ADVISORS for WHAT'S NEXT

The River Valley Regional Young Men's Christian Association and Affiliate

Consolidated Financial Statements and Supplementary Information

December 31, 2021 and 2020

Table of Contents
December 31, 2021 and 2020

Independent Auditor's Report

To the Board of Directors
The River Valley Regional Young Men's Christian Association and Affiliate
Williamsport, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of The River Valley Regional Young Men's Christian Association and Affiliate (the Association), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, the related consolidated statements of activities, functional expenses - by natural classification, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Association as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

1330 Broadcasting Road, Wyomissing, PA 19610 610.376.1595 610.376.7340 rklcpa.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 and *Government Auditing Standards* 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as presented in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, accompanying supplementary information, as presented in the table of contents, is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2022, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

RKL LLP

May 23, 2022
Wyomissing, Pennsylvania

The River Valley Regional Young Men's Christian Association and Affiliate

Consolidated Statement of Financial Position

	December 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash, operating	**$ 3,507,886**	$ 2,120,098
Accounts and grants receivable	**949,900**	166,117
Promises to give, net	**104,840**	205,348
Prepaid insurance	**126,870**	128,603
Total Current Assets	**4,689,496**	2,620,166
Other Assets		
Cash, restricted	**765,205**	1,207,705
Promises to give, net	**250**	87,555
Investments	**1,937,376**	1,760,814
Land, buildings, and equipment, net	**14,491,255**	15,005,960
Interest in net assets of a community foundation	**36,388**	32,721
Security deposits	**8,727**	8,727
Total Other Assets	**17,239,201**	18,103,482
Total Assets	**$ 21,928,697**	$ 20,723,648

	December 31, 2021	December 31, 2020
Liabilities and Net Assets		
Current Liabilities		
Accounts payable		
Trade	**$ 171,002**	$ 159,927
Construction contracts, including retainage	**75,000**	75,000
Current portion of long-term debt	**85,691**	106,230
Current portion of obligations under capital lease	**28,326**	36,460
Accrued expenses	**215,809**	154,411
Deferred revenue	**650,207**	226,352
Total Current Liabilities	**1,226,035**	758,380
Other Liabilities		
Deferred revenue	**13,125**	35,625
Interest rate swap	**135,735**	240,860
Long-term debt	**2,281,883**	3,127,258
Obligations under capital lease	**19,757**	33,733
Total Other Liabilities	**2,450,500**	3,437,476
Total Liabilities	**3,676,535**	4,195,856
Net Assets		
Net assets without donor restrictions	**15,655,831**	13,532,462
Net assets with donor restrictions	**2,596,331**	2,995,330
Total Net Assets	**18,252,162**	16,527,792
Total Liabilities and Net Assets	**$ 21,928,697**	$ 20,723,648

The River Valley Regional Young Men's Christian Association and Affiliate

Consolidated Statement of Activities

	Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public support			
Other grants	$ 2,565,814	$ -	$ 2,565,814
Contributions	389,208	284,028	673,236
Pennsylvania Department of Education grant	229,885	-	229,885
Special events	153,422	-	153,422
United Way allocations	62,236	-	62,236
Net assets released from restrictions	858,123	(858,123)	-
Total public support	4,258,688	(574,095)	3,684,593
Revenue			
Program service fees	3,589,950	-	3,589,950
Membership dues	1,956,675	-	1,956,675
Rental income	238,838	-	238,838
Investment income	22,071	175,096	197,167
Miscellaneous	30,724	-	30,724
Sales to the public	15,537	-	15,537
Loss on disposal of equipment	(1,959)	-	(1,959)
Total revenue	5,851,836	175,096	6,026,932
Total Public Support and Revenue	10,110,524	(398,999)	9,711,525
Expenses			
Program services			
Youth development	3,939,532	-	3,939,532
Healthy living	2,725,398	-	2,725,398
Social responsibility	29,915	-	29,915
Total program services	6,694,845	-	6,694,845
Supporting services			
Management and general	1,267,289	-	1,267,289
Fundraising	133,813	-	133,813
Total supporting services	1,401,102	-	1,401,102
Total Expenses	8,095,947	-	8,095,947
Excess (Deficiency) of Public Support and Revenue over Expenses	2,014,577	(398,999)	1,615,578
Nonoperating Activities			
Change in fair value of interest rate swap	105,125	-	105,125
Change in interest in net assets of a community foundation	3,667	-	3,667
Contribution of net assets from New Market Tax Credit	-	-	-
Total Nonoperating Activities	108,792	-	108,792
Change in Net Assets	2,123,369	(398,999)	1,724,370
Net Assets at Beginning of Year	13,532,462	2,995,330	16,527,792
Net Assets at End of Year	$ 15,655,831	$ 2,596,331	$ 18,252,162

See accompanying notes.

	Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public support			
Other grants	$ 2,032,241	$ -	$ 2,032,241
Contributions	300,523	774,323	1,074,846
Pennsylvania Department of Education grant	166,969	-	166,969
Special events	130,552	-	130,552
United Way allocations	66,926	-	66,926
Net assets released from restrictions	118,058	(118,058)	-
Total public support	2,815,269	656,265	3,471,534
Revenue			
Program service fees	3,038,731	-	3,038,731
Membership dues	1,847,161	-	1,847,161
Rental income	227,796	-	227,796
Investment income	76,657	200,580	277,237
Miscellaneous	24,445	-	24,445
Sales to the public	11,612	-	11,612
Loss on disposal of equipment	(2,420)	-	(2,420)
Total revenue	5,223,982	200,580	5,424,562
Total Public Support and Revenue	8,039,251	856,845	8,896,096
Expenses			
Program services			
Youth development	3,392,310	-	3,392,310
Healthy living	2,596,915	-	2,596,915
Social responsibility	21,073	-	21,073
Total program services	6,010,298	-	6,010,298
Supporting services			
Management and general	1,518,388	-	1,518,388
Fundraising	118,787	-	118,787
Total supporting services	1,637,175	-	1,637,175
Total Expenses	7,647,473	-	7,647,473
Excess of Public Support and Revenue over Expenses	391,778	856,845	1,248,623
Nonoperating Activities			
Change in fair value of interest rate swap	(105,688)	-	(105,688)
Change in interest in net assets of a community foundation	3,732	-	3,732
Contribution of net assets from New Market Tax Credit	2,283,678	-	2,283,678
Total Nonoperating Activities	2,181,722	-	2,181,722
Change in Net Assets	2,573,500	856,845	3,430,345
Net Assets at Beginning of Year	10,958,962	2,138,485	13,097,447
Net Assets at End of Year	$ 13,532,462	$ 2,995,330	$ 16,527,792

The River Valley Regional Young Men's Christian Association and Affiliate

Consolidated Statement of Functional Expenses - by Natural Classification

	Year Ended December 31, 2021							
	Program Services				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 2,446,040	$ 1,361,652	$ 19,201	$ 3,826,893	$ 491,400	$ 43,712	$ 535,112	$ 4,362,005
Employee benefits	258,191	97,174	284	355,649	104,595	7,751	112,346	467,995
Payroll taxes	183,902	103,309	1,463	288,674	42,165	3,344	45,509	334,183
	2,888,133	1,562,135	20,948	4,471,216	638,160	54,807	692,967	5,164,183
Depreciation and amortization	89,860	387,654	-	477,514	226,021	-	226,021	703,535
Occupancy	160,045	397,268	-	557,313	110,378	1,425	111,803	669,116
Supplies	295,164	80,203	4,316	379,683	112,083	1,239	113,322	493,005
Professional fees	146,693	81,660	1,152	229,505	34,547	2,621	37,168	266,673
Insurance	89,824	50,004	705	140,533	18,045	1,605	19,650	160,183
Interest	17,881	51,204	-	69,085	38,826	-	38,826	107,911
Payment to national organization	50,840	28,301	399	79,540	10,214	909	11,123	90,663
Program costs	60,896	16,685	1,691	79,272	-	-	-	79,272
Credit card and bank fees	43,247	24,075	339	67,661	8,688	773	9,461	77,122
Fundraising	-	-	-	-	-	69,527	69,527	69,527
Advertising	31,747	17,673	249	49,669	6,378	567	6,945	56,614
Equipment rental and maintenance	7,288	7,015	-	14,303	28,080	-	28,080	42,383
Telephone	24,445	8,299	116	32,860	2,979	265	3,244	36,104
Bad debt expense	20,468	6,038	-	26,506	3,879	-	3,879	30,385
Conference, dues, and subscriptions	7,338	4,313	-	11,651	6,267	-	6,267	17,918
Miscellaneous	43	544	-	587	12,714	-	12,714	13,301
Travel and vehicle expense	5,620	2,327	-	7,947	4,121	-	4,121	12,068
Postage and shipping	-	-	-	-	5,909	75	5,984	5,984
Total Expenses	$ 3,939,532	$ 2,725,398	$ 29,915	$ 6,694,845	$ 1,267,289	$ 133,813	$ 1,401,102	$ 8,095,947

See accompanying notes.

The River Valley Regional Young Men's Christian Association and Affiliate

Consolidated Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended December 31, 2020							
	Program Services				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 2,153,516	$ 1,211,341	$ 16,544	$ 3,381,401	$ 544,366	$ 45,123	$ 589,489	$ 3,970,890
Employee benefits	233,253	76,758	189	310,200	196,091	10,560	206,651	516,851
Payroll taxes	162,583	92,580	898	256,061	39,386	3,452	42,838	298,899
	2,549,352	1,380,679	17,631	3,947,662	779,843	59,135	838,978	4,786,640
Depreciation and amortization	79,336	445,099	-	524,435	182,176	-	182,176	706,611
Occupancy	99,326	311,166	-	410,492	123,992	1,425	125,417	535,909
Supplies	209,740	78,767	143	288,650	107,835	1,239	109,074	397,724
Professional fees	146,135	82,200	1,123	229,458	39,774	3,062	42,836	272,294
Insurance	74,432	41,868	572	116,872	18,812	1,560	20,372	137,244
Interest	50,024	143,251	-	193,275	104,360	-	104,360	297,635
Payment to national organization	47,448	26,689	365	74,502	11,994	994	12,988	87,490
Program costs	31,976	14,707	669	47,352	-	-	-	47,352
Credit card and bank fees	37,910	21,324	291	59,525	9,583	794	10,377	69,902
Fundraising	-	-	-	-	-	49,741	49,741	49,741
Advertising	24,351	13,696	187	38,234	6,155	510	6,665	44,899
Equipment rental and maintenance	3,447	15,021	-	18,468	18,006	-	18,006	36,474
Telephone	20,054	16,510	92	36,656	3,041	252	3,293	39,949
Bad debt expense	11,154	1,411	-	12,565	69,645	-	69,645	82,210
Conference, dues, and subscriptions	3,975	3,373	-	7,348	5,775	-	5,775	13,123
Miscellaneous	-	74	-	74	27,357	-	27,357	27,431
Travel and vehicle expense	3,650	1,080	-	4,730	3,537	-	3,537	8,267
Postage and shipping	-	-	-	-	6,503	75	6,578	6,578
Total Expenses	$ 3,392,310	$ 2,596,915	$ 21,073	$ 6,010,298	$ 1,518,388	$ 118,787	$ 1,637,175	$ 7,647,473

See accompanying notes.

The River Valley Regional Young Men's Christian Association and Affiliate

Consolidated Statement of Cash Flows

	Years Ended December 31, 2021	2020
Cash Flows from Operating Activities		
Change in net assets	**$ 1,724,370**	$ 3,430,345
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**703,535**	706,611
Contributions restricted for long-term purposes	**(284,028)**	(706,711)
Contribution of net assets from New Market Tax Credit	**-**	(2,283,678)
Amortization of debt issuance costs	**2,370**	2,370
Bad debt expense	**36,321**	14,398
In-kind stock donation	**(10,156)**	(107,121)
Change in fair value of interest rate swap	**(105,125)**	105,688
Change in interest in net assets of a community foundation	**(3,667)**	(3,732)
Realized and unrealized gain on investments	**(170,829)**	(147,615)
Loss on disposal of equipment	**1,959**	2,420
Write-off construction in process	**-**	9,004
(Increase) decrease in assets		
Accounts and grants receivable	**(820,104)**	59,218
Promises to give	**9,531**	6,613
Prepaid insurance	**1,733**	17,633
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	**72,473**	(202,705)
Deferred revenue	**401,355**	(79,603)
Net Cash Provided by Operating Activities	**1,559,738**	823,135
Cash Flows from Investing Activities		
Purchase of land, buildings, and equipment	**(175,779)**	(85,257)
Purchase of investments	**(49,727)**	(36,600)
Proceeds from sale of investments	**54,150**	230,698
Purchase of New Market Tax Credit - River Valley Y Investment Fund	**-**	(1,000)
Net Cash Provided by (Used in) Investing Activities	**(171,356)**	107,841

See accompanying notes.

	Years Ended December 31, 2021	2020
Cash Flows from Financing Activities		
Net change in line of credit	**$ -**	$ (46,955)
Principal payments on long-term debt	**(868,284)**	(78,900)
Principal payments on capital lease obligations	**(37,120)**	(43,289)
Proceeds from contributions restricted for long-term use	**462,310**	643,853
Net Cash Provided by (Used in) Financing Activities	**(443,094)**	474,709
Net Increase in Cash	**945,288**	1,405,685
Cash at Beginning of Year	**3,327,803**	1,922,118
Cash at End of Year	**$ 4,273,091**	$ 3,327,803
Cash Consists of the Following		
Cash, operating	**$ 3,507,886**	$ 2,120,098
Cash, restricted	**765,205**	1,207,705
	$ 4,273,091	$ 3,327,803
Supplemental Cash Flow Information		
Interest paid	**$ 105,541**	$ 295,265
Supplemental Disclosures of Cash Flow Information		
Fair market value of donated investments	**$ 10,156**	$ 107,121
Property and equipment in construction contracts and retainage payable	**$ 75,000**	$ 75,000
Equipment acquired under capital lease obligation	**$ 15,010**	$ 70,351
Extinguishment of debt, New Market Tax Credit	**$ -**	$ (2,226,000)

See accompanying notes.

Note 1 - Nature of Operations

The River Valley Regional Young Men's Christian Association (the YMCA) was originally incorporated on July 30, 1871, under statute of the Commonwealth of Pennsylvania. The YMCA's purpose is to enable all persons, men, women, and children, to develop their physical and social well-being and to promote the potential of their spirit, mind, and body through services related to individual and family, spiritual, mental, and physical fitness without regard to sex, level of income, race, or creed.

As a regional organization, the YMCA operates branches in Williamsport, Jersey Shore, Muncy (the East Lycoming Branch), Towanda (the Bradford County Branch), and Mansfield (the Tioga County Branch), Pennsylvania. Effective July 1, 2019, the Lock Haven Young Men's Christian Association was acquired by the YMCA.

The programs provided by the YMCA are as follows:

Youth Development

The YMCA is the largest provider of pre-school and school-age childcare in the region, providing high-quality/affordable care to more than 1,500 children daily. The YMCA has 3 pre-school child care sites, 20 before/after school program sites, and 10 summer day care sites.

Healthy Living/Membership Services

The YMCA offers access to personal health and well-being through facility memberships, teen leadership programs, youth and adult sports leagues, swim lessons, and other activities.

Social Responsibility

The YMCA offers opportunities for individuals and families to grow in spirit, mind, and body at every life stage. The YMCA is for people of all faiths, races, ages, abilities, and incomes.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Principles of Consolidation

The YMCA formed the RVR Foundation, Inc. (the Foundation), a wholly controlled affiliate of the YMCA. The Foundation was formed for the purpose of entering into a New Market Tax Credit (NMTC) transaction (see Note 3). As of December 21, 2021, the Foundation was legally dissolved. The net assets of the Foundation were contributed to the YMCA.

The consolidated financial statements include the accounts of the YMCA and its affiliate, the Foundation (collectively, the Association). All significant interorganizational balances and transactions have been eliminated in consolidation.

Note 2 - Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Restricted Cash

Restricted cash consists of the proceeds from the issuance of long-term debt ($-0- and $74,268 as of December 31, 2021 and 2020, respectively) and cash accounts associated with branch capital campaigns ($765,205 and $1,133,437 at December 31, 2021 and 2020, respectively) restricted for capital construction.

Accounts and Grants Receivable

Accounts and grants receivable are reported at amounts management expects to collect on balances outstanding at year-end. Receivables are charged to bad debt expense when deemed uncollectible based upon a periodic review of individual accounts. At December 31, 2021 and 2020, no allowance for doubtful accounts was recorded because management believes realized losses on such receivables will be immaterial.

Promises to Give

Promises to give are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, aging of the receivables, adverse situations that may affect a donor's ability to pay, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due. The allowance for doubtful promises to give was $50,000 at both December 31, 2021 and 2020.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are measured at fair value in the consolidated statement of financial position. Cash and cash equivalents (money market funds) are carried at cost, which approximates fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the determination of changes in net assets without donor restrictions, unless the income or loss is restricted by donor or law. Donor-restricted investment income is reported as an increase in net assets with donor restrictions depending on the type of restriction.

Note 2 - Summary of Significant Accounting Policies (continued)

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost or, in the case of donated assets, at market value at date received as a gift, less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful lives of the equipment. Such amortization is included in depreciation and amortization in the accompanying consolidated statement of functional expenses - by natural classification.

Expenditures for repairs and maintenance costs, which extend the useful lives of assets, are capitalized, and routine maintenance and repair costs are expensed as incurred.

The Association's policy is to capitalize land, buildings, and equipment expenditures of $1,000 or more.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset group (i.e. net assets) to the future undiscounted cash flows expected to be generated by operations. If the property and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of property and equipment exceeds the fair value of such property. The Association had concluded that there were no impairment adjustments required in 2021 or 2020.

Interest in Net Assets of a Community Foundation

Interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

Deferred Revenue

The Association records rental income received in advance, unearned membership fees, special events, and certain restricted grant award proceeds as deferred revenue until such rent is applicable, such membership fees are earned, such events are held, or such grant proceeds are expended for the purpose of the grant, at which time revenue is recognized.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized to interest expense using the straight-line method over the lives of the related debt agreements. Gross debt issuance costs amounted to $59,243 as of December 31, 2021 and 2020, and accumulated amortization amounted to $14,022 and $11,652 as of December 31, 2021 and 2020, respectively. Total amortization recognized in interest expense totaled $2,370 for both years ended December 31, 2021 and 2020.

Note 2 - Summary of Significant Accounting Policies (continued)

Net Assets

The net assets of the Association and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions. From time to time the Board of Directors may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions - Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions

The Association recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

All contributions are considered to be available for operations, unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction expires, that is, when a stipulated time restriction or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. If a restriction is satisfied in the same year the contribution is received, the support is reported as revenue without donor restrictions.

Grants

Grant revenue deemed to be a contribution is classified as with donor restrictions when received or receivable. Such grant revenue is not deemed to be in respect of exchange transactions since the proceeds thereof are nonreciprocal, unconditional, and voluntary.

The Association also receives grant revenue, which is deemed to be in respect of exchange transactions and is classified as revenue without donor restrictions or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Program Service Fees

Program service fees include childcare, camp, and various fitness and youth activities offered by the Association. Program service fees are recognized at the time the service is provided. Any amounts collected, but unearned, would be classified as deferred revenue and recognized as income in the applicable period.

Membership Dues

Membership dues, which operate on a monthly basis, are recognized as revenue in the applicable period. Collected, but unearned, memberships are presented as deferred revenue and are fully recognized as revenue on a monthly basis. The Association offers members discounted or free services, such as fitness classes, that are available during each month of membership. There are no remaining performance obligations at the end of each membership period.

Special Events

Special events include some events with both an exchange element, in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received, and a contribution element for the Association. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. Special event fees collected by the Association in advance are initially recorded as liabilities (deferred revenue) and recognized as special events after delivery of the event.

Rental Income

Rental income consists of monthly rent charged to Susquehanna Health, a local not-for-profit health system. Revenue is recognized when earned. Rental income is considered an exchange transaction as the lessee receives the benefit of the leased space. A long-term contract exists and terms and conditions are agreed upon by both parties.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses - by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of management and general expenses and fundraising expenses. Expenses require allocation on a reasonable basis that is consistently applied. Expenses are generally allocated on time spent by Association employees working in such programs or on the basis of square footage.

Advertising

The Association expenses advertising as incurred. For the years ended December 31, 2021 and 2020, the YMCA incurred advertising costs of $56,614 and $44,899, respectively.

Note 2 - Summary of Significant Accounting Policies (continued)

Donated Services

Volunteers have donated significant amounts of time to the Association's program services. These services do not meet the criteria for recognition as contributed services, and are not reflected on the accompanying consolidated financial statements.

Income Tax Status

The YMCA and the Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the YMCA and the Foundation qualify for the charitable contribution deduction under Section 170 (l)(A) and have been classified as organizations that are not private foundations under section 509 (A)(2).

The Association accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management has determined that there were no tax uncertainties that met the recognition threshold in 2021 and 2020.

The Association's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

With few exceptions, the YMCA is no longer subject to income tax examination by the U.S. Federal, state, or local tax authorities for years before December 31, 2018.

Recent Accounting Pronouncements

In March 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-01, *Leases (Topic 842): Codification Improvements*, which addressed issues lessors sometimes encounter. Specifically the ASU addresses issues related to (a) determining the fair value of the underlying asset by the lessor that are not manufacturers or dealers (generally financial institutions and captive finance companies), and (b) lessors that are depository and lending institutions, which should classify principal and payments received under sales-type and direct financing leases within investing activities in the cash flow statement. The ASU also exempts both lessees and lessors from having to provide the interim disclosures required by Accounting Standards Codification 250-10-50-3 in the fiscal year in which the Association adopts the new leases standard. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, which delays the effective date of ASU 2019-01 for certain entities. This ASU is effective for the Association beginning on January 1, 2022.

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash and other financial assets. Also, this ASU will require disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets, as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this standard should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.

The Association is currently evaluating the impact of the pending adoption of the new standards on the consolidated financial statements.

Note 3 - New Market Tax Credit Financing

In September 2013, Commonwealth Cornerstone Group Ltd. XVIII made two NMTC enhanced mortgage loans of $5,614,000 (Loan A) and $2,226,000 (Loan B) to the Foundation, to finance project costs of the new Williamsport Branch YMCA facility.

The Commonwealth Cornerstone Group (COE) received an allocation of the NMTC pursuant to Section 45D of the IRC in order to assist eligible businesses in making investments in certain communities. The COE made a sub-allocation of the NMTC to Commonwealth Cornerstone Group Ltd. XVIII (the sub-COE) in the amount of $8,000,000 and an $800 investment representing a 0.01% interest in the sub-COE.

The availability of the NMTC allowed FNB Bank, N.A. and C.P. II, Inc. to make an equity investment of $2,496,002 in River Valley Y Investment Fund, LP (the Investment Fund). The YMCA issued a loan to the Investment Fund in the amount of $5,614,000.

The Investment Fund contributed $8,000,000 to the sub-COE for a 99.99% interest in the sub-COE, which in turn issued Loan A and Loan B to the Foundation. The structure of this NMTC transaction is standard for the NMTC industry.

The seven year NMTC period expired on September 4, 2020. On December 31, 2020, the sub-COE liquidated and distributed assets of $60,928 and liabilities of $3,250 to the Investment Fund. At that time, the Foundation acquired all the interests in the Investment Fund in the predetermined amount of $1,000, and the Investment Fund was liquidated. After the "exit" transactions were completed, Loan A was extinguished as a result of the acquisition, and the Foundation became holder of Loan B. Loan B will be eliminated for reporting purposes, since it was owed from the Foundation to the YMCA. The Foundation dissolved in 2021 and its net assets were contributed to the YMCA.

In connection with the financing arrangement, the YMCA entered into an agreement for the leasing of the Williamsport Branch YMCA facility for a period of 25 years with nine optional five-year renewal terms. As a result of the dissolution of the Foundation, the YMCA acquired the title subject to the lease.

Note 4 - Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor restrictions or other designations limiting their use, within one year of the consolidated statement of financial position, comprise the following as of December 31:

	2021	2020
Financial Assets		
Cash, operating	**$ 3,507,886**	$ 2,120,098
Cash, restricted	**765,205**	1,207,705
Accounts and grants receivable	**949,900**	166,117
Promises to give, net	**104,840**	205,348
Investments	**1,937,376**	1,760,814
Total Financial Assets	**7,265,207**	5,460,082
Amounts not available to be used within one year		
Board-designated cash	**(403,694)**	(371,843)
Cash subject to donor restrictions	**(765,205)**	(1,133,437)
Promises to give subject to donor restrictions	**(94,187)**	(185,164)
Board-designated investments	**(211,063)**	(191,552)
Investments subject to donor restrictions	**(1,726,036)**	(1,568,990)
Total Amounts Not Available to be Used for General Expenditures Within One Year	**(3,200,185)**	(3,450,986)
Financial Assets Available to Meet Grants and Other Expenditures within One Year	**$ 4,065,022**	$ 2,009,096

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

The Association also has a line of credit available to meet short-term needs. See Note 12 for information about this arrangement.

Note 5 - Accounts and Grants Receivable

The Association's accounts and grants receivables consist of the following at December 31:

	2021	2020
Employee retention credit	**$ 791,587**	$ -
Other miscellaneous receivables	**21,488**	9,198
Childcare	**86,776**	116,031
Membership and program income	**21,574**	14,672
Child and adult food program	**17,047**	9,366
Grant receivable	**11,428**	16,850
	$ 949,900	$ 166,117

Note 6 - Promises to Give, Net

Promises to give to the Association consist of the following at December 31:

	2021	2020
Promises to give	**$ 156,989**	$ 344,402
Allowances for uncollectible amounts and unamortized discounts	**(51,899)**	(51,499)
	$ 105,090	$ 292,903
Amounts due		
Less than one year	**$ 104,840**	$ 205,348
One to five years	**250**	87,555
	$ 105,090	$ 292,903

Note 7 - Investments

Investments are stated at fair value. The following is a summary of the Association's investments at December 31:

	2021	2020
Mutual funds, equity	**$ 1,216,922**	$ 1,057,960
Mutual funds, fixed income	**408,647**	373,943
Mutual funds, balanced	**292,331**	273,527
Money market funds	**19,199**	55,111
Common stocks	**277**	273
	$ 1,937,376	$ 1,760,814

Note 7 - Investments (continued)

The following schedules summarize the investment return and its classification in the consolidated statement of activities for the years ended December 31:

2021	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Dividends and interest, net	**$ 4,837**	**$ 21,501**	**$ 26,338**
Realized/unrealized gains	**17,234**	**153,595**	**170,829**
	$ 22,071	**$ 175,096**	**$ 197,167**
2020			
Dividends and interest, net	$ 109,552	$ 20,070	$ 129,622
Realized/unrealized gains (losses)	(32,895)	180,510	147,615
	$ 76,657	$ 200,580	$ 277,237

Note 8 - Fair Value of Financial Instruments

The Association defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. Fair value is a market-based measurement, not an entity-specific measurement, and the Association sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Fair value measurements are disclosed by level within that hierarchy.

Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Association performs a detailed analysis of the assets and liabilities that are subject to fair value measurement. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Note 8 - Fair Value of Financial Instruments (continued)

The tables below present the balances of assets measured at fair value on a recurring basis by level within the fair value hierarchy as of December 31:

	Fair Value Measurements at December 31, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common Stocks				
Financial Services	$ 277	$ -	$ -	$ 277
Mutual Funds, Equity				
Large Cap	619,874	-	-	619,874
Mid Cap	167,697	-	-	167,697
Small Cap	57,517	-	-	57,517
International Developed	109,277	-	-	109,277
Real Estate	127,424	-	-	127,424
International Emerging	94,025	-	-	94,025
Commodities Fund	41,108	-	-	41,108
Mutual Funds, Fixed Income				
General Domestic	250,299	-	-	250,299
Short/Intermediate Corporate	87,437	-	-	87,437
U.S. Treasury and Government	45,851	-	-	45,851
World Fixed	25,060	-	-	25,060
Mutual Funds, Balanced	292,331	-	-	292,331
Money Markets	19,199	-	-	19,199
	$ 1,937,376	$ -	$ -	$ 1,937,376

Note 8 - Fair Value of Financial Instruments (continued)

	Fair Value Measurements at December 31, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common Stocks				
Financial Services	$ 273	$ -	$ -	$ 273
Mutual Funds, Equity				
Large Cap	478,052	-	-	478,052
Mid Cap	168,955	-	-	168,955
Small Cap	48,929	-	-	48,929
International Developed	99,509	-	-	99,509
Real Estate	98,737	-	-	98,737
International Emerging	91,097	-	-	91,097
Commodities Fund	72,681	-	-	72,681
Mutual Funds, Fixed Income				
General Domestic	133,737	-	-	133,737
Short/Intermediate Corporate	107,446	-	-	107,446
U.S. Treasury and Government	86,574	-	-	86,574
World Fixed	46,186	-	-	46,186
Mutual Funds, Balanced	273,527	-	-	273,527
Money Markets	55,111	-	-	55,111
	$ 1,760,814	$ -	$ -	$ 1,760,814

For financial liabilities measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used are as follows at December 31:

	Fair Value Measurements at December 31, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Interest rate swap liabilities	**$ -**	**$ 135,735**	**$ -**	**$ 135,735**

	Fair Value Measurements at December 31, 2020			
Interest rate swap liabilities	$ -	$ 240,860	$ -	$ 240,860

Note 8 - Fair Value of Financial Instruments (continued)

The following information should not be interpreted as an estimate of the fair value of the Association since a fair value calculation is only provided for a limited portion of the Association's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Association's disclosures and those of other organizations may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Association's financial instruments:

Interest rate swap agreements are measured by alternative pricing sources with reasonable levels of price transparency in markets that are not active. Based on the complex nature of interest rate swap agreements, the markets these instruments trade in are not as efficient and are less liquid than that of the more mature Level 1 markets. These markets do; however, have comparable observable inputs in which an alternative pricing source values these liabilities in order to arrive at a fair market value. These characteristics classify interest rate swap agreements as Level 2. The fair value of the interest rate swap agreement represents the estimated amount the Association would pay to terminate the agreement.

The carrying amounts of cash and cash equivalents, receivables, accounts payable, and current portion of long-term debt approximate fair value because of the short maturity of these instruments.

The carrying amounts of long-term debt approximate fair value because the weighted interest rate approximates the rate the Association can currently obtain on borrowings.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended December 31, 2021 and 2020, there were no significant transfers between fair value levels.

Note 9 - Land, Buildings, and Equipment, Net

Land, buildings, and equipment and accumulated depreciation and amortization consist of the following at December 31:

	2021	2020
Land*	**$ 212,691**	$ 212,691
Land improvements	**446,838**	446,838
Vehicles and buses	**2,584**	450
Buildings and improvements	**18,327,304**	18,298,064
Furniture and equipment	**2,472,135**	2,386,213
Leasehold improvements	**625,615**	585,615
Construction in progress*	**13,161**	8,664
	22,100,328	21,938,535
Accumulated depreciation and amortization	**(7,609,073)**	(6,932,575)
	$ 14,491,255	$ 15,005,960

* Not depreciated.

Note 10 - Interest in Net Assets of a Community Foundation

The YMCA is the beneficiary of endowment funds of the First Community Foundation Partnership of Pennsylvania (FCFP), a community foundation. As beneficiary, the YMCA is entitled to annual distributions from the funds, based upon the FCFP's spending policy. The FCFP maintains variance power only over distributions from the funds.

The organizational endowment fund created by the YMCA at the FCFP is reflected in the consolidated statement of financial position as interest in net assets of a community foundation. Through December 31, 2021, the YMCA has contributed $25,000 to the fund. Future contributions are at the discretion of the Board of Directors of the YMCA. As of December 31, 2021 and 2020, the fair value of the YMCA's interest in net assets of a community foundation amounted to $36,388 and $32,721, respectively.

Note 11 - Deferred Revenue

Deferred revenue consists of the following at December 31:

	2021	2020
Memberships	**$ 55,749**	$ 48,997
Rents	**44,602**	67,066
Programs	**27,356**	27,762
Gift cards	**27,140**	24,340
Grants	**493,287**	33,337
Service agreements, municipalities	**8,548**	52,453
Other	**6,650**	8,022
	663,332	261,977
Current portion	**(650,207)**	(226,352)
	$ 13,125	$ 35,625

The YMCA leases 5,000 square feet of its East Lycoming Branch building to Susquehanna Health, a local not-for-profit health system. As part of the lease agreement, Susquehanna Health paid an initial upfront payment in the amount of $337,500. The payment is being amortized on a straight-line basis over the 15-year life of the agreement to reduce the monthly payment amount. The amount of deferred revenue recognized was $22,500 in 2021 and 2020.

Note 12 - Line of Credit

The YMCA has a line of credit arrangement with a bank for $500,000. Interest is payable at the bank's prime rate (2.75% and 3.25% at December 31, 2021 and 2020, respectively) and is secured by real estate. There were no borrowings under this arrangement at December 31, 2021 and 2020.

Note 13 - Long-Term Debt

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

	2021	2020
Revenue Note, Series of 2016, monthly principal payments ranging from $10,000 to $22,800 plus accrued interest at a variable rate of 70% of one-month LIBOR plus 2.5% for $1,973,578, 70% of one-month LIBOR for $1,250,000, and 75% of one-month LIBOR for $1,500,000, which was 0.101% and 0.144%, respectively. Effective rate of 3.69% and 3.58% at December 31, 2021 and 2020, respectively. The note matures September 1, 2041. The note is secured by substantially all assets of the Association	**$ 2,412,795**	$ 3,281,079
Debt issuance costs	**(45,221)**	(47,591)
Current portion	**(85,691)**	(106,230)
	$ 2,281,883	$ 3,127,258

There are certain financial covenants associated with these loans. The Association was in compliance with these covenants as of December 31, 2021.

Future maturities on long-term debt are as follows for the five years ending December 31 and thereafter:

	Principal	Debt Issuance Costs Amortization	Net
2022	**$ 85,691**	**$ (2,370)**	**$ 83,321**
2023	**89,204**	**(2,370)**	**86,834**
2024	**92,112**	**(2,370)**	**89,742**
2025	**95,725**	**(2,370)**	**93,355**
2026	**98,864**	**(2,370)**	**96,494**
Thereafter	**1,951,199**	**(33,371)**	**1,917,828**
	$ 2,412,795	**$ (45,221)**	**$ 2,367,574**

Interest expense for the years ended December 31, 2021 and 2020 amounted to $107,911 and $297,635, respectively.

The Association entered into an interest rate swap agreement to reduce the impact of changes in interest rates on its bridge loan, which was refinanced to its Revenue Note, Series of 2016, which bears interest at a variable rate based on LIBOR. At December 31, 2021 and 2020, this swap agreement had a total notional principal amount of $1,069,987 and $1,106,831, respectively. This agreement effectively changes the Association's interest exposure on the Revenue Note, which matures in September 2041, to a fixed rate of 3.45%. The interest rate swap agreement matures at the time the related note matures.

Note 13 - Long-Term Debt (continued)

The Association also entered into another interest rate swap agreement to further reduce the impact of changes in interest rates on its bridge loan, which was refinanced to its Revenue Note, Series of 2016, which bears interest at a variable rate based on LIBOR. At December 31, 2021 and 2020, this swap agreement had a total notional principal amount of $1,338,801 and $1,384,744, respectively. This agreement effectively changes the Association's interest exposure on the Revenue Note, which matures in April 2028, to a fixed rate of 4.17%. The interest rate swap agreement matures at the time the related note matures.

The Association is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement. However, the Association does not anticipate nonperformance by the counterparty.

Note 14 - Obligations under Capital Lease

The Association has entered into noncancellable capital lease arrangements for exercise and office equipment. The Association is required to pay all insurance and maintenance costs associated with the equipment during the terms of the leases. The cost of the leased equipment, less the related accumulated amortization, is included in land, buildings, and equipment.

Future minimum lease payments under the capital leases, as of December 2021, are as follows:

2022	$ 30,222
2023	15,096
2024	4,677
	49,995
Amount representing interest	(1,912)
	48,083
Current portion	(28,326)
	$ 19,757

Note 15 - Paycheck Protection Program

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which established the Paycheck Protection Program (the Program). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis (refer to Note 24). The YMCA applied for a loan under this Program and received from its bank, a loan in the amount of $998,665 on April 23, 2020. The loan was forgivable if the YMCA met certain criteria as established under the Program. On March 5, 2021, the YMCA was notified by their bank that the loan had been forgiven in full by the Small Business Administration (SBA).

Note 15 - Paycheck Protection Program (continued)

On January 6, 2021, the SBA and the Department of the Treasury released interim final rules related to the expansion and extension of the Program that was enacted on March 27, 2020 by CARES Act. The YMCA applied for a loan under this Program and received from its bank a loan in the amount of $998,665 on April 22, 2021. The loan was forgivable if the YMCA met certain criteria as established under the Program. On September 24, 2021, the YMCA was notified by their bank that the loan had been forgiven in full by the SBA.

The YMCA has recognized the Program grant income for the full amounts of the Program loans, $998,665 for both years ended December 31, 2021 and 2020, and no liability for the Program loan is reflected in the consolidated statement of financial position as of December 31, 2021 and 2020.

Note 16 - Employee Retention Credit

The CARES Act provides an employee retention credit (CARES Employee Retention credit), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the U.S. Government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter. The Association qualifies for the tax credit under the CARES Act and expects to continue to receive additional tax credits under the additional relief provisions for qualified wages through December 31, 2021. During the years ended December 31, 2021 and 2020, the Association recorded $791,587 and $-0-, respectively, related to the CARES Employee Retention credit as other grant in the Association's consolidated statements of activities. As of December 31, 2021 and 2020, the YMCA has a receivable balance of $791,587 and $-0-, respectively, from the U.S. Government related to the CARES Act, which is recorded in accounts and grants receivable on the Association's consolidated statement of financial position.

Note 17 - Retirement Plan

The YMCA maintains a qualified noncontributory, defined contribution retirement plan, which covers employees who meet certain eligibility requirements. For the years 2021 and 2020, the YMCA contributed 8% to the plan based on the participant's salary with the employee contributing 3%. Retirement expense was $199,711 and $158,397 for the years ended December 31, 2021 and 2020, respectively.

Note 18 - Net Assets Without Donor Restrictions

The Association's net assets without donor restrictions is comprised of undesignated and Board-designated amounts for the following purposes as of December 31:

	2021	2020
Undesignated	**$ 15,040,301**	$ 12,969,067
Board designated for capital improvements	**404,467**	371,843
Board designated for endowments	**211,063**	191,552
	$ 15,655,831	$ 13,532,462

Note 19 - Net Assets With Donor Restrictions

The Association's net assets with donor restrictions are restricted for the following purposes as of December 31:

	2021	2020
General Funds		
Promises to give-time restriction	**$ 10,653**	$ 20,184
Subject to expenditure for specific purpose		
Cash, special projects	**78,874**	4,800
	89,527	24,984
Investment Fund		
Subject to expenditure for specific purpose		
Special projects investments	**823,831**	687,248
Perpetual in nature investments, endowment	**902,205**	881,742
Promises to give, endowment	**170**	440
Cash, perpetual in nature	**160**	12,560
	1,726,366	1,581,990
Capital Campaign Fund		
Subject to expenditure for specific purpose		
Cash, Jersey Shore	**4,735**	4,749
Cash, Tioga County	**4,475**	6,504
Cash, New YMCA	**606,537**	1,039,850
Cash, Eastern Lycoming	**25,000**	25,000
Cash, Bradford	**10,192**	39,974
Cash, Lock Haven	**35,232**	-
Subject to passage of time		
Promises to give, Williamsport	**94,267**	272,279
	780,438	1,388,356
	$ 2,596,331	$ 2,995,330

Note 20 - Endowment Funds

The Association's endowment consists of numerous individual funds established for a variety of purposes. Their endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowment. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Board of Directors of the Association has interpreted Pennsylvania law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions.

The Association has adopted investment policies for its endowment assets that attempt to preserve the capital and achieve sufficient total return to fund the annual operating and capital expenditures in accordance with the donor restrictions. To achieve this overall goal, the primary objective of the investment policy is the long-term growth of capital. A real rate of return over capital is required to preserve the purchasing power of the endowment funds. The secondary objective of the investment policy is the preservation of capital, including the protection of capital in declining markets.

Spending Policy

The annual cash payout of all endowment funds, except those funds containing illiquid assets (such as certain real estate or other property), will be 5% of the average market value, using a five-year trailing average and net of financial management fees. This payout may be used to meet both capital and administrative needs. The payout rate is typically established by the Board of Directors at its July meeting, and may be adjusted to reflect special funding needs and/or financial market conditions.

To meet the payout level determined each year, the Association may utilize both traditional interest and dividends generated by its endowment funds (i.e. the yield), as well as capital appreciation. Where prudent and not inconsistent with the Association's bylaws, trust documents, and fund agreements, the Association may use a portion of the principal of endowment funds (such as new endowment funds with little or no capital appreciation) to meet the established payout or to fund special projects as determined by the Board of Directors or as designated by the donor of such funds. This spending strategy reflects the total return approach to investing and disbursing funds described above.

Note 20 - Endowment Funds (continued)

Investment Policy

Return and Risk Requirements

To fulfill the endowment fund's investment objective, the portfolio should achieve at least a 4% annualized return after inflation on a rolling basis.

Risk Tolerance

Risk is present in all types of securities and investment styles. Some risk is necessary to produce long-term investment results that are sufficient to meet the endowment fund objectives.

Due to the fact that the allocation of funds between asset classes may be the most important determinant of investment performance over the long term, investment managers are encouraged to diversify the endowment fund's investments among appropriate asset classes. However, reasonable sector allocations and diversification shall be maintained, with no more than 40% of the entire equity portfolio invested in the securities of any one sector, 25% of the fixed income portfolio invested in the securities of any one sector, and no more than 5% of the equity portfolio invested in any individual stock.

Asset Allocation

With the exception of predetermined liquidity needs, all investment assets are considered to be long term in nature. Due to the long-term horizon, the endowment fund's asset allocation plan considers expected return for equity, fixed income, alternative cash, and real asset classes in domestic and foreign markets. Consideration is also given to expected prevailing levels of inflation, correlation of assets, and expected volatility of returns. All of these considerations help to determine an asset allocation that provides diversification and sufficient expected return to satisfy the investment objectives of the endowment fund.

The Association's endowment fund assets are to be managed within a range of:

Asset Class	Target%	Minimum	Maximum
Equities	50	40	60
Fixed income	30	20	40
Alternative	15	5	25
Cash equivalents	5	0	15

The endowment fund recognizes the benefit of asset class diversification; therefore, the allocation within each asset class can be further defined.

Portfolio diversification - no more than 5% of the portfolio at cost, or 10% at market, should be in any one security, with the exception of mutual funds and U.S. Government securities and agencies.

Note 20 - Endowment Funds (continued)

Investment Policy (continued)

Asset Allocation (continued)

Fixed income diversification - no more than 5% of the portfolio at cost, or 10% at market, may be invested in any single issuer except (a) obligations guaranteed by the full faith and credit of the U.S. Government, (b) obligations issued by U.S. Government agencies, or (c) an open-ended bond fund.

Foreign individual bond diversification - no more than 5% of the portfolio may be invested in "Yankee Bonds" with "AAA" rating at purchase.

Convertible bonds will be considered as equity investments and must meet the same criteria that an equity investment would be required to meet.

All investment grade fixed-income securities must be rated investment grade by at least two nationally recognized statistical rating agencies at the time of purchase. Investment managers shall notify the Board within five business days if a fixed-income security falls below investment grade after being purchased.

All municipal bonds must be taxable insured municipal bonds with a long-term debt rating of Aa or better by Moody's Credit Service or the equivalent by Standard & Poor's.

Individual stocks of foreign companies must be purchased through American Depository Receipts.

Certificates of deposit must be issued by financial institutions with sound financial ratings that participate in the FDIC program for their deposits. No more than the applicable FDIC insured limit (including interest) can be placed with any single institution.

Commercial paper shall be limited to those issued rated A1P1 or better.

Endowment Funds

Endowment net asset composition consists of the following as of December 31:

2021	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Endowment net assets	**$ 211,063**	**$ 1,726,366**	**$ 1,937,429**
2020			
Endowment net assets	$ 191,552	$ 1,581,990	$ 1,773,542

Note 20 - Endowment Funds (continued)

Endowment Funds (continued)

Changes in endowment net assets consist of the following for the years ended December 31:

2021	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at Beginning of Year	$ 191,552	$ 1,581,990	$ 1,773,542
Investment return			
Dividends and interest, net	2,281	21,499	23,780
Net appreciation realized/unrealized	17,230	153,596	170,826
	19,511	175,095	194,606
Contributions	-	20,463	20,463
Appropriation for expenditures	-	(51,182)	(51,182)
	-	(30,719)	(30,719)
Endowment Net Assets at End of Year	$ 211,063	$ 1,726,366	$ 1,937,429
2020			
Endowment Net Assets at Beginning of Year	$ 315,055	$ 1,386,412	$ 1,701,467
Investment return			
Dividends and interest, net	(3,713)	21,162	17,449
Net appreciation realized/unrealized	(33,324)	179,418	146,094
	(37,037)	200,580	163,543
Contributions	-	150,363	150,363
Appropriation for expenditures	(86,466)	(155,365)	(241,831)
	(86,466)	(5,002)	(91,468)
Endowment Net Assets at End of Year	$ 191,552	$ 1,581,990	$ 1,773,542

Note 21 - Commitments

Construction Commitments

The Association has outstanding retainage commitments associated with the Williamsport Branch YMCA facility in the amount of $75,000 at December 31, 2021.

Building Sublease

The Association has entered into a noncancellable building sublease of 5,000 square feet in the East Lycoming Branch building. Under the terms of this sublease, future minimum rentals receivable are as follows for the remaining two years ending December 31:

2022	$ 67,500
2023	33,750
	$ 101,250

Rental income was $90,000 (including deferred revenue recognized of $22,500) for both years ended December 31, 2021 and 2020.

Note 22 - Related Party Transactions

The Association is affiliated with the YMCA of the United States of America. The Association purchases services from the National Office and is required to pay an administrative fee of 2% of general agency support to the National Office. Such payments amounted to $90,663 and $87,490 for the years ended December 31, 2021 and 2020, respectively.

Note 23 - Contingencies

Concentration of Credit Risk

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. Management believes the Association is not exposed to any significant credit risk related to their cash.

Litigation

The YMCA is involved in legal actions arising in the normal course of activities. Management believes that the loss, if any, resulting from these matters will not have a material effect on the financial position of the Association.

Note 24 - Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economy, financial markets, and the geographical area in which the Association operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Association.

Additionally, it is reasonably possible that estimates made in the consolidated financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 25 - Subsequent Events

The Association has evaluated subsequent events through May 23, 2022. This date is the date the consolidated financial statements were available to be issued. No material events subsequent to December 31, 2021 were noted.

The River Valley Regional Young Men's Christian Association and Affiliate

Consolidating Statement of Financial Position

	December 31, 2021			
	River Valley Regional YMCA	RVR Foundation	Eliminations	Consolidated Total
Assets				
Current Assets				
Cash, operating	$ 3,507,886	$ -	$ -	$ 3,507,886
Accounts and grants receivable	949,900	-	-	949,900
Promises to give, net	104,840	-	-	104,840
Prepaid insurance	126,870	-	-	126,870
Total Current Assets	4,689,496	-	-	4,689,496
Other Assets				
Cash, restricted	765,205	-	-	765,205
Promises to give, net	250	-	-	250
Investments	1,937,376	-	-	1,937,376
Land, buildings, and equipment, net	14,491,255	-	-	14,491,255
Interest in net assets of a community foundation	36,388	-	-	36,388
Security deposits	8,727	-	-	8,727
Total Other Assets	17,239,201	-	-	17,239,201
Total Assets	$ 21,928,697	$ -	$ -	$ 21,928,697

The River Valley Regional Young Men's Christian Association and Affiliate

Consolidating Statement of Financial Position (continued)

	December 31, 2021			
	River Valley Regional YMCA	RVR Foundation	Eliminations	Consolidated Total
Liabilities and Net Assets				
Current Liabilities				
Accounts payable				
Trade	$ 171,002	$ -	$ -	$ 171,002
Construction contracts, including retainage	75,000	-	-	75,000
Current portion of long-term debt	85,691	-	-	85,691
Current portion of obligations under capital lease	28,326	-	-	28,326
Accrued expenses	215,809	-	-	215,809
Deferred revenue	650,207	-	-	650,207
Total Current Liabilities	1,226,035	-	-	1,226,035
Other Liabilities				
Deferred revenue	13,125	-	-	13,125
Interest rate swap	135,735	-	-	135,735
Long-term debt	2,281,883	-	-	2,281,883
Obligations under capital lease	19,757	-	-	19,757
Total Other Liabilities	2,450,500	-	-	2,450,500
Total Liabilities	3,676,535	-	-	3,676,535
Net Assets				
Net assets without donor restrictions	15,655,831	-	-	15,655,831
Net assets with donor restrictions	2,596,331	-	-	2,596,331
Total Net Assets	18,252,162	-	-	18,252,162
Total Liabilities and Net Assets	$ 21,928,697	$ -	$ -	$ 21,928,697

Consolidating Statement of Financial Position (continued)

	River Valley Regional YMCA	RVR Foundation	Eliminations	Consolidated Total
	December 31, 2020			
Assets				
Current Assets				
Cash, operating	$ 2,106,811	$ 13,287	$ -	$ 2,120,098
Due from YMCA	-	118,951	(118,951)	-
Accounts and grants receivable	166,117	-	-	166,117
Promises to give, net	205,348	-	-	205,348
Prepaid insurance	67,675	60,928	-	128,603
Total Current Assets	2,545,951	193,166	(118,951)	2,620,166
Other Assets				
Cash, restricted	1,133,437	74,268	-	1,207,705
Promises to give, net	87,555	-	-	87,555
Investments	1,760,814	-	-	1,760,814
Land, buildings, and equipment, net	7,618,059	7,387,901	-	15,005,960
Interest in net assets of a community foundation	32,721	-	-	32,721
Security deposits	25,767	7,127	(24,167)	8,727
Note receivable	5,614,000	-	(5,614,000)	-
Total Other Assets	16,272,353	7,469,296	(5,638,167)	18,103,482
Total Assets	$ 18,818,304	$ 7,662,462	$ (5,757,118)	$ 20,723,648

	December 31, 2020			
	River Valley Regional YMCA	RVR Foundation	Eliminations	Consolidated Total
Liabilities and Net Assets				
Current Liabilities				
Accounts payable				
Trade	$ 156,677	$ 3,250	$ -	$ 159,927
Construction contracts, including retainage	-	75,000	-	75,000
Current portion of long-term debt	106,230	-	-	106,230
Current portion of obligations under capital lease	36,460	-	-	36,460
Due to Foundation	118,951	-	(118,951)	-
Accrued expenses	154,411	24,167	(24,167)	154,411
Deferred revenue	222,677	3,675	-	226,352
Total Current Liabilities	795,406	106,092	(143,118)	758,380
Other Liabilities				
Deferred revenue	35,625	-	-	35,625
Interest rate swap	240,860	-	-	240,860
Long-term debt	3,127,258	5,614,000	(5,614,000)	3,127,258
Obligations under capital lease	33,733	-	-	33,733
Total Other Liabilities	3,437,476	5,614,000	(5,614,000)	3,437,476
Total Liabilities	4,232,882	5,720,092	(5,757,118)	4,195,856
Net Assets				
Net assets without donor restrictions	11,590,092	1,942,370	-	13,532,462
Net assets with donor restrictions	2,995,330	-	-	2,995,330
Total Net Assets	14,585,422	1,942,370	-	16,527,792
Total Liabilities and Net Assets	$ 18,818,304	$ 7,662,462	$ (5,757,118)	$ 20,723,648

The River Valley Regional Young Men's Christian Association and Affiliate

Consolidating Statement of Activities

	Year Ended December 31, 2021			
	River Valley Regional YMCA	RVR Foundation	Eliminations	Consolidated Total
Public Support and Revenue				
Public support				
Other grants	$ 2,565,814	$ -	$ -	$ 2,565,814
Contributions	2,503,400	-	(1,830,164)	673,236
Pennsylvania Department of Education grant	229,885	-	-	229,885
Special events	153,422	-	-	153,422
United Way allocations	62,236	-	-	62,236
Total public support	5,514,757	-	(1,830,164)	3,684,593
Revenue				
Program service fees	3,589,950	-	-	3,589,950
Membership dues	1,956,675	-	-	1,956,675
Rental income	238,838	-	-	238,838
Investment income	197,149	18	-	197,167
Miscellaneous	30,724	-	-	30,724
Sales to the public	15,537	-	-	15,537
Loss on disposal of equipment	(1,959)	-	-	(1,959)
Total revenue	6,026,914	18	-	6,026,932
Total Public Support and Revenue	11,541,671	18	(1,830,164)	9,711,525
Expenses				
Program services				
Youth development	3,939,532	-	-	3,939,532
Healthy living	2,725,398	-	-	2,725,398
Social responsibility	29,915	-	-	29,915
Total program services	6,694,845	-	-	6,694,845
Supporting services				
Management and general	1,155,065	1,942,388	(1,830,164)	1,267,289
Fundraising	133,813	-	-	133,813
Total supporting services	1,288,878	1,942,388	(1,830,164)	1,401,102
Total Expenses	7,983,723	1,942,388	(1,830,164)	8,095,947
Excess (Deficiency) of Public Support and Revenue over Expenses	3,557,948	(1,942,370)	-	1,615,578
Nonoperating Activities				
Change in fair value of interest rate swap	105,125	-	-	105,125
Change in interest in net assets of a community foundation	3,667	-	-	3,667
Total Nonoperating Activities	108,792	-	-	108,792
Change in Net Assets	3,666,740	(1,942,370)	-	1,724,370
Net Assets at Beginning of Year	14,585,422	1,942,370	-	16,527,792
Net Assets at End of Year	$ 18,252,162	$ -	$ -	$ 18,252,162

The River Valley Regional Young Men's Christian Association and Affiliate

Consolidating Statement of Activities (continued)

	Year Ended December 31, 2020			
	River Valley Regional YMCA	RVR Foundation	Eliminations	Consolidated Total
Public Support and Revenue				
Public support				
Other grants	$ 2,032,241	$ -	$ -	$ 2,032,241
Contributions	1,074,846	-	-	1,074,846
Pennsylvania Department of Education grant	166,969	-	-	166,969
Special events	130,552	-	-	130,552
United Way allocations	66,926	-	-	66,926
Total public support	3,471,534	-	-	3,471,534
Revenue				
Program service fees	3,038,731	-	-	3,038,731
Membership dues	1,847,161	-	-	1,847,161
Rental income	227,796	389,334	(389,334)	227,796
Investment income	277,200	37	-	277,237
Miscellaneous	24,445	-	-	24,445
Sales to the public	11,612	-	-	11,612
Loss on disposal of equipment	(2,420)	-	-	(2,420)
Total revenue	5,424,525	389,371	(389,334)	5,424,562
Total Public Support and Revenue	8,896,059	389,371	(389,334)	8,896,096
Expenses				
Program services				
Youth development	3,392,310	-	-	3,392,310
Healthy living	2,596,915	-	-	2,596,915
Social responsibility	21,073	-	-	21,073
Total program services	6,010,298	-	-	6,010,298
Supporting services				
Management and general	1,394,384	513,338	(389,334)	1,518,388
Fundraising	118,787	-	-	118,787
Total supporting services	1,513,171	513,338	(389,334)	1,637,175
Total Expenses	7,523,469	513,338	(389,334)	7,647,473
Excess (Deficiency) of Public Support and Revenue over Expenses	1,372,590	(123,967)	-	1,248,623
Nonoperating Activities				
Change in fair value of interest rate swap	(105,688)	-	-	(105,688)
Change in interest in net assets of a community foundation	3,732	-	-	3,732
Contribution of net assets from New Market Tax Credit	-	2,283,678	-	2,283,678
Total Nonoperating Activities	(101,956)	2,283,678	-	2,181,722
Change in Net Assets	1,270,634	2,159,711	-	3,430,345
Net Assets at Beginning of Year	13,314,788	(217,341)	-	13,097,447
Net Assets at End of Year	$ 14,585,422	$ 1,942,370	$ -	$ 16,527,792

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors
The River Valley Regional Young Men's Christian Association and Affiliate
Williamsport, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The River Valley Regional Young Men's Christian Association and Affiliate (the Association), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses - by natural classification, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 23, 2022.

Report on Internal Control over Financial Reporting

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

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

1330 Broadcasting Road, Wyomissing, PA 19610 610.376.1595 610.376.7340 rklcpa.com

Report on Internal Control over Financial Reporting (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

RKL LLP

May 23, 2022
Wyomissing, Pennsylvania

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
The River Valley Regional Young Men's Christian Association and Affiliate
Williamsport, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The River Valley Regional Young Men's Christian Association and Affiliate's (the Association) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Association's major federal programs for the year ended December 31, 2021. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Association's compliance with the compliance requirements referred to above.

1330 Broadcasting Road, Wyomissing, PA 19610 610.376.1595 610.376.7340 rklcpa.com

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Association's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Association's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

- identify and assess the risks of material noncompliance, 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 Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Association as of and for the year ended December 31, 2021, and have issued our report thereon dated May 23, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RKL LLP

May 23, 2022
Wyomissing, Pennsylvania

River Valley Regional Young Men's Christian Association and Affiliate

Schedule of Expenditures of Federal Awards
December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor Information Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster				
Passed through from the Pennsylvania				
Department of Education				
Summer Food Program for Children	YMCA	10.559	$ -	$ 46,612
Other Programs				
Passed through from the Pennsylvania				
Department of Education				
Child and Adult Care Food Program	YMCA	10.558	-	173,907
Total U.S. Department of Agriculture			-	220,519
U.S. Department of the Treasury				
American Rescue Plan Act Stabilization Grant	YMCA	93.575	-	546,251
Passed through Commonwealth of Pennsylvania				
Child Care and Development Block Grant	YMCA	93.575	-	102,242
Total U.S. Department of the Treasury			-	648,493
			$ -	$ 869,012

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The River Valley Regional Young Men's Christian Association and Affiliate (the Association) under programs of the federal government for the year ended December 31, 2021. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule of expenditures of federal awards presents only a selected portion of the operations of the Association, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Association.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule of expenditures of federal awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

The Association has elected to use the ten-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

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

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

Identification of major federal programs

CFDA Number(s)	Name of Federal Program or Cluster
93.575	Child Care and Development Fund Grants

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

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

Section II - Financial Statement Findings

No findings are reported.

Section III - Federal Award Findings and Questioned Costs

No findings are reported.

Section II - Financial Statement Findings

No findings are reported.

Section III - Federal Award Findings and Questioned Costs

No findings are reported.