YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended December 31, 2021 and 2020

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF

Board of Directors
(As of December 31, 2021)

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Lawson Allen, Chair Elect
David Wilds, Treasurer
Decosta Jenkins, Assistant Treasurer
Kelvin Ault, Board Member
H. Lee Barfield II, Board Member
Catherine Birdwell, Board Member
David Bohan, Board Member
Leilani Boulware, Board Member
Stewart Bronaugh, Jr., Board Member
Terrence Brooks, Board Member
Laura Beth Brown, Board Member
Teresa Broyles-Aplin
George Buck, Board Member
Trudy Carpenter, Board Member
Jonathan Cole, Board Member
Kate Chinn, Board Member
Florence Davis, Board Member
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Jack Elisar, Board Member
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Catherine Gemmato-Smith, Board Member
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Alan Thompson, Board Member
Kevin Tilbury, Board Member
Tony Wall, Board Member
Caroleen Wilkes, Board Member
William M. Wilson, Board Member
Carol Yochem, Board Member
Stephen Young, Board Member

Executive Staff

Chris Tointon, President &
Chief Executive Officer
Jessica Fain, Senior Vice President &
Chief Strategy Officer
Joey Harwell, Chief Financial Officer
Bob Knestrick, Executive Vice President &
Chief Operating Officer
Peter Oldham, Executive Vice President &
Chief Administrative Officer
Julie Sistrunk, Chief Development Officer
David Abbott, Senior Vice President of Technology
David Shipman, Senior Vice President of Operations
Jill Tramel, Senior Vice President of Youth Development
Walker Schul, Controller
Keith Russell, Vice President of Marketing
Rebecca Walker, Senior Vice President of People Services
Dori Gorman, Chaplain

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR 1-2

FINANCIAL STATEMENTS
Statements of Financial Position 3
Statements of Activities 4-5
Statements of Functional Expenses 6-7
Statements of Cash Flows 8
Notes to the Financial Statements 9-19

SUPPLEMENTARY INFORMATION
Schedule of Expenditures of Federal and State Awards 20-21
Notes to the Schedule of Expenditures of Federal and State Awards 22

Report of Independent Auditor 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* 23-24

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance 25-26

Schedule of Findings and Questioned Costs 27-28

Schedule of Prior Year Findings 29

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
Young Men's Christian Association of Middle Tennessee
Nashville, Tennessee

Report on the Financial Statements

Opinion
We have audited the accompanying financial statements of the Young Men's Christian Association of Middle Tennessee (the "YMCA") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Young Men's Christian Association of Middle Tennessee 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 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 Young Men's Christian Association of Middle Tennessee 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 opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards 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 financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 23, 2022, on our consideration of the YMCA'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 YMCA'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 YMCA's internal control over financial reporting and compliance.

Nashville, Tennessee
May 23, 2022

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 38,033,330	$ 19,384,646
Accounts and Grants Receivable:		
Membership and program fees, net	263,581	289,288
Grants and contracts	176,571	1,570,726
Pledges receivable, net	1,949,617	1,149,587
Prepaid expenses and other assets	918,265	412,331
Total Current Assets	41,341,364	22,806,578
Pledges receivable, less current portion, net	3,734,587	332,567
Property and equipment, net	98,134,183	100,676,601
Cash restricted for investment in property and equipment	349,944	749,651
Total Assets	**$ 143,560,078**	**$ 124,565,397**
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 1,923,328	$ 801,183
Accrued expenses	5,175,351	5,718,947
Deferred membership and other revenues	2,167,402	1,113,974
Deferred grant revenue, PPP loan	8,966,919	-
Current portion of notes payable	-	5,875
Current portion of bonds payable	1,886,730	1,820,266
Total Current Liabilities	20,119,730	9,460,245
Line of credit	2,000,000	7,500,000
Deferred revenue, other	1,049,977	430,217
Interest rate swap liability	1,947,352	3,562,605
Long-term notes payable, less current portion	-	8,295
Long-term bonds payable, less current portion	34,069,774	35,956,510
Total Liabilities	59,186,833	56,917,872
Net Assets:		
Without Donor Restrictions:		
Undesignated	56,382,187	51,515,872
Board designated	21,231,958	13,020,459
Total Without Donor Restrictions	77,614,145	64,536,331
With Donor Restrictions	6,759,100	3,111,194
Total Net Assets	84,373,245	67,647,525
Total Liabilities and Net Assets	**$ 143,560,078**	**$ 124,565,397**

The accompanying notes to the financial statements are an integral part of these statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL DATA FOR YEAR ENDED DECEMBER 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Operating Activities:				
Public Support:				
Contributions	$ 1,874,790	$ 1,933,510	$ 3,808,300	$ 3,299,132
Foundation and corporate grants	18,494,380	366,940	18,861,320	1,697,382
Special events, net	332,163	-	332,163	207,289
Gains on disposal of property and equipment	7,683	-	7,683	4,906,785
Release from restriction	658,159	(658,159)	-	-
Total Public Support	21,367,175	1,642,291	23,009,466	10,110,588
Revenue:				
Membership fees, net	31,714,930	-	31,714,930	28,702,483
Program fees, net	12,837,737	-	12,837,737	8,194,735
Government grants and contracts	10,508,524	-	10,508,524	10,552,320
Sales to members	601,147	-	601,147	467,808
Other income	663,310	-	663,310	563,473
Consulting and management fees	-	-	-	69,641
Interest income	4,655	-	4,655	28,794
Total Revenue	56,330,303	-	56,330,303	48,579,254
Total Public Support and Revenue	77,697,478	1,642,291	79,339,769	58,689,842
Expenses:				
Program services	59,857,230	-	59,857,230	52,883,991
Administrative	8,504,562	-	8,504,562	9,592,508
Fundraising	1,903,622	-	1,903,622	1,496,960
Total Expenses	70,265,414	-	70,265,414	63,973,459
Change in Net Assets from Operations	7,432,064	1,642,291	9,074,355	(5,283,617)
Nonoperating Activities:				
Unrealized gain (loss) on interest rate swap	1,615,253	-	1,615,253	(1,365,804)
Contributions for capital assets	-	6,036,112	6,036,112	1,510,004
Release from restrictions	4,030,497	(4,030,497)	-	-
Total Nonoperating Activities	5,645,750	2,005,615	7,651,365	144,200
Change in net assets	13,077,814	3,647,906	16,725,720	(5,139,417)
Net assets, beginning of year	64,536,331	3,111,194	67,647,525	72,786,942
Net assets, end of year	$ 77,614,145	$ 6,759,100	$ 84,373,245	$ 67,647,525

The accompanying notes to the financial statements are an integral part of these statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Public Support:			
Contributions	$ 2,158,013	$ 1,141,119	$ 3,299,132
Foundation and corporate grants	1,248,101	449,281	1,697,382
Special events, net	207,289	-	207,289
Gains on disposal of property and equipment	4,906,785	-	4,906,785
Release from restriction	1,026,120	(1,026,120)	-
Total Public Support	9,546,308	564,280	10,110,588
Revenue:			
Membership fees, net	28,722,992	-	28,722,992
Program fees, net	8,174,226	-	8,174,226
Government grants and contracts	10,552,320	-	10,552,320
Sales to members	467,808	-	467,808
Other income	563,473	-	563,473
Consulting and management fees	69,641	-	69,641
Interest Income	28,794	-	28,794
Total Revenue	48,579,254	-	48,579,254
Total Public Support and Revenue	58,125,562	564,280	58,689,842
Expenses:			
Program services	52,883,991	-	52,883,991
Administrative	9,592,508	-	9,592,508
Fundraising	1,496,960	-	1,496,960
Total Expenses	63,973,459	-	63,973,459
Change in Net Assets from Operations	(5,847,897)	564,280	(5,283,617)
Nonoperating Activities:			
Unrealized loss on interest rate swap	(1,365,804)	-	(1,365,804)
Contributions for capital assets	654,675	855,329	1,510,004
Release from restrictions	277,537	(277,537)	-
Total Nonoperating Activities	(433,592)	577,792	144,200
Change in net assets	(6,281,489)	1,142,072	(5,139,417)
Net assets, beginning of year	70,817,820	1,969,122	72,786,942
Net assets, end of year	$ 64,536,331	$ 3,111,194	$ 67,647,525

The accompanying notes to the financial statements are an integral part of these statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services			
	Healthy Living	Youth Development	Social Responsibility	Total Program Services	Administrative	Fundraising	Total Supporting Services	Total Expenses
Personnel Costs:								
Salaries and wages	$ 17,253,132	$ 10,869,322	$ 261,140	$ 28,383,594	$ 4,805,326	$ 923,358	$ 5,728,684	$ 34,112,278
Employee benefits	1,815,746	1,406,969	45,053	3,267,768	822,886	176,353	999,239	4,267,007
Payroll taxes	1,481,348	887,488	18,957	2,387,793	332,251	64,336	396,587	2,784,380
Total Personnel Costs	20,550,226	13,163,779	325,150	34,039,155	5,960,463	1,164,047	7,124,510	41,163,665
Nonpersonnel Costs:								
Depreciation and amortization	4,421,184	2,529,765	112,967	7,063,916	78,537	-	78,537	7,142,453
Occupancy	7,376,267	1,048,691	-	8,424,958	187,838	-	187,838	8,612,796
Supplies	1,212,423	1,129,836	6,425	2,348,684	39,351	14,807	54,158	2,402,842
Awards, grants, and assistance	364,437	1,062,224	5,104	1,431,765	-	87	87	1,431,852
Technology system and services	515,591	201,782	4,710	722,083	733,295	44,197	777,492	1,499,575
Financing costs	914,350	523,183	23,363	1,460,896	-	-	-	1,460,896
Purchased services	782,436	509,925	39,364	1,331,725	275,279	47,679	322,958	1,654,683
Equipment	329,448	216,264	36	545,748	240,914	2,422	243,336	789,084
Bad debt expense	372,231	-	-	372,231	-	606,399	606,399	978,630
Miscellaneous	53,308	82,190	424,097	559,595	92,981	7,579	100,560	660,155
Membership and professional dues	358,336	123,578	238	482,152	31,439	3,406	34,845	516,997
Promotion and publication	25,419	33,077	8	58,504	623,557	3,195	626,752	685,256
Travel, meals, and entertainment	20,522	237,579	7,554	265,655	124,975	1,691	126,666	392,321
Conferences, meetings, and staff development	81,747	332,653	1,626	416,026	26,237	7,406	33,643	449,669
Liability and other insurance	215,746	111,082	1,020	327,848	55,551	-	55,551	383,399
Postage and shipping	1,015	5,271	3	6,289	34,145	707	34,852	41,141
Total Nonpersonnel Costs	17,044,460	8,147,100	626,515	25,818,075	2,544,099	739,575	3,283,674	29,101,749
Total Expenses	$ 37,594,686	$ 21,310,879	$ 951,665	$ 59,857,230	$ 8,504,562	$ 1,903,622	$ 10,408,184	$ 70,265,414

The accompanying notes to the financial statements are an integral part of these statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services				Supporting Services			
	Healthy Living	Youth Development	Social Responsibility	Total Program Services	Administrative	Fundraising	Total Supporting Services	Total Expenses
Personnel Costs:								
Salaries and wages	$ 14,385,935	$ 8,864,659	$ 227,428	$ 23,478,022	$ 4,684,252	$ 824,004	$ 5,508,256	$ 28,986,278
Employee benefits	1,484,436	1,111,677	35,792	2,631,905	936,289	142,224	1,078,513	3,710,418
Payroll taxes	1,308,958	757,394	16,244	2,082,596	1,322,989	56,398	1,379,387	3,461,983
Total Personnel Costs	17,179,329	10,733,730	279,464	28,192,523	6,943,530	1,022,626	7,966,156	36,158,679
Nonpersonnel Costs:								
Depreciation and amortization	4,808,640	2,724,575	127,552	7,660,767	109,124	-	109,124	7,769,891
Occupancy	4,524,732	2,398,535	67,274	6,990,541	208,177	-	208,177	7,198,718
Supplies	1,054,583	1,037,016	491	2,092,090	98,176	9,017	107,193	2,199,283
Awards, grants, and assistance	433,126	1,473,302	7,177	1,913,605	-	-	-	1,913,605
Technology system and services	685,075	339,334	9,490	1,033,899	755,442	37,462	792,904	1,826,803
Financing costs	984,624	557,888	26,118	1,568,630	-	-	-	1,568,630
Purchased services	758,800	351,593	32,161	1,142,554	315,275	37,752	353,027	1,495,581
Equipment	269,363	241,699	80	511,142	272,508	8,216	280,724	791,866
Bad debt expense	357,335	9,447	-	366,782	-	349,252	349,252	716,034
Miscellaneous	43,958	53,843	2,170	99,971	128,422	9,214	137,636	237,607
Membership and professional dues	270,086	89,741	248	360,075	126,272	2,750	129,022	489,097
Promotion and publication	30,125	41,772	10	71,907	368,976	8,339	377,315	449,222
Travel, meals, and entertainment	17,612	270,475	5,689	293,776	112,296	2,732	115,028	408,804
Conferences, meetings, and staff development	74,182	238,311	3,500	315,993	37,410	7,317	44,727	360,720
Liability and other insurance	166,301	95,110	843	262,254	49,059	-	49,059	311,313
Postage and shipping	5,889	1,593	-	7,482	67,841	2,283	70,124	77,606
Total Nonpersonnel Costs	14,484,431	9,924,234	282,803	24,691,468	2,648,978	474,334	3,123,312	27,814,780
Total Expenses	$ 31,663,760	$ 20,657,964	$ 562,267	$ 52,883,991	$ 9,592,508	$ 1,496,960	$ 11,089,468	$ 63,973,459

The accompanying notes to the financial statements are an integral part of these statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Cash received from program activities	$ 56,482,938	$ 37,978,200
Cash received from contributions and grants	33,675,442	14,120,793
Cash payments to employees and vendors	(61,583,874)	(52,960,423)
Cash payments for interest	(1,466,474)	(1,574,253)
Cash received from interest-bearing deposits	4,655	28,794
Net cash flows from operating activities	27,112,687	(2,406,889)
Cash flows from investing activities:		
Purchases of property and equipment	(4,595,387)	(1,409,379)
Proceeds from sale of property and equipment	3,036	5,653,655
Net cash flows from investing activities	(4,592,351)	4,244,276
Cash flows from financing activities:		
Proceeds received from contributions for property and equipment	3,063,082	1,066,665
Proceeds from debt obligations	2,000,000	7,500,000
Principal payments on debt obligations	(9,334,441)	(1,271,577)
Principal payments on capital lease obligations	-	(6,630)
Net cash flows from financing activities	(4,271,359)	7,288,458
Change in cash and cash equivalents	18,248,977	9,125,845
Cash and cash equivalents, beginning of year	20,134,297	11,008,452
Cash and cash equivalents, end of year	$ 38,383,274	$ 20,134,297
Reconciliation to statements of financial position:		
Cash and cash equivalents, unrestricted	$ 38,033,330	$ 19,384,646
Cash restricted for investment in property and equipment	349,944	749,651
	$ 38,383,274	$ 20,134,297

The accompanying notes to the financial statements are an integral part of these statements.

Note 1—General and summary of significant accounting policies

General – The Young Men's Christian Association of Middle Tennessee (the "YMCA") is a worldwide charitable fellowship united by a common loyalty to Jesus Christ for the purpose of helping people grow in spirit, mind, and body. As the region's leading nonprofit dedicated to strengthening community, the YMCA works side by side with neighbors to make sure everyone, regardless of age, income, or background, has the opportunity to learn, grow, and thrive. With 14 family wellness centers and over 150 program locations, the YMCA exists to nurture the potential of children and teens, improve the region's health and well-being, and to provide opportunities to give back and support neighbors.

Basis of Presentation – The accompanying financial statements present the financial position and operations of the corporate office and all YMCA centers on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant transactions and balances between and among the corporate office and the centers have been eliminated in combination.

Resources are classified as with or without donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

> *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the YMCA. These net assets may be used at the discretion of YMCA's management and the Board of Directors.
>
> *Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the YMCA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions and Support – Contributions received are recorded as increases in net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as increases to net assets without donor restrictions.

The YMCA also receives grant revenue from various federal and state agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

Any gifts of equipment or materials are reported as increases to net assets without donor restrictions unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as increases to net assets with donor restrictions. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Donated Services – Many individuals volunteer their time and perform a variety of tasks for or on behalf of the YMCA. During 2021 and 2020, contributed services meeting the requirements for recognition in the financial statements was not significant.

Note 1—General and summary of significant accounting policies (continued)

Cash and Cash Equivalents – For the purposes of the statements of cash flows, the YMCA considers all cash funds, cash bank accounts, and highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

Accounts and Grants Receivable – Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. The allowance for doubtful accounts for accounts and grants receivable at December 31, 2021 and 2020 is $100,624 and $285,571, respectively.

Pledges Receivable – Unconditional promises to give that are expected to be collected within one year are recorded as pledges receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using an appropriate discount rate commensurate with the rate on U.S. government bonds whose maturities correspond to the maturities of the contributions and management's estimate of credit risk for each contribution. Amortization of the discount is recognized using the interest method over the term of the gift and is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Contributions received are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

The allowance for uncollectible pledges is provided based on management's estimate of uncollectible pledges and historical trends.

Prepaid Expenses and Other Assets – Prepaid expenses include certain marketing and promotional costs pertaining to future campaigns and are paid in advance and charged to operating expense when the campaign occurs.

Advertising, marketing, and promotional costs incurred totaled $754,308 and $517,090 for the years ended December 31, 2021 and 2020, respectively.

Property and Equipment – Land, building, equipment, furniture, and software are reported at cost at the date of purchase or at estimated fair value at date of gift to the YMCA. The YMCA's policy is to capitalize purchases with a cost of $5,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets ranging from 2 to 20 years for equipment and furniture; 5 to 7 years for software; 15 to 20 years for land improvements; and 40 years for buildings and building improvements.

Interest costs are capitalized in connection with construction of qualifying assets. Capitalization begins when expenditures for qualifying assets are made, activities necessary to prepare the asset for its intended use are in progress, and interest cost is being incurred. Capitalization ends when the asset is ready for its intended use. Capitalized interest cost is depreciated the same as the associated qualifying asset.

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The YMCA assesses recoverability of the carrying value of the asset by estimating future net cash flows expected to result from the assets, including eventual disposition. If the future cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and its estimated fair value.

Note 1—General and summary of significant accounting policies (continued)

Derivatives – The YMCA utilizes derivative financial instruments to manage its interest rate exposure by reducing the impact of fluctuating interest rates on its debt service requirements. Derivatives are recognized as either assets or liabilities in the statements of financial position at fair value. Changes in the fair value of derivatives are recognized currently in the statements of activities.

Deferred Revenues – Deferred revenue consists of membership dues, unearned revenue from a lease, and advance operational and maintenance costs received from a lessee.

Income from membership dues is deferred initially and recognized over the periods to which dues relate.

Deferred lease revenue is recognized into income on the straight-line method over the term of the lease.

Grant funds received prior to expenditure are recorded initially as deferred revenue. Revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

Income Taxes – The YMCA qualifies as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The YMCA pays tax on unrelated business income from certain activities. These activities and the related tax were insignificant in 2021 and 2020.

The YMCA files U.S. federal Form 990 for organizations exempt from income tax and Form 990-T, an exempt organization business income tax return. In addition, the YMCA files a Tennessee state income tax return.

The YMCA follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The YMCA has no tax penalties or interest reported in the accompanying financial statements. There is no accrual for uncertain tax positions at December 31, 2021 and 2020.

Program and Supporting Services – The following program and supporting services are included in the accompanying financial statements:

Program Services – Includes activities carried out to fulfill the YMCA's mission to provide nurturing and healthy development of children, teens, adults, seniors, families, and communities, and to provide opportunities to give back and support neighbors.

Supporting Services – Administrative expenses relate to the overall direction of the organization. These expenses are not identifiable with a particular program or event or with fundraising, but are indispensable to the conduct of those activities and are essential to the organization. Fundraising expenses include the costs of activities directed toward appeals for financial support including annual giving campaigns and grants. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

As part of its fundraising efforts, the YMCA holds periodic special events. Direct expenses related to special events are included within special event revenue in the accompanying statements of activities and totaled $116,141 and $66,362 for the years ended December 31, 2021 and 2020, respectively.

Note 1—General and summary of significant accounting policies (continued)

Allocation of Functional Expenses – The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, interest, occupancy, salaries and wages, and conferences, meetings, and staff development, which are allocated on a basis of estimated time and effort.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements – The YMCA classifies its financial assets and liabilities based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market but for which observable market inputs are readily available; inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies), and Level 3 (securities valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for financial assets and liabilities:

> Interest rate swaps are measured at fair value on a recurring basis utilizing Level 2 inputs. The YMCA obtains bank quotations to value its interest rate swaps. For purposes of potential valuation adjustments to its derivative positions, the YMCA evaluates the credit risk of its counterparties as well as that of the YMCA.

No changes in the valuation methodologies were made during 2021 or 2020.

Accounting Policies for Future Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the fiscal year ending December 31, 2022. The YMCA is currently evaluating the effect of the implementation of this new standard.

Subsequent Events – The YMCA has evaluated subsequent events through {Report Date}, which is the date on which these financial statements are available to be issued.

Note 2—Revenue

The YMCA follows ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASC 606") which requires an entity to recognize revenue when the YMCA transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Member Fees and Program Fees – The YMCA receives revenue from member fees, which are based on the number of people in the household. Membership in the YMCA entitles members to enjoy the use of YMCA facilities and to participate in YMCA programs at reduced fees. Program fees are charged for both members and non-members to participate in various programming including camping, aquatics, childcare, fitness and wellness, sports, and special events. Members and program participants may apply to pay reduced rates, which are offered on a sliding scale based on household income. Membership and program fees are recognized when the performance obligation is met. Such fees received in advance are recorded as deferred membership and other revenues.

Note 3—Liquidity and availability of resources

The YMCA has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The YMCA maintains a line of credit with maximum borrowings of $15 million (see Note 7) with a financial institution that is drawn upon as needed during the year primarily to finance fixed asset purchases, and also to manage cash flow, if needed.

The following table represents the YMCA's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the governing board has set aside the funds for a specific contingency reserve. These board designations could be drawn upon if the board approves that action. The YMCA considers general expenditures to be all expenditures related to its ongoing activities of achieving its mission of helping people grow in spirit, mind, and body:

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 38,033,330	$ 19,384,646
Accounts and grants receivable, net	440,152	1,860,014
Pledges receivable, net	5,684,204	1,482,154
Cash restricted for investment in property and equipment	349,944	749,651
Financial assets, at year-end	44,507,630	23,476,465
Less those unavailable for general expenditure within one year, due to:		
Board-designated reserves	(21,231,958)	(13,020,459)
Net assets restricted for capital improvements	(4,458,650)	(1,532,122)
Net assets restricted for specific programs	(366,940)	(469,042)
Net assets restricted for future year operations	(1,933,510)	(1,110,030)
Financial assets available to meet general expenditures within one year	$ 16,516,572	$ 7,344,812

Note 4—Pledges receivable

Pledges receivable consisted of the following as of December 31:

	2021	2020
Less than one year	$ 1,949,617	$ 1,298,064
One year to five years	4,488,522	381,000
	6,438,139	1,679,064
Less allowance for uncollectible contributions	(631,162)	(186,577)
Less discount to net present value	(122,773)	(10,333)
	$ 5,684,204	$ 1,482,154

Contributions receivable are discounted at rates ranging from .37% to 1.69%.

Note 5—Concentration

A significant amount of the support and revenue included in the accompanying financial statements was given from one donor during the year ended December 31, 2021. The contribution accounted for approximately 23% of the YMCA's total support and revenues for fiscal 2021.

Note 6—Property and equipment

Property and equipment consisted of the following as of December 31:

	2021	2020
Land and land improvements	$ 18,448,673	$ 18,448,673
Buildings and improvements	136,112,399	135,644,806
Equipment and furniture	44,651,320	44,313,487
Software	2,436,042	2,436,042
Construction in progress	4,259,806	683,603
	205,908,240	201,526,611
Less accumulated depreciation	(107,774,057)	(100,850,010)
	$ 98,134,183	$ 100,676,601

Construction in progress includes architectural plans, renovations and additions that were underway at December 31, 2021 and 2020 at YMCA centers.

Note 7—Deferred revenue—PPP loan

During the year ended December 31, 2021, the YMCA received a Paycheck Protection Program ("PPP") loan in the amount of $8,966,919, which was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and administered by the Small Business Administration ("SBA"). The application for the PPP loan requires the YMCA to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan are dependent on the YMCA having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan.

Presently, the SBA and other government communications have indicated that all loans in excess of $2 million will be subject to audit and that those audits could take up to seven years to complete.

If the SBA determines the PPP loan was not properly obtained and/or expenditures supporting forgiveness were not appropriate, we would need to repay some or all of the PPP loan and record additional expense which could have a material adverse effect on our business, financial condition and results of operations in a future period.

Subsequent to year-end, the PPP loan, plus accrued interest, was fully forgiven by the SBA.

Note 8—Deferred revenue, other

The YMCA maintains a joint occupancy agreement with a nonprofit organization for facility use and maintenance. Under the terms of the joint occupancy agreement, the nonprofit organization has the right to occupy certain space at the Bellevue Family YMCA and J.L. Turner Center for Lifelong Learning until February 28, 2026. The initial agreement required an advance payment of $2,000,000, of which $1,486,636 was prepaid rent for the entire initial lease term, and $513,364 was a prepayment for estimated operational costs and maintenance for approximately 15 years. The remaining unamortized balance of deferred lease revenue for the Bellevue facility totaled $349,977 and $430,217 at December 31, 2021 and 2020, respectively.

Also included in deferred revenue, other is $700,000 the YMCA received from a healthcare provider in connection with a collaboration and facility development agreement that, among other things, allows the healthcare provider rights to be the exclusive healthcare partner in the Downtown and Brentwood facilities for an initial term of 10 years. The healthcare provider intends to provide up to $3,500,000 over the term of the agreement, inclusive of the $700,000 received in 2021, as part of its collaboration and facility development agreement with the YMCA.

Note 9—Line of credit

The YMCA maintains a line of credit with a financial institution. The line of credit provides for maximum borrowings of $15 million through February 26, 2026. The agreement requires monthly interest payments calculated at the greater of the daily SOFR rate plus 1.30% per annum or 2.30% (2.30% and 3.00% at December 31, 2021 and 2020, respectively) in addition to a fee of 0.25% of the unused principal balance.

Outstanding borrowings on the line of credit totaled $2,000,000 and $7,500,000 at December 31, 2021 and 2020, respectively. The line of credit contains restrictive covenants and is collateralized by a security interest in two YMCA center facilities and a negative pledge of the YMCA's assets.

Note 10—Notes and bonds payable

On July 1, 2012, the YMCA entered into an agreement with a financial institution to provide up to $57 million in financing through a guaranty and credit qualified tax-exempt loan and up to $15 million in financing (see line of credit discussed in Note 9) through a taxable debt facility. These debt instruments served to refinance substantially all existing debt and provide additional borrowing capacity. The industrial development bond associated with the tax-exempt loan was approved by the Davidson County Industrial Development Board on May 8, 2012. The guaranty and credit agreement contains restrictive covenants and is secured by a negative pledge of the YMCA's real property. The agreement contains a provision to adjust the monthly payment requirement and provide the financial institution the option to call the bonds, with 90-days' notice, on October 1, 2025, October 1, 2030, and October 1, 2035. On April 30, 2020, the guaranty and credit agreement was amended to defer principal payments previously due in May through July 2020. Such deferred payments will be repaid during the years 2022 through 2024. Notes and bonds payable consisted of the following at December 31:

	2021	2020
Bonds Payable(1)		
2012 Industrial Revenue bonds, face value $57,000,000, final maturity date of June 1, 2037. Payments toward principal repayment are due monthly. Interest is determined monthly based on LIBOR plus a margin. Rates at December 31, 2021 and 2020 were 1.46% and 2.72%, respectively.	$ 35,956,504	$ 37,776,776
Notes Payable		
Note payable on a vehicle purchased for employee and program usage. The note was paid in full during fiscal 2021.	-	14,170
Total notes and bonds payable	$ 35,956,504	$ 37,790,946

(1) Effective November 1, 2015, the YMCA entered into a fixed-for-floating interest rate swap agreement with a financial institution in order to lessen exposure to fluctuating interest rates on the bonds. The agreement provides for a 10-year term (maturity of November 1, 2025) and an original notional amount of $46,426,417. The agreement requires the YMCA to make a monthly interest payment equal to a per annum rate of 2.32% times the current notional amount ($36,921,977 at December 31, 2021), and the financial institution adjusts monthly interest due from (or payable) to the YMCA based on the difference between the fixed rate and the floating rate for the period (0.08% at December 31, 2021).

Note 10—Notes and bonds payable (continued)

Annual principal maturities and required reimbursement payments of notes and bonds payable as of December 31, 2021, revised for the amendment to the guaranty and credit agreement discussed above, are as follows:

Years Ending December 31,	2012 Bond Issue
2022	$ 1,886,730
2023	1,955,767
2024	2,027,472
2025	1,998,943
2026	2,079,089
Thereafter	26,008,503
	$ 35,956,504

In March 2021, the YMCA entered into an agreement that provides a non-revolving line of credit loan secured by a first lien deed of trust on certain YMCA property with a depreciated value of approximately $7,000,000 at December 31, 2021. The loan provides for maximum borrowings of $16,000,000 to finance construction renovations at YMCA wellness centers. The loan provides for interest at 3% per annum, payable at maturity. The loan is scheduled to mature on May 27, 2023. The YMCA property securing the loan will be purchased by the lender at the loan maturity date, with any outstanding borrowings applied against the purchase price. There are no borrowings outstanding at December 31, 2021.

Note 11—Net assets with donor restrictions

Net assets with donor restrictions consist principally of contributions restricted for the following at December 31:

	2021	2020
Capital improvements	$ 4,458,650	$ 1,532,122
Grants restricted for specific programs	366,940	469,042
Contributions restricted for future year operations	1,933,510	1,110,030
	$ 6,759,100	$ 3,111,194

Note 12—Commitments and contingencies

The YMCA has received certain federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to the grantors.

In December 2021, the YMCA entered into an agreement to sell and redevelop a portion of the Downtown YMCA property. The YMCA will receive approximately $26 million for the sale of its real estate. In connection with the sale transaction, the YMCA has entered into a development agreement with the purchaser to construct a new 53,000 square foot family wellness facility that will be integrated into its existing portion of the facility constructed in 2008. The purchase and sale agreement is anticipated to close on or before November 30, 2022, subject to contingencies as described in the agreement.

Note 13—Concentrations of credit risk

The YMCA maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. As of December 31, 2021 and 2020, the YMCA's depositor accounts exceeded FDIC insurance limits by approximately $20,417,749 and $20,388,580, respectively.

Note 14—Employee benefit plans

The YMCA participates in a defined contribution, individual account, and money purchase retirement plan which is administered by the Young Men's Christian Association Retirement Fund (a separate corporation) (the "Retirement Fund"). This plan is for the benefit of all eligible professional and nonprofessional staff of duly organized and reorganized YMCAs throughout the United States.

Contributions to the plan by employees and employer YMCAs are based on a percentage of the participating employees' salaries. Employer contribution rates ranged from 10% to 1% for the years ended December 31, 2021 and 2020. Total contributions to the plan by the YMCA, which are included in employee benefits in the accompanying statements of functional expenses amounted to $2,102,646 and $1,322,793 for the years ended December 31, 2021 and 2020, respectively.

The Retirement Fund is operated as a church pension plan and is a nonprofit, tax-exempt New York State corporation. As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations.

Note 15—Related party transactions and related entities

The YMCA purchases insurance, contracts for marketing services, law services, construction services, and architectural services from entities in which certain board members are affiliated. The total of such expenditures approximated $799,611 in 2021 and $267,280 in 2020.

The YMCA Foundation of Middle Tennessee (the "YMCA Foundation") was formed to establish a sustaining means of support, using its income primarily for the benefit of the YMCA. The YMCA has representation on the YMCA Foundation's Board of Directors but does not have a majority voting interest. The YMCA Foundation receives donor-designated funds and also makes grants to other nonprofit organizations. For the year ended December 31, 2021, the YMCA Foundation paid out total grants of $474,208 ($818,912 in 2020), of which $473,596 ($814,824 in 2020) was paid to the YMCA and included in grant revenues.

Note 15—Related party transactions and related entities (continued)

A condensed summary of financial information of the YMCA Foundation as of and for the years ended December 31 follows:

	2021	2020
Total assets	$ 13,815,392	$ 11,773,040
Total liabilities	479,410	425,942
Net assets	$ 13,335,982	$ 11,347,098
Net assets:		
Without donor restrictions	$ 12,282,265	$ 10,393,381
With donor restrictions	1,053,717	953,717
Total net assets	$ 13,335,982	$ 11,347,098
Total support and revenue, including realized and unrealized (losses) gains on investments of $2,123,340 in 2021 and $982,992 in 2020	$ 2,548,888	$ 1,682,853
Total expenses	$ 560,004	$ 884,791
Resources held for the benefit of the YMCA	$ 13,328,388	$ 11,340,616

Note 16—Leases

The YMCA is obligated under several noncancelable operating leases for office space, equipment, and vehicles that expire at various dates through 2024. Total rental expense incurred under these leases for the years ended December 31, 2021 and 2020 amounted to: office space – $446,761 and $454,958, respectively; equipment – $105,077 and $92,684, respectively; and vehicles – $11,679 and $9,342, respectively.

Assets recorded under capital leases are included in property and equipment consisted of the following at December 31:

	2021	2020
Cost	$ 2,541,581	$ 2,541,581
Accumulated depreciation	(2,539,453)	(2,440,539)
Net book value	$ 2,128	$ 101,042

Future minimum lease payments required under all noncancelable leases as of December 31, 2021 are:

Years Ending December 31,	Office	Equipment	Vehicles	Total Operating Leases
2022	$ 228,002	$ 105,078	$ 9,249	$ 342,329
2023	91,071	105,078	9,249	205,398
2024	2,312	17,511	7,708	27,531
	$ 321,385	$ 227,667	$ 26,206	$ 575,258

SUPPLEMENTARY INFORMATION

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED DECEMBER 31, 2021

Grant Description	Assistance Listing Number	Grantor's Number	Expenditures	Expenditures to Subrecipients
Federal Awards:				
U.S. Department of Agriculture				
Passed through State of Tennessee Department of Human Services				
Child and Adult Care Food Program (CACFP):				
Margaret Maddox Family YMCA	10.558	00083	$ 4,558	$ -
Margaret Maddox Family YMCA	10.558	00083	1,252	-
School Age Services	10.558	00083	240,103	-
School Age Services	10.558	00083	119,917	-
Emergency Operations	10.558	00083	104,572	-
Total 10.558			470,402	-
Passed through State of Tennessee Department of Human Services				
Summer Food Service Program for Children (SFSP):				
School Age Services	10.559	00083	106,356	-
Total Child Nutrition Cluster			106,356	-
Total U.S. Department of Agriculture			576,758	-
U.S. Department of Housing and Urban Development				
Passed through Metropolitan Development and Housing Authority				
Community Development Block Grant:				
Youth Enrichment Initiatives	14.218	N/A	14,746	-
Total U.S. Department of Housing and Urban Development			14,746	-
U.S. Department of Health and Human Services				
Passed through the YMCA of Memphis				
Child Care and Development Block Grant School Age Services	93.575	N/A	5,740,554	-
Passed through the Community Foundation of Middle Tennessee				
Childcare COVID Relief Grant	93.575	N/A	546,000	-
Total U.S. Department of Health and Human Services			6,286,554	-
U.S. Department of Treasury				
Passed through State of Tennessee Department of Human Services				
Coronavirus Releif Fund	21.019	N/A	1,197,177	-
Total U.S. Department of Treasury			1,197,177	
Total Expenditures of Federal Awards			8,075,235	-

See notes to the schedule of expenditures of federal and state awards.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED DECEMBER 31, 2021

Grant Description	Assistance Listing Number	Grantor's Number	Expenditures	Expenditures to Subrecipients
State Awards:				
State of Tennessee Department of Finance and Administration				
YMCA Youth Legislature	n/a	n/a	$ 25,000	
Statewide YCAP	n/a	n/a	50,312	$ -
Statewide YCAP	n/a	n/a	299,688	-
Total State of Tennessee Department of Finance and Administration			375,000	-
Total Expenditures of State Awards			375,000	-
Total Expenditures of Federal and State Awards			$ 8,450,235	$ -

See notes to the schedule of expenditures of federal and state awards.

Note 1—Basis of accounting

The supplementary schedule of expenditures of federal and state awards (the "Schedule") is prepared on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations,* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Young Men's Christian Association of Middle Tennessee (the "YMCA"), it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the YMCA.

Note 2—Basis of presentation

The accompanying Schedule depicts the expenditures of the federal and state awards. The Child and Adult Care Food Program for Contract No. 10.558 and Summer Food Service Program for Children Contract No. 10.559 are fixed, per diem rate contracts. Revenue received on the contracts was $646,177 and $107,894, respectively for the year ended December 31, 2021.

Note 3—Indirect cost allocation rate

The YMCA did not elect to use the 10% de minimis indirect cost rate; however, no indirect costs were allocated to the awards during 2021.

Note 4—Noncash awards

The YMCA did not receive noncash federal awards during the year ended December 31, 2021.

Note 5—Contingencies

These programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the YMCA expects such amounts, if any, to be immaterial.

Report of Independent Auditor 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*

To the Board of Directors
Young Men's Christian Association of Middle Tennessee
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Young Men's Christian Association of Middle Tennessee (the "YMCA") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the 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 financial statements, we considered the YMCA's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the YMCA's internal control. Accordingly, we do not express an opinion on the effectiveness of the YMCA's internal control.

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

Our consideration of 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 have not been identified.

Report on Compliance and Other Matters

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

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 YMCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nashville, Tennessee
May 23, 2022

Cherry Bekaert LLP
CPAs & Advisors

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Young Men's Christian Association of Middle Tennessee
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Young Men's Christian Association of Middle Tennessee's (the "YMCA") 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 YMCA's major federal programs for the year ended December 31, 2021. YMCA'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 YMCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 YMCA 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 YMCA's compliance with the compliance requirements referred to above.

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 YMCA'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 YMCA'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 generally accepted auditing standards, *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 YMCA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 YMCA'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 YMCA'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 the YMCA'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.

Nashville, Tennessee
May 23, 2022

Section I – Summary of Audit Results

Financial Statement Section

Type of auditor's report issued on whether financial statements were prepared in accordance with U.S. GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	x	No
Significant deficiency(ies) identified?		Yes	x	None Reported
Noncompliance material to financial statements noted?		Yes	x	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	x	No
Significant deficiency(ies) identified?		Yes	x	None Reported
Type of auditor's report on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	x	No

Identification of Major Programs

Name of Federal Program or Cluster	Assistance Listing Number(s)
Child Care and Development Block Grant	93.575
Coronavirus Relief Fund	21.019

Dollar threshold used to distinguish between type A and type B programs	$ 750,000			
Auditee qualified as low-risk auditee?	x	Yes		No

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs – Major Federal Awards

This section identifies the significant deficiencies, material weaknesses, and material instances of non-compliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported in accordance with 2 CFR 200.516(a).

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED DECEMBER 31, 2021

A schedule of prior year audit findings is not applicable since there were no prior audit findings.