YMCA OF THE FOX CITIES AND ITS AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS AND COMPLIANCE REPORTS AND SCHEDULES

YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
YMCA of the Fox Cities and its Affiliate
Appleton, Wisconsin

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of YMCA of the Fox Cities and its Affiliate, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Consolidated Financial Statements section of our report. We are required to be independent of YMCA of the Fox Cities and its Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 YMCA of the Fox Cities and its Affiliate'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about YMCA of the Fox Cities and its Affiliate'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.

Board of Directors
YMCA of the Fox Cities and its Affiliate

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2022, on our consideration of YMCA of the Fox Cities and its Affiliate'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 YMCA of the Fox Cities and its Affiliate'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 YMCA of the Fox Cities and its Affiliate's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oshkosh, Wisconsin
February 21, 2022

YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 8,146,811	$ 5,138,130
Accounts Receivable	329,966	226,369
Grants Receivable	423,104	11,480
Pledges Receivable, Net	171,206	510,495
Prepaid Expenses and Supplies	206,163	209,124
Total Current Assets	9,277,250	6,095,598
PROPERTY AND EQUIPMENT, NET	47,173,037	33,440,995
INVESTMENTS	15,114,100	13,123,390
OTHER ASSETS		
Long-Term Pledges Receivable, Net	111,145	245,016
Other	16,554	24,980
Total Other Assets	127,699	269,996
Total Assets	$ 71,692,086	$ 52,929,979

See accompanying Notes to Consolidated Financial Statements.

YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021 AND 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 1,675,543	$ 407,270
Current Maturities of Long-Term Debt	619,472	200,000
Accrued Liabilities	508,559	409,820
Deferred Revenue	712,487	418,093
Refundable Advance	3,132,751	-
Total Current Liabilities	6,648,812	1,435,183
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities Above	2,509,225	1,714,940
Total Liabilities	9,158,037	3,150,123
NET ASSETS		
Without Donor Restrictions:		
Net Investment in Property and Equipment	44,060,894	31,551,035
Board Designated for Endowment:		
Appleton YMCA Endowment Trust	5,525,894	4,428,268
Neenah - Menasha YMCA Endowment Trust	5,071,841	4,654,276
Undesignated	1,407,723	4,440,007
Total Net Assets Without Donor Restrictions	56,066,352	45,073,586
With Donor Restrictions	6,467,697	4,706,270
Total Net Assets	62,534,049	49,779,856
Total Liabilities and Net Assets	$ 71,692,086	$ 52,929,979

See accompanying Notes to Consolidated Financial Statements.

YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND PUBLIC SUPPORT						
Contributions	$ 2,066,875	$ 1,224,860	$ 3,291,735	$ 2,902,992	$ 297,917	$ 3,200,909
United Way	583,902	-	583,902	619,198	-	619,198
Grants	1,722,150	1,387,970	3,110,120	633,614	294,640	928,254
Fundraising, Net of Expenses	152,806	-	152,806	111,419	-	111,419
Net Assets Released from Restrictions	1,432,137	(1,432,137)	-	1,867,997	(1,867,997)	-
Program Fees	12,253,476	-	12,253,476	9,891,624	-	9,891,624
Membership	6,108,433	-	6,108,433	6,452,780	-	6,452,780
Net Investment Income	1,193,109	580,734	1,773,843	1,114,860	375,028	1,489,888
Contributions of Facilities	9,751,264	-	9,751,264	-	-	-
Other	226,510	-	226,510	394,948	-	394,948
Total Revenues, Gains, and Public Support	35,490,662	1,761,427	37,252,089	23,989,432	(900,412)	23,089,020
EXPENSES						
Program Services	20,239,983	-	20,239,983	17,340,774	-	17,340,774
Management and General	3,999,189	-	3,999,189	3,889,898	-	3,889,898
Fundraising	258,724	-	258,724	320,870	-	320,870
Total Expenses	24,497,896	-	24,497,896	21,551,542	-	21,551,542
CHANGE IN NET ASSETS	10,992,766	1,761,427	12,754,193	2,437,890	(900,412)	1,537,478
Net Assets - Beginning of Year	45,073,586	4,706,270	49,779,856	42,635,696	5,606,682	48,242,378
NET ASSETS - END OF YEAR	$ 56,066,352	$ 6,467,697	$ 62,534,049	$ 45,073,586	$ 4,706,270	$ 49,779,856

See accompanying Notes to Consolidated Financial Statements.

YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Wages and Benefits	$ 12,166,747	$ 2,346,175	$ 211,250	$ 14,724,172	$ 11,003,670	$ 2,616,065	$ 272,615	$ 13,892,350
Program Supplies	415,996	-	-	415,996	217,972	-	-	217,972
Food and Related Supplies	203,115	-	-	203,115	164,750	-	-	164,750
Supplies	314,577	4,766	728	320,071	325,947	4,055	3,440	333,442
Marketing and Postage	65,618	29,442	21,987	117,047	57,484	19,502	17,254	94,240
Training	32,198	28,012	649	60,859	19,552	15,449	346	35,347
Telephone	84,160	10,418	733	95,311	114,709	14,900	1,538	131,147
Occupancy	1,541,856	639	51	1,542,546	1,175,107	3,190	-	1,178,297
Repairs and Maintenance	1,901,872	759	-	1,902,631	1,088,141	2,700	-	1,090,841
Equipment	184,660	198,594	802	384,056	185,680	91,727	882	278,289
Contract Services	440,218	947,048	13,822	1,401,088	347,391	732,934	5,619	1,085,944
Insurance	75,545	3,085	-	78,630	65,360	2,821	-	68,181
Transportation	111,760	20,641	236	132,637	63,475	14,438	189	78,102
National Support	-	275,403	-	275,403	-	228,890	-	228,890
Miscellaneous	130,184	52,398	8,216	190,798	93,952	52,246	18,737	164,935
Depreciation and Amortization	2,571,477	81,809	250	2,653,536	2,417,584	90,981	250	2,508,815
Special Events	-	-	27,131	27,131	-	-	36,512	36,512
Total Expenses by Function	20,239,983	3,999,189	285,855	24,525,027	17,340,774	3,889,898	357,382	21,588,054
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:								
Special Events	-	-	(27,131)	(27,131)	-	-	(36,512)	(36,512)
Total Expenses Included in the Expenses Section on the Consolidated Statements of Activities	$ 20,239,983	$ 3,999,189	$ 258,724	$ 24,497,896	$ 17,340,774	$ 3,889,898	$ 320,870	$ 21,551,542

See accompanying Notes to Consolidated Financial Statements.

YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 12,754,193	$ 1,537,478
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,653,536	2,508,815
Contributions of Facilities	(9,751,264)	-
(Gain) Loss on Sale of Property and Equipment	192,002	(129,468)
Net Realized and Unrealized Gains on Investments	(1,277,596)	(1,265,909)
(Increase) Decrease in Assets:		
Accounts Receivable	(103,597)	124,339
Grants Receivable	(411,624)	9,630
Pledges Receivable	203,708	(189,369)
Prepaid Expenses and Supplies	2,961	(20,277)
Increase (Decrease) in Liabilities:		
Accounts Payable	247,272	(103,920)
Accrued Liabilities	98,739	(622,539)
Deferred Revenue	294,394	(418,787)
Refundable Advance	3,132,751	-
Net Cash Provided by Operating Activities	8,035,475	1,429,993
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(6,296,924)	(4,411,394)
Proceeds from Sale of Property and Equipment	500,035	185,776
Purchases of Investments	(1,272,842)	(289,953)
Proceeds from Sale of Investments	559,728	473,003
Net Cash Used by Investing Activities	(6,510,003)	(4,042,568)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Capital Campaign	269,452	645,610
Proceeds from Long-Term Debt	1,664,225	1,200,000
Payments on Long-Term Debt	(450,468)	(1,190,107)
Net Cash Provided by Financing Activities	1,483,209	655,503
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,008,681	(1,957,072)
Cash and Cash Equivalents - Beginning of Year	5,138,130	7,095,202
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,146,811	$ 5,138,130
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 15,110	$ 30,049
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Additions to Property and Equipment Included in Accounts Payable	$ 1,069,554	$ 48,553

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 PRINCIPAL ACTIVITY

YMCA of the Fox Cities (the Organization) is a nonprofit charitable association dedicated to building healthy spirit, mind, and body. Part of a worldwide movement, it puts Christian principles into practice through programs that promote good health, strong families, youth leadership, community development, and international understanding. The Organization is open to men, women, and children of all ages, incomes, abilities, races, and religions. It operates its programs in seven locations and is available to residents of the Fox Cities, Wisconsin metropolitan area.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Organization and its affiliate, the Appleton YMCA Endowment Trust (the Affiliate). The Affiliate is a nonprofit organization controlled by the Organization. Its sole purpose is the support of the Organization. The fiscal year-end of the Affiliate is June 30; however, balances as of December 31 have been used in the consolidation. Significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Cash and Cash Equivalents

The Organization and the Affiliate define cash and cash equivalents as highly liquid, short-term investments with a maturity, at the date of acquisition, of three months or less. Excluded from this definition are cash equivalents held for long-term purposes in investments.

Pledges Receivable

Unconditional promises to give made to the Organization and the Affiliate are recorded in the year the pledge is made. Amounts that are expected to be collected within one year are recorded at their net realizable value. Pledges expected to be collected in future years are recorded at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contributions revenue. An allowance for pledges receivable to give is determined based on experience.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are carried at the original invoice amount, less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 60 days. Interest is not charged on past due accounts receivable.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value at date of the gift, if donated. All acquisitions of property and equipment in excess of $5,000 and all expenditures for improvements and betterments that materially prolong the estimated useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property and equipment are depreciated using the straight-line method over their estimated useful lives. The principal depreciation rates are based upon the following estimated useful lives:

Land Improvements	15 Years
Buildings	10 to 30 Years
Equipment	3 to 7 Years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less cost to sell.

Investments

Investments are presented in the accompanying consolidated financial statements at fair value using methodologies described in Note 5 – Fair Value Measurements. Realized gains and losses on the sale of investments are reported based upon the specific identification method.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investment income is reported in the accompanying consolidated statements of activities as revenue without or with donor restrictions based upon donor-imposed restrictions or governing law.

Agency Accounts

Agency accounts consist of cash funds held under various agency relationships. These accounts, which included balances totaling $21,524 and $48,624 at December 31, 2021 and 2020, respectively, are included within accrued liabilities in the accompanying consolidated statements of financial position.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operation and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Tax-Exempt Status

The Organization and the Affiliate have received notification that they qualify as tax-exempt organizations under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and accordingly, are not subject to federal or state income taxes.

Taxes Collected and Remitted

The Organization presents taxes collected and remitted to governmental authorities on the net basis, excluding such amounts from revenue.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as Net Assets Released from Restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures, if any, are reported as deferred revenue in the consolidated statements of financial position. The Organization received cost-reimbursable grants of $825,715 and $-0- that have not been recognized at December 31, 2021 and 2020, because qualifying expenditures have not yet been incurred.

Program fees are recognized as revenue when the programs are held. Unearned program fees, which totaled $621,191 and $346,376 at December 31, 2021 and 2020, respectively, are reflected as deferred revenue on the consolidated statements of financial position. Revenue from program fees is recognized over time and totaled $12,253,476 and $9,891,624 during the years ended December 31, 2021 and 2020, respectively.

Memberships are renewed monthly, quarterly, semi-annually, or annually and include multiple distinct performance obligations, including access to the Organization's facilities and discounts on program fees during the membership period.

Unearned membership revenue, which totaled $91,296 and $71,717 at December 31, 2021 and 2020, respectively, is reflected as deferred revenue on the consolidated statements of financial position. Revenue from monthly, quarterly, semi-annual, and annual membership dues is recognized over time and totaled $6,108,433 and $6,452,780, during the years ended December 31, 2021 and 2020, respectively.

Refundable Advance

On April 5, 2021, the Organization received proceeds in the amount of $3,132,751 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advance (Continued)

The Organization has classified this loan as a conditional contribution for accounting purposes, and it is classified as a refundable advance in the accompanying consolidated statements of financial position. As of December 31, 2021, the SBA had not formally forgiven any portion of the Organization's obligation under this PPP loan. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. The covered period from March to September 2021, is the time that an organization has to spend their PPP Loan funds.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

Donated Services and Assets

The Organization receives contributions of services for its programs. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation. There were no contributed services that were recognized as revenue for the years ended December 31, 2021 and 2020.

Donated assets are recorded at fair value at the date of donation or, if sold immediately after receipt, at the amount of sales proceeds received, which are considered a reasonable approximation of the fair value at the date of donation. The contributed assets that were recognized as revenue totaled $9,845,998 and $5,550 for the years ended December 31, 2021 and 2020, respectively. Additionally, donated assets are described in Note 3 – Contributions of Facilities.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, while the remaining natural expense categories are allocated on the basis of estimates of time and effort.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Standards Update

In February 2016, the FASB issued ASU 2016-02, *Leases*, which is a comprehensive lease accounting standard that requires entities that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. The guidance is required to be applied by the Organization for the year ending December 31, 2022; however, early application is permitted. The Organization is currently evaluating the impact this guidance will have on its consolidated financial statements.

Subsequent Events

The Organization has evaluated subsequent events through February 21, 2022, the date the consolidated financial statements were available to be issued.

NOTE 3 CONTRIBUTIONS OF FACILITIES

On August 6, 2021, Valley Fitness & Racquet, LLC sold its real estate to the Organization at a price below fair value. In exchange for cash consideration of $3,474,241, the Organization received land and buildings valued at $7,125,505 and recorded a contribution for the difference of $3,651,264. This amount was included in “Contributions of Facilities” on the consolidated statements of activities. After the transaction, this location became known as the Ogden YMCA and Valley Tennis Center.

On September 15, 2021, Thrivent Financial for Lutherans, which operated a childcare center on its campus, donated the childcare facility’s real estate to the Organization. The Organization received land and buildings valued at $6,100,000 and recorded a contribution in the same amount. This amount was also included in “Contributions of Facilities” on the consolidated statements of activities. This location is known as the Child Learning Center.

NOTE 4 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs, liabilities, and other obligations as they become due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	2021	2020
Cash and Cash Equivalents	$ 8,146,811	$ 5,138,130
Accounts Receivable	329,966	226,369
Grants Receivable	423,104	11,480
Pledges Receivable	282,351	755,511
Investments	15,114,100	13,123,390
Endowment Spending-Rate Distributions and Appropriations	479,810	468,818
Total	24,776,142	19,723,698
Less: Agency Accounts	(21,524)	(48,624)
Less: Board-Designated Net Assets	(10,597,735)	(9,082,544)
Less: Donor Restricted Net Assets	(6,467,697)	(4,706,270)
Total Financial Assets Available for General Expenditure	$ 7,689,186	$ 5,886,260

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Organization's board-designated endowment of $10,597,735 and $9,082,544 at December 31, 2021 and 2020, respectively, is subject to an annual spending rate of 5% as described in Note 13. Although management does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Organization also maintains a line of credit in the amount of $500,000, which could be drawn upon in the event of an anticipated liquidity need.

NOTE 5 FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework of accounting standards. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The standards define levels within the hierarchy based on the reliability of inputs as follows:

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

Level 2 – Inputs to the valuation methodology based on quoted prices for similar assets or liabilities or identical assets or liabilities in active markets, such as dealer or broker markets.

Level 3 – Inputs to the valuation methodology are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions, or are supported by little or no market activity.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Equity Securities and Mutual Funds

Equity securities and mutual funds are valued at the last sales price before year-end. There are no restrictions on the redemption of these funds.

Assets Held by the Community Foundation

Beneficial interest in assets held by Community Foundation represents amounts held at the Community Foundation for the Fox Valley Region (the Foundation) on the Organization's behalf. The Foundation invests the assets held in the fund. The Organization has used the fair value of its pro rata share of the investment pool held by the Foundation to determine the fair value of the beneficial interest. The unobservable inputs to the valuation are the underlying assets at the Foundation; therefore, these investments are classified as Level 3 assets within the fair value hierarchy.

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets carried at fair value at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets:				
Equities	$ 799,980	$ -	$ -	$ 799,980
Mutual Funds	13,572,086	-	-	13,572,086
Assets Held by the Community Foundation	-	-	9,922	9,922
Assets Presented at Fair Value	$ 14,372,066	$ -	$ 9,922	14,381,988
Cash Equivalents				732,112
Total				$ 15,114,100

The following table sets forth by level, within the fair value hierarchy, the Organization's assets carried at fair value at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Assets:				
Equities	$ 640,025	$ -	$ -	$ 640,025
Mutual Funds	12,354,774	-	-	12,354,774
Assets Held by the Community Foundation	-	-	8,249	8,249
Assets Presented at Fair Value	$ 12,994,799	$ -	$ 8,249	13,003,048
Cash Equivalents				120,342
Total				$ 13,123,390

NOTE 6 PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	2021	2020
Fox West YMCA Child Care Capital Campaign	$ 256,871	$ 543,522
GST Capital Campaign	800	1,200
Other	36,103	239,811
Total Pledges Receivable	293,774	784,533
Less: Discount to Present Value at 3.75%	(8,854)	(23,587)
Total	284,920	760,946
Less: Allowance for Uncollectible Amounts	(2,569)	(5,435)
Net Pledges Receivable	$ 282,351	$ 755,511
Amounts Due in:		
Less than One Year	$ 171,206	$ 510,495
One to Five Years	111,145	245,016
Net Pledges Receivable	$ 282,351	$ 755,511

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2021	2020
Land and Land Improvements	$ 9,269,378	$ 8,130,954
Buildings	65,366,692	54,746,699
Equipment	6,513,287	6,615,795
Construction in Progress	2,288,276	90,049
Total, at Cost	83,437,633	69,583,497
Less: Accumulated Depreciation	(36,264,596)	(36,142,502)
Net Property and Equipment	$ 47,173,037	$ 33,440,995

Total depreciation expense for the years ended December 31, 2021 and 2020 was $2,645,110 and $2,500,388, respectively.

NOTE 8 ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31:

	2021	2020
Payroll-Related Items	$ 248,498	$ 175,081
Sales Tax Payable	1,551	295
Agency Accounts	21,524	48,624
Health Claims	146,044	168,273
Property Tax and Other	90,942	17,547
Total Accrued Liabilities	$ 508,559	$ 409,820

NOTE 9 DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	2021	2020
Program	$ 621,191	$ 346,376
Membership	91,296	71,717
Total Deferred Revenue	$ 712,487	$ 418,093

NOTE 10 LINE OF CREDIT

The Organization has a $500,000 line-of-credit financing agreement with BMO Harris Bank. Interest is payable at the one-month London Interbank Offered Rate (LIBOR) plus 2.25%. The line of credit is secured by all of the Organization's assets, has no specified due date, but is due on demand. There was no outstanding balance on the line of credit at December 31, 2021 and 2020.

NOTE 11 LONG-TERM DEBT

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

Description	2021	2020
0% promissory note due to Community First Credit Union secured by certain real estate and a commercial security agreement; terms of the note require payment of all outstanding principal on August 27, 2022.	$ 359,472	$ 609,940
Promissory note due to Community First Credit Union secured by certain real estate; terms of the note require monthly principal payments in varying amounts beginning on October 24, 2022 through September 24, 2031; interest is payable at 0% through October 24, 2023, then at 2.60% through September 24, 2031; total available credit under this note is $6,000,000, $1,664,225 of which had been advanced as of December 31, 2021.	1,664,225	-
Promissory note due to the Village of Kimberly, Wisconsin; secured by a letter of credit at BMO Harris Bank and certain real estate; terms of the note require annual principal payments in varying amounts on or before April 1 of each year through April 1, 2022; interest is payable monthly at varying rates (.18% and .16% at December 31, 2021 and 2020, respectively).	130,000	260,000
Promissory note due to the Town of Greenville, Wisconsin; secured by a letter of credit at BMO Harris Bank and certain real estate; terms of the note require annual principal payments in varying amounts on or before September 1 of each year through September 1, 2032; interest is payable monthly at a variable rate (1.44% and 1.47% at December 31, 2021 and 2020, respectively).	975,000	1,045,000
Total	3,128,697	1,914,940
Less: Current Maturities	(619,472)	(200,000)
Long-Term Portion	$ 2,509,225	$ 1,714,940

NOTE 11 LONG-TERM DEBT (CONTINUED)

Future principal requirements on long-term debt are as follows:

Year Ending December 31,	Amount
2022	$ 619,472
2023	298,489
2024	255,984
2025	261,028
2026	270,791
Thereafter	1,422,933
Total	$ 3,128,697

Certain notes described above are subject to performance and financial covenants. Management believes the Organization was in compliance with the applicable covenants at December 31, 2021. Interest expense was $15,089 and $28,367 for the years ended December 31, 2021 and 2020, respectively.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	2021	2020
Subject to Expenditure for Specified Purpose:		
Programs	$ 925,151	$ 433,862
Capital Improvements	1,000,000	-
Pledges Receivable, the Proceeds from which have been Restricted by Donors for Programs	-	50,000
Subject to the Passage of Time:		
Pledges Receivable that are not Restricted by Donors, but which are Unavailable for Expenditures Until Due	36,103	189,811
Endowments:		
Subject to Appropriation and Expenditure when a Specified Event Occurs:		
Restricted by Donors for Programs	854,336	655,535
Subject to Endowment Spending Policy and Appropriation - Investment in Perpetuity (Including Amounts Above Original Gift Amounts of $2,814,699 in 2021 and $2,798,699 in 2020), Which Once Appropriated, is Expendable to Support:		
Bruce B. Purdy Nature Preserve Fund	2,152,036	1,876,991
The Making Waves Swim Program Fund	500,071	500,071
Bob Brown Safety Around the Water Fund	1,000,000	1,000,000
Subtotal	3,652,107	3,377,062
Total Endowments	4,506,443	4,032,597
Total Net Assets with Donor Restrictions	$ 6,467,697	$ 4,706,270

While held in perpetuity, the Bruce B. Purdy Nature Preserve Fund balance is subject to realized and unrealized gains and losses.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2021	2020
Expiration of Time Restrictions	$ 189,811	$ 50,442
Satisfaction of Purpose Restrictions:		
Programs	1,242,326	70,962
Property and Equipment	-	1,746,593
Total Net Assets Released from Donor Restrictions	$ 1,432,137	$ 1,867,997

NOTE 13 ENDOWMENTS

The Organization's endowments consist of three funds established to support various purposes of the Organization, the Neenah Menasha Endowment Fund, the Appleton Endowment Fund, and the Bruce B. Purdy Nature Preserve Fund. The endowments consist of funds intended to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2021, there were no such donor stipulations.

As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of the Organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization; and
7. The investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect principal values in terms of current dollars and, over the longer term, to increase principal values enough to offset the impact of inflation. Under an investment policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results benchmarked on appropriate market indices based on the level of investment risk.

NOTE 13 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters (Continued)

The Organization and the Affiliate expect the Neenah Menasha Endowment Fund, the Appleton Endowment Fund, and the Bruce B. Purdy Nature Preserve Fund, over time, to provide an average rate of return of approximately 5% plus inflation. The review of investment performance shall occur not less than semi-annually. Actual returns in any given year will likely vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization and its Affiliate rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investment policies target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Asset allocations for each endowment are as follows:

Equity exposure should not exceed 85% of the total portfolio market value. Fixed income securities should not exceed 35% of the total portfolio market value, and cash reserves should not exceed 10% of the total portfolio. Hedge fund securities and other alternative assets may account for up to 20% of the total portfolio.

Spending Policy

The Organization has a spending policy of appropriating up to 5% for distribution each year determined by using a three-year moving average of the total portfolio market values on December 31 of the prior fiscal years, not to exceed the three-year investment return average percentage. A distribution greater than the spending policy can only be made if approved by a majority of the board of directors.

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amounts required to be maintained by donor or by law (underwater endowments). There were no underwater endowments as of December 31, 2021 and 2020.

NOTE 13 ENDOWMENTS (CONTINUED)

Endowment net assets by type of fund consisted of the following at December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted:			
Original Donor-Restricted Gift Amount Required to be Maintained in Perpetuity by Donor	$ -	$ 2,814,699	$ 2,814,699
Endowment Earnings Required to be Maintained in Perpetuity by Donor	-	837,408	837,408
Accumulated Investment Gains	-	854,336	854,336
Board Designated	10,597,735	-	10,597,735
Total Funds	$ 10,597,735	$ 4,506,443	$ 15,104,178

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted:			
Original Donor-Restricted Gift Amount Required to be Maintained in Perpetuity by Donor	$ -	$ 2,798,699	$ 2,798,699
Endowment Earnings Required to be Maintained in Perpetuity by Donor	-	578,363	578,363
Accumulated Investment Gains	-	655,535	655,535
Board Designated	9,082,544	-	9,082,544
Total Funds	$ 9,082,544	$ 4,032,597	$ 13,115,141

Changes in endowment net assets were as follows for the years ended December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 9,082,544	$ 4,032,597	$ 13,115,141
Contributions	709,097	16,393	725,490
Investment Returns:			
Investment Income	410,010	138,680	548,690
Net Appreciation (Realized and Unrealized)	781,503	442,054	1,223,557
Total Investment Returns	1,191,513	580,734	1,772,247
Appropriation of Endowment:			
Assets for Expenditure	(385,419)	(123,281)	(508,700)
Endowment Net Assets - End of Year	$ 10,597,735	$ 4,506,443	$ 15,104,178

NOTE 13 ENDOWMENTS (CONTINUED)

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 8,383,105	$ 3,650,322	$ 12,033,427
Contributions	24,800	49,523	74,323
Investment Returns:			
Investment Income	181,200	83,887	265,087
Net Appreciation (Realized and Unrealized)	933,660	291,141	1,224,801
Total Investment Returns	1,114,860	375,028	1,489,888
Appropriation of Endowment:			
Assets for Expenditure	(440,221)	(42,276)	(482,497)
Endowment Net Assets - End of Year	$ 9,082,544	$ 4,032,597	$ 13,115,141

NOTE 14 LEASE COMMITMENTS

The Organization leases certain office equipment under operating leases that expire at various dates through December 2023.

Future minimum rental payments under these leases are as follows:

Year Ending December 31,	Amount
2022	$ 36,667
2023	30,406
Total	$ 67,073

Lease expense for the years ended December 31, 2021 and 2020 was $53,222 and $50,098, respectively.

NOTE 15 RETIREMENT PLAN

The Organization and the Affiliate participate in the National Young Men's Christian Association Retirement Plan and are contributing 12% of eligible salaries and hourly wages. Total contribution expense totaled $801,189 and $805,191 for the years ended December 31, 2021 and 2020, respectively.

NOTE 16 UNEMPLOYMENT COMPENSATION DEPOSIT

The Organization is self-funded for state unemployment compensation purposes. In accordance with state laws and regulations, letters of credit in the amount of $336,286 in favor of the Wisconsin unemployment reserve fund were maintained for the years ended December 31, 2021 and 2020.

NOTE 17 SELF-FUNDED INSURANCE

The Organization provides health, dental, and vision benefits to employees and their dependents through self-funded health plans. The plans are administered by a third party and maintain an excess loss policy of $50,000 per employee per year, with an aggregate maximum limit of $1,624,017 and $1,921,847 as of December 31, 2021 and 2020, respectively.

Under its self-funded insurance plan, the Organization accrues an estimated liability based on claims filed subsequent to year-end and an additional amount for incurred but not yet reported claims based on prior experience. Accruals for such costs of $146,044 and $168,273 were included in accrued expenses at December 31, 2021 and 2020, respectively. Claims payments based on actual claims ultimately filed could differ materially from these estimates.

NOTE 18 COMMITMENTS AND CONTINGENCIES

The Organization entered into contracts totaling $7,612,996 related to capital improvements. As of December 31, 2021, $4,902,327 of the commitment had not yet been incurred.

NOTE 19 SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Generally accepted accounting principles require disclosure of information about certain significant estimates and current vulnerabilities due to certain concentrations. In addition to the allowance for uncollectible promises to give and the self-funded insurance liability discussed above, these matters included the following:

> The Organization maintains cash balances at several institutions. Deposits are insured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2021 and 2020, the Organization had balances in excess of federally insured limits; however, management believes the risk of loss is low based on the quality of the entities holding these balances.
>
> The Organization had contributions from a major donor representing 16% of its total revenues, gains, and public support for the year ended December 31, 2021.

NOTE 20 RELATED PARTIES

The Organization purchased products and services totaling $2,200,150 and $2,869,747 during the years ended December 31, 2021 and 2020, respectively, from businesses represented by members of the board of directors. As of December 31, 2021 and 2020, the Organization had accounts payable due to a business represented by a member of the board of directors in the amount of $1,015,596 and $-0-, respectively.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
YMCA of the Fox Cities and its Affiliate
Appleton, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of YMCA of the Fox Cities and its Affiliate, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon February 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered YMCA of the Fox Cities and its Affiliate's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of YMCA of the Fox Cities and its Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of YMCA of the Fox Cities and its Affiliate'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oshkosh, Wisconsin
February 21, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
YMCA of the Fox Cities and its Affiliate
Appleton, Wisconsin

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited YMCA of the Fox Cities and its Affiliate's 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 YMCA of the Fox Cities and its Affiliate's major federal programs for the year ended December 31, 2021. YMCA of the Fox Cities and its Affiliate's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Program

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

We are required to be independent of YMCA of the Fox Cities and its Affiliate 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 YMCA of the Fox Cities and its Affiliate'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 YMCA of the Fox Cities and its Affiliate's federal programs.

Auditors' 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 YMCA of the Fox Cities and its Affiliate's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about YMCA of the Fox Cities and its Affiliate's compliance with the requirements of each major federal program as a whole.

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

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

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding YMCA of the Fox Cities and its Affiliate'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 YMCA of the Fox Cities and its Affiliate'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 YMCA of the Fox Cities and its Affiliate'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on YMCA of the Fox Cities and its Affiliate's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. YMCA of the Fox Cities and its Affiliate's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on YMCA of the Fox Cities and its Affiliate's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. YMCA of the Fox Cities and its Affiliate's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Board of Directors
YMCA of the Fox Cities and its Affiliate

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

We have audited the consolidated financial statements of YMCA of the Fox Cities and its Affiliate as of and for the year ended December 31, 2021, and have issued our report thereon dated February 21, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oshkosh, Wisconsin
February 21, 2022

YMCA OF THE FOX CITIES AND ITS AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

Federal Awards Grantor/pass-Through Grantor/Program Title	Federal Assistance Living Number	Pass-Through Grantor's Number	Subrecipient Payment	Federal Expenditures
U.S. Department of Agriculture				
Passed through Wisconsin Department of Public Instruction				
Child and Adult Care Food Program	10.558	2021-446806-DPI-CCI-551	$ -	$ 111,316
Food Service Aid Special Milk Program	10.556	2021-446806-DPI-SMP-548	-	7,652
Total U.S. Department of Agriculture			-	118,968
U.S. Department of Health & Human Services				
Passed Through Wisconsin Department of Children and Families				
YoungStar Micro Grants	93.575	None	-	5,900
YoungStar Bonus Payments	93.575	None	-	42,089
Total U.S. Department of Children and Families			-	47,989
U.S. Department of the Treasury				
Passed through Emergency Food and Shelter National Board Program				
Passed Through Wisconsin Department of Administration				
COVID-19 Beyond the Classroom	21.027	505ARPAOUTSCHL	-	1,513,287
Passed Through Outagamie County				
Outagamie Rescue Plan	21.027	74769340	-	10,000
Total U.S. Department of the Treasury			-	1,523,287
Total Expenditures of Federal Awards			$ -	$ 1,690,244

See accompanying Notes to Schedule of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of YMCA of the Fox Cities and its Affiliate's programs of the federal government for the year ended December 31, 2021. The information in this 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 YMCA of the Fox Cities and its Affiliate, it is not intended to and does not present the financial position, changes in net assets, or cash flows of YMCA of the Fox Cities and its Affiliate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

YMCA of the Fox Cities and its Affiliate have elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported

3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? _____x yes ______ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____x yes ______ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? ______ yes __x__ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards.*

Section III – Findings and Questioned Costs – Major Federal Programs

<u>2021 – 001</u>

Federal agency: U.S. Department of the Treasury

Federal program title: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Award Period: May 1, 2021 – September 1, 2022

Type of Finding: Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement: Reimbursement requests are required to maintain support for the underlying transactions of expenses charged to the grant.

Condition: The Organization did not completely prepare the reconciliation of expenses included in the grant reimbursement request. After an updated population was received that reconciled to the reimbursement request, samples were able to be pulled and were tested without exception.

Questioned costs: None

Context: While reviewing the list of expenses submitted for reimbursement it was noted that the original Summer and Fall 2021 populations provided did not reconcile to the totals on the expense request report submitted for reimbursement. The new populations provided for Summer and Fall 2021 reconciled to the reimbursement requests.

Cause: Management Oversight

Effect: While our testing of the underlying support for reporting did not result in the identification of any unallowed costs, there is the risk that unallowed or insufficient actual costs would be reported to the program given the lack of control over reconciling the population of expenses included in the reimbursement request.

Repeat finding: No

Recommendation: It is recommended that the Organization enhance the report preparation process to specifically identify costs requested for reimbursement each expense period.

Views of responsible officials: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2021 – 002

Federal agency: U.S. Department of the Treasury

Federal program title: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Award Period: May 1, 2021 – September 1, 2022

Type of Finding: Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement: The Organization should have formal procurement and subrecipient monitoring policies to guide the Organization when entering into covered transactions.

Condition: The Organization had one expense applied to the grant in excess of the micro-purchase threshold but did not have a formal procurement policy in place. While there were no subrecipients in 2021, the Organization did not have a formal subrecipient monitoring policy in place in the event the Organization entered into such covered transactions.

Questioned costs: None

Context: Policies were not in place for procurement and subrecipient monitoring, and the Organization entered in to one transaction in excess of the micro-purchase threshold for which a formal bid process was not completed.

Cause: Management Oversight

Effect: The effect of not having a formal procurement policy would be noncompliance with 2 CFR 200.318, while not having a formal subrecipient monitoring policy would result in the Organization potentially being unaware of waste or abuse with subrecipient work.

Repeat finding: No

Recommendation: It is recommended that the Organization implement a formal procurement policy and a formal subrecipient monitoring policy.

Views of responsible officials: There is no disagreement with the audit finding.