

YMCA FOUNDATION OF MIDDLE TENNESSEE

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2020 and 2019

And Report of Independent Auditor

YMCA FOUNDATION OF MIDDLE TENNESSEE
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Report of Independent Auditor

To the Board of Trustees
YMCA Foundation of Middle Tennessee
Nashville, Tennessee

We have audited the accompanying financial statements of YMCA Foundation of Middle Tennessee (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YMCA Foundation of Middle Tennessee as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10, towards the end of December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen, which could negatively impact the Foundation's investments, and could potentially impact support and revenue for an indeterminable time period. Other financial impacts could occur though such potential impacts are unknown at this time. Our opinion is not modified with respect to this matter.

Cheng Bekant LLP

Nashville, Tennessee

July 21, 2021

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 107,832	\$ 141,792
Investments	11,290,941	10,083,056
Cash value of life insurance	374,267	359,567
Total Assets	<u>\$ 11,773,040</u>	<u>\$ 10,584,415</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 4,814	\$ 5,931
Liability associated with charitable gift annuities	-	29,448
Related party liability, due to YMCA	421,128	-
Total Liabilities	<u>425,942</u>	<u>35,379</u>
Net Assets:		
Without Donor Restrictions:		
Designated for endowment	7,173,782	6,266,457
Undesignated	3,213,117	3,293,947
Philanthropic fund	6,482	34,915
Total Without Donor Restrictions	<u>10,393,381</u>	<u>9,595,319</u>
With donor restrictions	953,717	953,717
Total Net Assets	<u>11,347,098</u>	<u>10,549,036</u>
Total Liabilities and Net Assets	<u>\$ 11,773,040</u>	<u>\$ 10,584,415</u>

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 525,819	\$ -	\$ 525,819
Realized and unrealized gain, net	982,992	-	982,992
Interest and dividend income	134,515	-	134,515
Other income	15,132	-	15,132
Change in value of split-interest agreements	24,395	-	24,395
Total Support and Revenue	<u>1,682,853</u>	<u>-</u>	<u>1,682,853</u>
Expenses:			
Program Services:			
Grants to various YMCA programs	814,824	-	814,824
Grants to other agencies	4,088	-	4,088
Total Program Services	<u>818,912</u>	<u>-</u>	<u>818,912</u>
Supporting Services:			
Management and general	50,437	-	50,437
Fundraising and donor appreciation costs	15,442	-	15,442
Total Supporting Services	<u>65,879</u>	<u>-</u>	<u>65,879</u>
Total Expenses	<u>884,791</u>	<u>-</u>	<u>884,791</u>
Change in net assets	798,062	-	798,062
Net assets, beginning of year	9,595,319	953,717	10,549,036
Net assets, end of year	<u>\$ 10,393,381</u>	<u>\$ 953,717</u>	<u>\$ 11,347,098</u>

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

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 212,755	\$ -	\$ 212,755
Realized and unrealized gain, net	1,696,996	-	1,696,996
Interest and dividend income	164,126	-	164,126
Other income	15,825	-	15,825
Change in value of split-interest agreements	(4,696)	-	(4,696)
Net assets released from restrictions - satisfaction of time restrictions	11,835	(11,835)	-
Total Support and Revenue	<u>2,096,841</u>	<u>(11,835)</u>	<u>2,085,006</u>
Expenses:			
Program Services:			
Grants to various YMCA programs	373,900	-	373,900
Grants to other agencies	12,104	-	12,104
Total Program Services	<u>386,004</u>	<u>-</u>	<u>386,004</u>
Supporting Services:			
Management and general	51,308	-	51,308
Fundraising and donor appreciation costs	52,194	-	52,194
Total Supporting Services	<u>103,502</u>	<u>-</u>	<u>103,502</u>
Total Expenses	<u>489,506</u>	<u>-</u>	<u>489,506</u>
Change in net assets	1,607,335	(11,835)	1,595,500
Net assets, beginning of year	7,987,984	965,552	8,953,536
Net assets, end of year	<u>\$ 9,595,319</u>	<u>\$ 953,717</u>	<u>\$ 10,549,036</u>

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

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Grants to YMCA Programs</u>	<u>Grants to Other Agencies</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising and Donor Appreciation Costs</u>	<u>Total</u>
Grants and awards	\$ 814,824	\$ 4,088	\$ 818,912	\$ -	\$ -	\$ 818,912
Personnel	-	-	-	38,836	-	38,836
Professional fees	-	-	-	9,600	11,525	21,125
Miscellaneous	-	-	-	2,001	917	2,918
Contract labor	-	-	-	-	3,000	3,000
Total Expenses	<u>\$ 814,824</u>	<u>\$ 4,088</u>	<u>\$ 818,912</u>	<u>\$ 50,437</u>	<u>\$ 15,442</u>	<u>\$ 884,791</u>

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

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Grants to YMCA Programs</u>	<u>Grants to Other Agencies</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising and Donor Appreciation Costs</u>	<u>Total</u>
Grants and awards	\$ 373,900	\$ 12,104	\$ 386,004	\$ -	\$ -	\$ 386,004
Personnel	-	-	-	36,775	-	36,775
Professional fees	-	-	-	9,100	31,040	40,140
Miscellaneous	-	-	-	5,433	18,154	23,587
Contract labor	-	-	-	-	3,000	3,000
Total Expenses	<u>\$ 373,900</u>	<u>\$ 12,104</u>	<u>\$ 386,004</u>	<u>\$ 51,308</u>	<u>\$ 52,194</u>	<u>\$ 489,506</u>

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

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 798,062	\$ 1,595,500
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized gain on investments - net	(982,992)	(1,696,996)
Changes in operating assets and liabilities:		
Contributions receivable	-	11,835
Cash value of life insurance	(14,700)	(15,631)
Accounts payable	(1,117)	1,375
Payable to YMCA	421,128	-
Liability associated with charitable gift annuities	(29,448)	(2,040)
Net cash flows from operating activities	<u>190,933</u>	<u>(105,957)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,138,923	1,213,576
Purchase of investments	(1,363,816)	(1,106,159)
Net cash flows from investing activities	<u>(224,893)</u>	<u>107,417</u>
Change in cash and cash equivalents	(33,960)	1,460
Cash and cash equivalents, beginning of year	141,792	140,332
Cash and cash equivalents, end of year	<u>\$ 107,832</u>	<u>\$ 141,792</u>

YMCA FOUNDATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 1—Nature of operations and summary of significant accounting policies

General – The YMCA Foundation of Middle Tennessee (the “Foundation”) is a tax-exempt publicly supported charitable organization. The Foundation’s purpose is to manage funds to support the Young Men’s Christian Association of Middle Tennessee (“YMCA”) and its programs. The Foundation is governed by a separate board of directors from the YMCA.

Basis of Presentation – The accompanying financial statements present the financial position and changes in net assets of the Foundation on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

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 Foundation. These net assets may be used at the discretion of Foundation’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 Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Foundation had no restrictions of a perpetual nature at December 31, 2020 and 2019.

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.

Gifts of equipment or materials are reported as unrestricted support 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 cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Cash and Cash Equivalents – Cash and cash equivalents consist principally of checking account balances and cash balances with brokerage firms.

Contributions Receivable – Unconditional promises to give that are expected to be collected within one year are recorded as contributions 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 interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Management expects amounts outstanding to be collected in full and, accordingly, has not recorded an allowance for collectability.

YMCA FOUNDATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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

Investments – Investments (including pooled income funds) are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains and losses are reflected in the statements of activities.

Fair Value Measurements – Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

Investments – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include common and certain preferred stock holdings, agency securities, and certain other products, such as corporate bonds and mutual funds. If quoted market prices are not available, the fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. Securities without readily available market data are classified as Level 3.

No changes in the valuation methodology were made during 2020 or 2019.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation's valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

YMCA FOUNDATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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

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

Program Services – Include activities carried out to fulfill the Foundation's mission, principally to provide grants to the YMCA and other nonprofit organizations in Middle Tennessee.

Management and General – Relates to the overall direction of the Foundation. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the Foundation. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

Fundraising and Donor Appreciation Costs – Includes costs of activities directed toward appeals for financial support, including special events and donor appreciation functions. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Donated Services – Donated services are recognized if they create or enhance non-financial assets or the donated services require specialized skills and are performed by a donor who possesses such skills, and would have been purchased by the Foundation if not provided by the donor. Such donations are recognized at the estimated fair value of the services received as support and expensed in the period the services are performed.

A substantial number of unpaid volunteers have contributed their time to the Foundation's fundraising and supporting services. The value of this contribution is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

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.

Income Taxes – The Foundation qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for federal income taxes is included in the accompanying financial statements.

The Foundation files a U.S. federal Form 990 for organizations exempt from income tax and a U.S. federal Form 5227, a split-interest trust information return, for the pooled income fund.

The Foundation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification 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 Foundation has no tax penalties or interest reported in the accompanying financial statements.

YMCA FOUNDATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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

Board-Designated Endowment Accounting Policies

Investment Return Objective, Risk Parameters, and Strategies – The Foundation has adopted investment and spending policies, approved by the investment committee and/or board of trustees, to establish asset allocation targets, investment objectives and guidelines, and the degree of investment risk the board deems acceptable. The goal of the investment program is to produce a reasonable return of net income over a reasonable period of time (or appreciation where not inconsistent with the Foundation's need for current income) with due regard to safety of principal in furtherance of the exempt purpose of the Foundation. Allocation targets are primarily equities and fixed income.

Spending Policy – The annual board-designated distribution from the endowment fund is 4.5% of the rolling average of the third quarter market valuation of the Foundation's endowment over the preceding three years.

Designated Fund – The designated portion of net assets without donor restrictions consists of gifts for the benefit of a named YMCA program or center specified by the board. The board provides grants to those respective YMCA programs or centers based on a percentage of the total of such funds held. The board has the authority to modify these designations at its discretion.

Philanthropic Fund – Donors who make gifts to the philanthropic fund have the privilege of making recommendations relating to distributions therefrom to the various YMCA programs or centers and/or other nonprofit agencies. Such recommendations are taken into consideration by the board when grants are decided upon but are advisory only and not binding. Accordingly, philanthropic fund net assets are classified as without donor restrictions.

Pooled Income Funds – Pooled income funds are those arrangements in which the Foundation pools, invests, and manages life income gifts from various donors. The funds are unitized and donors are assigned a specific number of units based on the relationship of the fair value of their contributions to the fair value of the pool as a whole at the time the donor enters the pool. During the term of the life income gifts, the donor, and/or beneficiaries specified by the donor, receives the amount of investment income applicable to the donor's units in the pool. Upon the donor's death, the then remaining value of the assigned units reverts to the Foundation.

A contribution with donor restrictions is recognized by the Foundation in the period in which a gift of this nature is received. The contribution is measured at the present value of the Foundation's remainder interest in the assets received by the Foundation, using the interest rate for U.S. Treasury bonds of similar terms at the time the gift is received.

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 statement of financial position 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 statement of activities. This standard will be effective for the fiscal year ending December 31, 2022. The Foundation is currently evaluating the effect of the implementation of this new standard.

Subsequent Events – The Foundation evaluated subsequent events through July 21, 2021, which is the date when these financial statements were available to be issued.

YMCA FOUNDATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 2—Cash value of life insurance

Cash value of life insurance totaling \$374,267 and \$359,567 at December 31, 2020 and 2019, respectively, relates to policies donated to and owned by the Foundation. Increases in cash value totaled \$14,700 and \$15,631 in 2020 and 2019, respectively, which is reported as other income. Total face value of such policies approximated \$594,000 as of December 31, 2020 and 2019.

Note 3—Transactions with YMCA

The Foundation leases its staff from the YMCA and reimburses the YMCA for applicable salaries and related payroll taxes, insurance and other benefits. For the years ended December 31, 2020 and 2019, approximately \$39,000 and \$37,000, respectively, was expensed in the accompanying statements of activities related to such reimbursements. As of December 31, 2020 and 2019, accounts payable included approximately \$3,900 and \$5,800, respectively, owed to the YMCA for such expenses.

For the years ended December 31, 2020 and 2019, the Foundation approved grants totaling \$814,824 and \$373,900, respectively, for the YMCA for various programs.

Note 4—Charitable gift annuities

Charitable gift annuities are arrangements between donors and the Foundation in which the donors contribute assets to the Foundation in exchange for a promise from the Foundation to pay the donors a fixed amount for a specified period of time or for life. Assets received are recognized at fair value, and an annuity payment liability is recognized at the present value of future cash flows projected to be paid. Support without donor restrictions is recognized as the difference between the two amounts (unless the donors have placed restrictions on the Foundation's use of its portion of the assets). There were no such contributions in 2020 and 2019. Assets held related to charitable gift annuities totaled \$-0- and \$85,307 at December 31, 2020 and 2019, respectively, and are included in investments and reported at fair market value in the Foundation's statements of financial position. Changes in annuity liabilities due to amortization of discount and increases or decreases in the actuarially determined life expectancy of the donors are reflected as change in value of split-interest agreements in the statements of activities. The present value of the estimated future payments is calculated using assumed discount rates and an annuity term based on life expectancy tables compiled from information published by the Office of the Actuary of the Social Security Administration. The Foundation's remaining gift annuity concluded during the year ended December 31, 2020.

YMCA FOUNDATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 5—Board-designated endowment

The Foundation's endowment consists of board-designated net assets held in investment accounts. As required by U.S. GAAP, net assets associated with endowment accounts are classified and reported based upon the existence or absence of donor-imposed restrictions.

Changes in endowment net assets for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 6,266,457	\$ -	\$ 6,266,457
Additions	474,756	-	474,756
Appropriated for expenditure	(298,970)	-	(298,970)
Investment return	731,539	-	731,539
Endowment net assets, end of year	<u>\$ 7,173,782</u>	<u>\$ -</u>	<u>\$ 7,173,782</u>

Changes in endowment net assets for the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,845,983	\$ -	\$ 4,845,983
Additions	566,343	-	566,343
Appropriated for expenditure	(312,734)	-	(312,734)
Investment return	1,166,865	-	1,166,865
Endowment net assets, end of year	<u>\$ 6,266,457</u>	<u>\$ -</u>	<u>\$ 6,266,457</u>

Note 6—Net assets with donor restrictions

Net assets with donor restrictions consist of the following at December 31:

	2020	2019
Joe C. Davis maintenance, repairs, and improvements	\$ 942,973	\$ 942,973
Pooled income funds	10,744	10,744
Total net assets with donor restrictions	<u>\$ 953,717</u>	<u>\$ 953,717</u>

YMCA FOUNDATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 7—Fair value measurements

The following table sets forth the Foundation's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31, 2020:

	2020			Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Money market funds	\$ 1,606,686	\$ -	\$ -	\$ 1,606,686
Equities:				
Common Stock:				
Services	1,848,357	-	-	1,848,357
Technology	1,739,080	-	-	1,739,080
Financial	581,396	-	-	581,396
Healthcare	959,534	-	-	959,534
Industrial goods	627,040	-	-	627,040
Basic materials	139,686	-	-	139,686
Consumer bonds	952,293	-	-	952,293
Utilities	109,872	-	-	109,872
Exchange Traded Funds:				
Small blend	390,740	-	-	390,740
Small cap	183,800	-	-	183,800
Mid cap	584,355	-	-	584,355
International	324,946	-	-	324,946
Ultra short bond	253,600	-	-	253,600
Natural resources	115,824	-	-	115,824
High yield	87,300	-	-	87,300
Emerging markets	258,945	-	-	258,945
Intermediate term	307,552	-	-	307,552
Real estate investment trusts	117,495	-	-	117,495
Fixed Income:				
Preferred securities	102,440	-	-	102,440
Total Investments	<u>\$ 11,290,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,290,941</u>
Cash Value of Life Insurance	<u>\$ -</u>	<u>\$ 374,267</u>	<u>\$ -</u>	<u>\$ 374,267</u>

YMCA FOUNDATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 7—Fair value measurements (continued)

The following table sets forth the Foundation's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31, 2019:

	2019			Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Money market funds	\$ 1,522,800	\$ -	\$ -	\$ 1,522,800
Equities:				
Common Stock:				
Services	1,470,910	-	-	1,470,910
Technology	1,382,930	-	-	1,382,930
Industrial goods	847,492	-	-	847,492
Healthcare	880,567	-	-	880,567
Consumer goods	681,633	-	-	681,633
Basic materials	248,651	-	-	248,651
Financial	606,691	-	-	606,691
Utilities	124,593	-	-	124,593
Exchange Traded Funds:				
Small blend	331,310	-	-	331,310
Small cap	167,700	-	-	167,700
Mid cap	505,750	-	-	505,750
International	309,480	-	-	309,480
Real estate	93,592	-	-	93,592
Natural resources	98,272	-	-	98,272
High yield	87,940	-	-	87,940
Emerging markets	225,805	-	-	225,805
Intermediate term	40,968	-	-	40,968
Real estate investment trusts	199,580	-	-	199,580
Fixed Income:				
U.S. Treasury securities	-	-	-	-
Corporate bonds	256,392	-	-	256,392
Total Investments	<u>\$ 10,083,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,083,056</u>
Cash Value of Life Insurance	<u>\$ -</u>	<u>\$ 359,567</u>	<u>\$ -</u>	<u>\$ 359,567</u>

YMCA FOUNDATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 8—Liquidity and availability of resources

The Foundation has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table represents the Foundation’s financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, or not convertible to cash, within one year 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 Foundation considers general expenditures to be all expenditures related to its ongoing activities of supporting the YMCA and its programs.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 107,832	\$ 141,792
Investments	<u>11,290,941</u>	<u>10,083,056</u>
Financial assets, at year-end	11,398,773	10,224,848
Less those unavailable for general expenditure within one year, due to:		
Board-designated reserves	(7,173,782)	(6,266,457)
Net assets restricted for Joe C. Davis maintenance, repairs, and improvements	(942,973)	(942,973)
Pooled income funds	<u>(10,744)</u>	<u>(10,744)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,271,274</u>	<u>\$ 3,004,674</u>

Note 9—Concentrations of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of investments. Investments are subject to market risk, the risk inherent in a fluctuating market. The brokers/dealers that are the custodians of the Foundation's securities are covered by the Securities Investor Protection Corporation, which provides protection to investors in certain circumstances such as fraud or failure of the institution. Coverage is limited to \$500,000, including up to \$250,000 in cash. At December 31, 2020, the Foundation’s investment accounts included approximately \$1,607,000 (approximately \$1,522,000 at December 31, 2019) of money market funds recorded as investments in the accompanying statements of financial position. One of the Foundation's brokerage firms has additional insurance protection up to \$1,900,000. None of the insurance protections cover market risk.

Note 10—Contingency

Toward the end of December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen, which could negatively impact the Foundation’s investments, and could potentially impact support and revenue for an indeterminable time period. Other financial impacts could occur though such potential impacts are unknown at this time.