918) | 8,082 | 8,082 |
| Other funds, including beneficial interest trusts | — | 5,207,821 | 10,872,409 | 16,080,230 | 16,080,230 |
| Total endowment funds | $ 13,058,533 | 6,217,821 | 11,094,901 | 17,312,722 | 30,371,255 |

| | Without donor restrictions | With donor restrictions: Original gift | With donor restrictions: Accumulated gains (losses) | With donor restrictions: Total | Total funds |
|---|---|---|---|---|---|
| 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 |

| | 2021 | | |
|---|---|---|---|
| | **Without donor restrictions** | **With donor restrictions** | **Total** |
| Endowment net assets, beginning of year | $ 3,985,814 | 15,602,714 | 19,588,528 |
| Investment return: | | | |
| Investment income | 259,743 | 427,542 | 687,285 |
| External investment fees | (111,951) | — | (111,951) |
| Net appreciation – realized and unrealized | 736,854 | 1,680,677 | 2,417,531 |
| Total investment return | 884,646 | 2,108,219 | 2,992,865 |
| Contributions | — | 5,665 | 5,665 |
| Board transfer of designated funds | 8,315,789 | — | 8,315,789 |
| Beneficial interest in perpetual trusts | — | 74,161 | 74,161 |
| Appropriation of endowment assets for expenditure | (127,716) | (478,037) | (605,753) |
| Endowment net assets, end of year | $ 13,058,533 | 17,312,722 | 30,371,255 |

| | 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 |

## (8) Property, Plant, and Equipment

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

| | | 2021 | 2020 |
|---|---|---|---|
| Land, buildings, and improvements | $ | 179,052,123 | 176,161,200 |
| Furnishings and equipment | | 22,720,367 | 22,213,008 |
| Construction in progress | | 659,157 | 1,766,158 |
| | | 202,431,647 | 200,140,366 |
| Less accumulated depreciation | | (93,700,272) | (89,317,942) |
| | $ | 108,731,375 | 110,822,424 |

Depreciation expense was $4,382,330 and $4,732,440 for the years ended December 31, 2021 and 2020, 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 released 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:

| | | 2021 | 2020 |
|---|---|---|---|
| Time and use restricted | $ | 2,083,335 | 815,959 |
| | $ | 2,083,335 | 815,959 |

## (10) Bonds, Note, Mortgages and Interest Payable

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

| | | 2021 | 2020 |
|---|---|---|---|
| Bonds: | | | |
| Massachusetts Development Finance Agency (MDFA): Variable Rate Demand Revenue Bonds Series 2004A, due through 2032. | $ | 19,604,507 | 19,807,987 |
| Massachusetts Development Finance Agency (MDFA): Variable Rate Demand Revenue Bonds Series 2007, due through 2032. | | 3,711,070 | 4,785,379 |
| Massachusetts Development Finance Agency (MDFA): Variable Rate Demand Revenue Bonds Series 2012, due through 2032. | | 10,535,000 | 10,565,000 |
| Massachusetts Development Finance Agency (MDFA): Variable Rate Demand Revenue Bonds Series 2015, due through 2032. | | 8,628,841 | 8,871,654 |
| Total bonds payable | | 42,479,418 | 44,030,020 |
| Less bond issue costs | | (685,194) | (761,612) |
| Total bonds payable, net | $ | 41,794,224 | 43,268,408 |

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Principal | Accrued interest | 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 | 3,351,791 | 750,000 | 3,083,449 |
| HOME Program Promissory note, maturity date, December 31, 2025. | 300,000 | 1,340,717 | 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 | 500,000 | 257,129 |
| | 1,550,000 | $ 4,949,637 | 1,550,000 | 4,573,959 |
| Total mortgages and accrued interest payable | 6,499,637 | | 6,123,959 | |
| Less mortgage issuance costs | (3,042) | | (3,804) | |
| Total mortgages and accrued interest payable, net | $ 6,496,595 | | 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, 2021, 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. 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 the quarterly reporting periods through June 30, 2021. The DSCR covenant was reinstated for September 30, 2021 and December 31, 2021. The liquidity and leverage ratio requirements remained unchanged for 2021. For the year ended December 31, 2020, the Association was in compliance with its operating and financial covenants.

For the period ended December 31, 2021, the Association was not in compliance with the DSCR covenant, but the lender waived the events of default. Further, the lender has agreed again to modify its DSCR covenant to an EBIDA test for all the quarterly reporting periods through December 31, 2022. In addition to the waiver and modification, the lender has consented to sale of the Constitution Inn disclosed in Note 13.

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***

In December 2020, the Association entered into a committed revolving working capital line of credit that allowed 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. During the year, the Association utilized the line of credit, and the note carried a floating interest rate of Libor plus 2.75% with a Libor floor of 0.75%. The working capital line of credit was subject to the operating and financial covenants outlined above for the Bonds Payable. On December 31, 2021, all advances were repaid and the note matured and was not renewed by the Association.

***(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, 2021 and 2020 was $2,077,377 and $2,709,327, 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, 2021 and 2020 is classified in Level 2 of the fair value hierarchy.

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

| | | |
|---|---|---|
| Year ending December 31: | | |
| 2022 | $ | 1,479,506 |
| 2023 | | 1,535,650 |
| 2024 | | 1,594,063 |
| 2025 | | 1,654,844 |
| 2026 | | 1,718,096 |
| Thereafter | | 34,622,324 |
| | $ | 42,604,483 |

### *(d) Paycheck Protection Program Loan*

In March 2021, in conjunction with the signing into law of the American Rescue Act, the Association applied for a first draw under the Paycheck Protection Program ("PPP"). The Association 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.

In March 2022, the Association filed its application for the forgiveness of its obligations under the Paycheck Protection Program loan. The forgiveness application included expense and FTE information for the period from April 30, 2021 through October 31, 2021 ("Covered Period"). Pursuant to the terms of the loan, the full amount was used to cover payroll costs and other specified non-payroll cost during the Covered Period. The Association complied with the required terms and received the approval of the full loan forgiveness from SBA on April 8, 2022.

## (11) Operating Leases

The Association leases vehicles, office and fitness equipment, and office space including a ground lease under noncancelable operating leases that expire through 2056. Rental expense for long-term operating leases during 2021 and 2020 was $3,295,004 and $3,556,648, 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, 2021 are:

| | | |
|---|---|---|
| 2022 | $ | 2,162,584 |
| 2023 | | 1,098,085 |
| 2024 | | 456,254 |
| 2025 | | 392,791 |
| 2026 | | 338,967 |
| Thereafter | | 2,532,993 |
| | $ | 6,981,674 |

**(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 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 and satisfies the qualification requirements of Section 401(a) of the Code. 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 $1,030,337 and $1,716,079 for the years ended December 31, 2021 and 2020, respectively.

The Retirement Fund also sponsors The YMCA Retirement Fund Tax-Deferred Savings Plan (Savings Plan) which is a church retirement income plan as defined by Section 403(b)(9) of the Code.

As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations but did report fund deficits of $197,935 and $1,073,481 as of June 30, 2021 and 2020, respectively.

**(13) 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 13, 2022 and subsequent events have been evaluated through that date.

In 2020 (prior to pandemic), the YMCA of Greater Boston announced its intent to sell the Constitution Inn in Charlestown, Massachusetts. The YMCA determined that owning and managing an Inn was not consistent with its expertise. In February 2022, the YMCA signed an Option Agreement for the sale of the Inn with a non-profit group ("Buyer") focused on developing affordable and mixed-income housing in Boston. The potential Buyers are interested in converting the Inn into affordable and transformative housing. The parties are working through a due diligence and evaluation period that will extend through early June 2022. If the Buyer opts to exercise the option to purchase the Inn, the purchase and sale agreement will become effective, and the parties will work through an approval period in advance of closing the transaction. The YMCA has received the consent of its lender to proceed with the sale subject to an agreed upon paydown of bond debt in connection with the sale.

Simultaneous with a closing of the sale, the YMCA has agreed to leaseback approximately 20,000 square feet of space at the current location for the continuation of health and wellness services for the Charlestown community. The initial lease term would cover a period of five years with options to extend the lease for an additional ten years.