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RUSSELL A. OLSON
AUDITOR GENERAL

Date: September 8, 2022

To: SD Department of Education
State Board of Internal Control

Re: Audit Report on – Young Men’s Christian Association of Rapid City, Inc.
As of and for the year ended December 31, 2021
By: Ketel Thorstenson, LLP, CPAs

We have accepted the final report on the audit of the above-named entity conducted under the requirements of OMB Uniform Guidance.

OMB Uniform Guidance requires the State of South Dakota, as a direct recipient of federal assistance who provides federal awards to a subrecipient, to:

1. Ensure that subrecipients expending \$750,000 or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of OMB Uniform Guidance for that fiscal year.
2. Ensure that the subrecipient takes timely and appropriate corrective action when the audit report discloses instances of noncompliance with federal laws and regulations.
3. Consider whether this subrecipient audit necessitates adjustment of your program records.

The accompanying audit report is submitted to you to help fulfill these requirements.

The report does identify audit findings and/or questioned costs pertaining to federal award programs administered by your department that is required to be reported in accordance with OMB Uniform Guidance, §200.516(a). See page 47. Accordingly, you are required to issue a management decision on the audit finding within six months after receipt of this audit report (OMB Uniform Guidance §200.331(d)(3)).

Please contact us if you have any questions.

Sincerely,

Russell A. Olson
Auditor General

RAO:sld

Enclosure



south dakota
DEPARTMENT OF EDUCATION

Learning. Leadership. Service.

800 Governors Drive
Pierre, SD 57501-2235

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March 10, 2023

Keiz Larson, Executive Director
YMCA of Rapid City
815 Kansas City Street
Rapid City SD 57701

RE: Management Decision on Single Audit Report for the Year ended December 31, 2021

Dear Ms. Larson:

The South Dakota Department of Education (SDDOE) has reviewed the Young Men's Christian Association of Rapid City (YMCA) single audit report for the fiscal year ended December 31, 2021. The audit report identified two federal program audit findings that relate to awards administered by the SDDOE. This letter provides our management decision on these audit findings and the district's proposed corrective action plan.

Finding Number 2021-003: Payroll Testing Errors

Corrective Action Plan: The CFO will review payroll for accuracy and verify approval of wage rates in personnel files.

Finding Number 2021-005: Check Signatures

Corrective Action Plan: The CEO will review checks for propriety prior to disbursement.

Management Decision. The SDDOE sustains the auditor's findings. We note that the payroll testing errors is a repeat finding. The audit report also included financial statements findings that indicate elevated risk factors at the YMCA.

SDDOE Division of Finance staff and the State Internal Control officer met via a TEAMS meeting with YMCA management on February 22, 2023, to discuss the findings and the proposed corrective actions. The YMCA indicated it believes that a payroll software conservation, bank reconciliation issue, and the CEO transition contributed to these findings. The YMCA explained that it has taken actions to remedy these findings that included switching to a different bank and hiring an external CPA firm to assist with the financial statements.

The SDDOE accepts the YMCA's corrective action plan based on the additional information provided during this meeting. It is expected that the organization will implement the corrective actions necessary to remedy the findings. If these findings continue on subsequent audits, it will be requested that YMCA management appear before the South Dakota Board of Internal Control to explain the findings and corrective actions.

If you have any questions or concerns, please feel free to contact me at (605)-773-3248.

Sincerely,

A handwritten signature in blue ink that reads "Rob Huffman". The signature is fluid and cursive, with the first name "Rob" and last name "Huffman" clearly legible.

Rob Huffman, Administrator
Office of Grants Management

cc: Wade Pavlicek, CFO YMCA
Cody Stoeser, SDDOE
Allysen Kerr, SDBFM

YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT DECEMBER 31, 2021 AND 2020



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

ktllp.com

YOUNG MEN’S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Men's Christian Association of Rapid City, Inc.
Rapid City, South Dakota

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.** (the Organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year ended December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Board of Directors
Young Men's Christian Association of Rapid City, Inc.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining fund financial statements on pages 33-38, are presented for purposes of additional analysis and are not a required part of the financial statements. In addition, the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on pages 39-40 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Directors
Young Men's Christian Association of Rapid City, Inc.

Report on Other Legal and Regulatory Matters

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2022 on our consideration of the Organization'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



KETEL THORSTENSON, LLP
Certified Public Accountants

July 21, 2022

FINANCIAL STATEMENTS

Young Men's Christian Association of Rapid City, Inc.
Statements of Financial Position
December 31, 2021 and December 31, 2020

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2020 Totals
ASSETS					
Cash and Cash Equivalents	\$ 839,912	\$ 555,587	\$ -	\$ 1,395,499	\$ 943,495
Accounts Receivable, Net	143,687	-	-	143,687	189,236
Prepaid Expenses	55,134	-	-	55,134	48,806
Promises to Give, Net	9,654	87,397	-	97,051	244,084
Property and Equipment, Net	14,885,688	-	-	14,885,688	15,234,608
Investments	-	1,179,097	290,687	1,469,784	1,364,674
Beneficial Interest in Assets Held By Others	-	89,405	-	89,405	-
TOTAL ASSETS	<u>\$ 15,934,075</u>	<u>\$ 1,911,486</u>	<u>\$ 290,687</u>	<u>\$ 18,136,248</u>	<u>\$ 18,024,903</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts Payable	\$ 209,971	\$ -	\$ -	\$ 209,971	\$ 147,581
Accrued Personnel Costs	297,035	16,029	-	313,064	357,481
Other Liabilities	2,643	-	-	2,643	1,994
Unearned Fees and Dues	109,552	-	-	109,552	92,561
Line of Credit	629,805	-	-	629,805	1,712,943
Total Liabilities	<u>1,249,006</u>	<u>16,029</u>	<u>-</u>	<u>1,265,035</u>	<u>2,312,560</u>
Net Assets:					
Without Donor Restrictions:					
Net Investment in					
Property and Equipment	13,828,744	-	-	13,828,744	13,094,526
Undesignated	658,068	-	-	658,068	510,356
Board-designated	198,257	-	-	198,257	120,895
Total Without Donor Restrictions	<u>14,685,069</u>	<u>-</u>	<u>-</u>	<u>14,685,069</u>	<u>13,725,777</u>
With Donor Restrictions:					
Restricted by Purpose or Time	-	1,895,457	-	1,895,457	1,695,879
Restricted in Perpetuity	-	-	290,687	290,687	290,687
Total with Donor Restrictions	<u>-</u>	<u>1,895,457</u>	<u>290,687</u>	<u>2,186,144</u>	<u>1,986,566</u>
Total Net Assets	<u>14,685,069</u>	<u>1,895,457</u>	<u>290,687</u>	<u>16,871,213</u>	<u>15,712,343</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,934,075</u>	<u>\$ 1,911,486</u>	<u>\$ 290,687</u>	<u>\$ 18,136,248</u>	<u>\$ 18,024,903</u>

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Activities
For the Year Ended December 31, 2021
With Memorandum Totals for the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2020 Memorandum Totals
SUPPORT, REVENUES, AND GAINS					
Child Care	\$ 3,747,465	\$ -	\$ -	\$ 3,747,465	\$ 2,760,552
Membership Dues	1,708,654	-	-	1,708,654	1,733,254
Donations - Special Purposes	-	540,823	-	540,823	403,181
Grants	2,761,933	512,775	-	3,274,708	3,276,302
Sponsorship Donations	346,569	-	-	346,569	345,241
Program Services	390,982	-	-	390,982	223,442
Food Service	27,228	-	-	27,228	29,898
United Way	60,656	-	-	60,656	90,068
Vending Sales	34,116	-	-	34,116	21,171
Department Fundraisers	64,016	-	-	64,016	18,973
Use of Facilities	6,784	-	-	6,784	10,102
Bequests, Memorials, and Other	2,348	-	-	2,348	78,242
Miscellaneous Income	2,006	448	-	2,454	1,483
Gain (Loss) on Disposal of Property and Equipment	(9,189)	-	-	(9,189)	44,992
Net Assets Released from Restrictions	<u>1,023,384</u>	<u>(1,023,384)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support, Revenues, and Gains	<u>10,166,952</u>	<u>30,662</u>	<u>-</u>	<u>10,197,614</u>	<u>9,036,901</u>
EXPENSES					
Program Services	8,177,067	-	-	8,177,067	7,366,947
Management and General	794,454	-	-	794,454	765,391
Fundraising	<u>236,139</u>	<u>-</u>	<u>-</u>	<u>236,139</u>	<u>175,548</u>
Total Expenses	<u>9,207,660</u>	<u>-</u>	<u>-</u>	<u>9,207,660</u>	<u>8,307,886</u>
OTHER REVENUE (EXPENSES)					
Net Investment Return - Endowment	<u>-</u>	<u>168,916</u>	<u>-</u>	<u>168,916</u>	<u>160,029</u>
Total Other Revenue (Expense)	<u>-</u>	<u>168,916</u>	<u>-</u>	<u>168,916</u>	<u>160,029</u>
CHANGE IN NET ASSETS	959,292	199,578	-	1,158,870	889,044
NET ASSETS - BEGINNING OF YEAR	<u>13,725,777</u>	<u>1,695,879</u>	<u>290,687</u>	<u>15,712,343</u>	<u>14,823,299</u>
NET ASSETS - END OF YEAR	<u>\$ 14,685,069</u>	<u>\$ 1,895,457</u>	<u>\$ 290,687</u>	<u>\$ 16,871,213</u>	<u>\$ 15,712,343</u>

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2021
With Memorandum Totals for the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - By Purpose or Time</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 959,292	\$ 199,578
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	541,598	-
Net Loss on Disposal of Property and Equipment	9,189	-
Net Gain on Investments	-	(169,165)
Donations for the Purchase of Capital Assets	-	(386,572)
Change in Value of Beneficial Interest in Assets Held by Others	-	(27,945)
(Increase) Decrease in:		
Promises to Give	25,150	121,883
Accounts Receivable	45,549	-
Prepaid Expenses	(6,328)	-
Increase (Decrease) in:		
Accounts Payable	65,626	-
Accrued Personnel Costs	(36,254)	(8,163)
Other Liabilities	649	-
Unearned Fees and Dues	16,991	-
Net Cash Provided (Used) by Operating Activities	<u>1,621,462</u>	<u>(270,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(232,283)	-
Insurance Proceeds	27,180	-
Investment in Beneficial Interest in Assets Held by Others	-	(61,460)
Purchases of Investments	-	(1,442,011)
Sales of Investments	-	1,506,066
Net Cash Provided (Used) by Investing Activities	<u>(205,103)</u>	<u>2,595</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Donations for the Purchase of Capital Assets	-	386,572
Payments on Line of Credit	(1,083,138)	-
Net Cash Provided (Used) by Financing Activities	<u>(1,083,138)</u>	<u>386,572</u>
NET INCREASE IN CASH AND EQUIVALENTS	333,221	118,783
CASH AND EQUIVALENTS BEGINNING OF YEAR	<u>506,691</u>	<u>436,804</u>
CASH AND EQUIVALENTS END OF YEAR	<u>\$ 839,912</u>	<u>\$ 555,587</u>

The accompanying notes are an integral part of this statement.

With Donor Restrictions - in Perpetuity	Totals	2020 Memorandum Totals
\$ -	\$ 1,158,870	\$ 889,044
-	541,598	538,877
-	9,189	(44,992)
-	(169,165)	(130,670)
-	(386,572)	(394,092)
-	(27,945)	-
-	147,033	175,159
-	45,549	55,978
-	(6,328)	8,348
-	65,626	22,896
-	(44,417)	(97,237)
-	649	(38)
-	16,991	(24,376)
-	<u>1,351,078</u>	<u>998,897</u>
-	(232,283)	(264,423)
-	27,180	46,832
-	(61,460)	-
-	(1,442,011)	(177,296)
-	<u>1,506,066</u>	<u>198,775</u>
-	<u>(202,508)</u>	<u>(196,112)</u>
-	386,572	394,092
-	<u>(1,083,138)</u>	<u>(601,388)</u>
-	<u>(696,566)</u>	<u>(207,296)</u>
-	452,004	595,489
-	<u>943,495</u>	<u>348,006</u>
<u>\$ -</u>	<u>\$ 1,395,499</u>	<u>\$ 943,495</u>

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2021
With Memorandum Totals for the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - By Purpose or Time</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 41,003	\$ -
Construction in Progress Expense in Accounts Payable	\$ -	\$ -

The accompanying notes are an integral part of this statement.

<u>With Donor Restrictions - in Perpetuity</u>	<u>Totals</u>	<u>2020 Memorandum Totals</u>
\$ -	\$ 41,003	\$ 81,211
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,236</u>

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021
With Memorandum Totals for the Year Ended December 31, 2020

	Program Services			Total Program Services
	Healthy Living	Social Responsibility	Youth Development	
Salaries	\$ 1,130,634	\$ 994,958	\$ 2,396,944	\$ 4,522,536
Employee Benefits	171,877	151,252	364,378	687,507
Payroll Taxes	83,589	73,558	177,209	334,356
 Total Payroll and Related Expenses	 1,386,100	 1,219,768	 2,938,531	 5,544,399
Supplies	194,723	171,356	412,811	778,890
Depreciation	131,338	115,577	278,435	525,350
Occupancy	121,442	106,869	257,458	485,769
Office Expenses	59,827	52,648	126,833	239,308
Repairs and Maintenance	60,748	53,458	128,784	242,990
Technology	47,339	41,658	100,357	189,354
Y-USA Fair Share Support	15,956	14,041	33,827	63,824
Professional Fees	-	-	-	-
Travel	15,371	13,526	32,585	61,482
Interest	8,970	7,893	19,015	35,878
Conferences and Training	2,456	2,161	5,206	9,823
 Total Expenses	 <u>\$ 2,044,270</u>	 <u>\$ 1,798,955</u>	 <u>\$ 4,333,842</u>	 <u>\$ 8,177,067</u>

The accompanying notes are an integral part of this statement.

<u>Management and General</u>		Total Management and General	Fundraising	Total	2020 Memorandum Totals
<u>General Administration</u>	<u>Regional Alliance</u>				
\$ 312,640	\$ 133,302	\$ 445,942	\$ 115,000	\$ 5,083,478	\$ 4,632,040
41,281	26,517	67,798	15,185	770,490	897,368
<u>20,654</u>	<u>10,181</u>	<u>30,835</u>	<u>7,597</u>	<u>372,788</u>	<u>340,647</u>
374,575	170,000	544,575	137,782	6,226,756	5,870,055
383	373	756	73,944	853,590	547,531
16,248	-	16,248	-	541,598	538,877
14,916	-	14,916	-	500,685	424,549
11,122	390	11,512	5,078	255,898	201,438
7,515	-	7,515	-	250,505	179,912
12,937	314	13,251	4,758	207,363	169,427
51,059	-	51,059	12,764	127,647	76,339
70,529	27,211	97,740	-	97,740	155,086
4,250	26,793	31,043	1,563	94,088	56,999
5,125	-	5,125	-	41,003	81,211
<u>679</u>	<u>35</u>	<u>714</u>	<u>250</u>	<u>10,787</u>	<u>6,462</u>
<u>\$ 569,338</u>	<u>\$ 225,116</u>	<u>\$ 794,454</u>	<u>\$ 236,139</u>	<u>\$ 9,207,660</u>	<u>\$ 8,307,886</u>

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 1 - NATURE OF OPERATIONS

The Young Men's Christian Association of Rapid City, Inc. (the YMCA) is a nonprofit organization dedicated to strengthening the communities in which it serves through promoting youth development, healthy living, and social responsibility. The YMCA is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being, and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families, and communities to be healthy, confident, connected, and secure.

Program Activities:

Youth Development - The YMCA is committed to nurturing the potential of every child and teen. The YMCA believes all kids deserve the opportunity to discover who they are and what they can achieve. The YMCA helps young people cultivate the values, skills, and relationships that lead to positive behaviors, better health, and educational achievement. YMCA programs, such as afterschool care, childcare, day camp, youth sports, teen leadership, and aquatics, offer a range of experiences that enrich cognitive, social, physical, and emotional growth.

Healthy Living - The YMCA is a leading voice on health and well-being. The YMCA brings families closer together, encourages good health, and fosters connections through fitness, sports, fun, and shared interests. As a result, people in the community are receiving the support, guidance, and resources they need to achieve greater health in spirit, mind, and body. This is particularly important as the nation struggles with an obesity crisis, families struggle with work/life balance, and individuals search for personal fulfillment. Examples of such programs are diabetes prevention, Parkinson's wellness, group exercise, arthritis relief, and cardio/strength fitness.

Social Responsibility - The YMCA believes in giving back and supporting its neighbors. YMCA programs, such as teen mom mentorship and childcare, summer learning loss prevention, food programs, and outreach, are examples of how the YMCA delivers training, resources, and support that empower people to affect change, bridge gaps, and overcome obstacles. YMCA members, participants, and volunteers engage in activities that strengthen the community and pave the way for future generations to thrive.

The YMCA's program is accessible, affordable, and open to all faiths, backgrounds, abilities, and income levels. The YMCA provides financial assistance to people who otherwise may not have been able to afford to participate.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the YMCA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The YMCA records resources for accounting and reporting purposes based on the existence or absence of donor-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 operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a capital reserve.

Net Assets with Donor Restrictions - Net assets subject to donor-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. For those amounts initially deemed conditional, a simultaneous release policy is followed, whereby restrictions that expire in the same period in which the contributions are recognized are reported as net assets without donor restrictions.

Cash and Cash Equivalents

For financial statement purposes, the YMCA considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash allocated to the investment portfolio as part of the YMCA's investment strategy is reported as investments.

Investments

Investments are reported at fair value and are based primarily on quoted market prices or estimated fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Contributions and Promises to Give

The YMCA receives contributions to support operating activities, endowments, and capital projects. These contributions can be from individuals, granting agencies, foundations, corporations, or trusts. The YMCA records promises to give, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. The YMCA discounts multi-year pledges that are expected to be collected after one year using a risk-adjusted discount rate. Multi-year pledges are recorded at fair value at the date of the pledge.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants and Contracts

The YMCA receives grant and contract funding from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing, and other requirements. These program services range from childcare after-school programs, day camp, family programs, programs for seniors, and immigration and health and welfare-related programs. Such YMCA's government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. The YMCA received cost-reimbursable grants of \$1,109,788 and \$409,281 that had not been recognized at December 31, 2021 and 2020, respectively, because qualifying expenditures have not yet been incurred.

Accounts Receivable

Accounts receivable consist of receivables from program registrants and federal grant programs. Any receivable not paid within thirty days is considered past due and services are terminated if delinquent accounts are not brought current within sixty days. Grants receivable represent amounts that have been billed under grant agreements but were not collected as of the date of the financial statements. All grants receivable represent amounts owed by government agencies. Receivables are recorded at estimated fair value at the time of origination and are reflected in the statements of financial position net of allowances for doubtful accounts. The allowance for uncollectible accounts receivable is estimated based on a monthly review of account balances including the age of the balance and historical collection experience. The allowance for doubtful accounts at December 31, 2021 and 2020 was \$3,603 and \$4,462, respectively. Accounts receivable will be charged off as uncollectible when management feels they have exhausted all reasonable collection efforts.

Revenue Recognition

The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including childcare, membership, program services, and food services. Because the YMCA's performance obligations relate to contracts with a duration of less than one year, the YMCA has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership Dues and Program Fees - Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, childcare, education, and recreation activities and programs. Members join for varying lengths of time and may cancel with 30 days' notice. Members generally pay a one-time joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to free classes, programs, and activities, and discounts to fee-based programs. The YMCA offers a variety of programs including family, childcare, day camp, teen, scholastic, fitness, aquatics, and health services. Fee-based programs are available to the public. Program fees for short-duration programs of two months or less, such as aquatics classes, are typically paid in advance at the time of registration. Program fees for longer-duration programs, such as fee-based childcare, are usually paid bi-weekly in advance. Cancellation provisions vary by program, but most transactions are cancellable with 15 to 30 days' notice. Refunds may be available for services not provided. Financial assistance is available to members and program participants. Such financial assistance is reflected as a reduction of gross membership dues and program fees.

Membership dues and program fees, including childcare, are recognized ratably over the period the membership or program service is provided on a straight-line basis in an amount that reflects the consideration the YMCA expects to be entitled to in exchange for those services. All the YMCA's revenue from contracts with customers is from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Membership joining fees are ratably recognized over a one-year period from the membership start date if paid upfront. Membership dues and program fees paid to the YMCA in advance represent contract liabilities and are recorded as unearned fees and dues. Amounts billed but unpaid are contract assets and recorded as accounts receivable. The following table provides information about significant changes in the contract liabilities for the years ended December 31:

	2021	2020
Accounts Receivable, Net, Beginning of Year	\$ 189,236	\$ 245,214
Accounts Receivable, Net, End of Year	\$ 143,687	\$ 189,236
	2021	2020
Unearned Program Fees and Dues, Beginning of Year	\$ 92,561	\$ 116,937
Revenue Recognized that Was Included in Unearned Program Fees and Membership Dues at Beginning of Year	(92,561)	(116,937)
Increase in Unearned Program Fees and Dues, Due to Cash Received During the Year	109,552	92,561
Unearned Program Fees and Dues, End of Year	\$ 109,552	\$ 92,561

The YMCA also offers food service in its cafeteria for the convenience of members. Revenue is recognized at the point of sale.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind Contributions

The YMCA recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. The YMCA did not report any contributed services for the years ended December 31, 2021 and 2020, respectively. The YMCA receives services from many volunteers who give significant amounts of their time to the programs of the YMCA. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services. Contributions of assets other than cash are recorded at estimated fair value.

Property and Equipment

The YMCA capitalizes all expenditures for property and equipment in excess of \$2,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of the donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	20 - 80 years
Machinery and Equipment	5 - 15 years
Vehicles	5 - 10 years

Impairment of Long-lived Assets

The carrying value of the YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful, depreciable life may need to be changed. The YMCA considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value. The YMCA has determined that no long-lived assets are impaired.

Federal Income Taxes

Taxes are recognized in the financial statements when it is more likely than not that the position will be sustained upon examination by the taxing authorities.

The YMCA is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The YMCA is not liable for income taxes if it operates within the confines of its exempt status. However, the YMCA may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the YMCA could be changed if taxing authorities make adjustments to the tax-exempt purpose of the YMCA, or if the taxing authorities determine activities are subject to unrelated business income.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As of December 31, 2021, the YMCA had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The YMCA's income tax filings are subject to audit by various taxing authorities. The YMCA is no longer subject to federal and state income tax examination by taxing authorities for years before 2018. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law, and new authoritative rulings. The YMCA believes its estimates are appropriate based on current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense. There were no penalties and interest assessed by taxing authorities during the year ended December 31, 2021.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Expenses are charged directly to program, management, and general, or fundraising based on specific identification of expenses. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the YMCA. The YMCA also acts as the fiscal agent for activities related to regional support from the YMCA of the USA (YUSA) due to a restructuring of the national organization. These revenues and expenses are included in the YMCA's financial statements but are not a cost of program operations and are completely reimbursed by YUSA.

Liquidity

Assets and liabilities are presented in the order of liquidity in the statement of financial position. Any further restrictions are disclosed in the notes to the financial statements.

Accounting Estimates

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

Sales Tax

The State of South Dakota and the cities in which the YMCA operates impose a sales tax on the YMCA's sales of merchandise. However, the YMCA is sales tax exempt on membership fees and program fees. The YMCA collects sales tax related to merchandise sales from customers and remits the entire amount to the State. The YMCA's accounting policy is to net sales tax collected and remitted to the State against revenues.

Property Tax

The YMCA is exempt from property taxes. Accordingly, there is no provision for property taxes included in these financial statements.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Recent Accounting Pronouncements

In February 2016, the FASB issued (ASU) 2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2021. The YMCA has not yet implemented this ASU and is in the process of assessing the effect on its financial statements.

In September 2020, the FASB issued (ASU) 2020-07, *Not-for-profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU specifies requirements for the recognition and initial measurement of contributions and disclosure requirements for contributed nonfinancial assets. Nonprofit entities should apply the amendments for fiscal years beginning after June 15, 2021. The YMCA has not yet implemented this ASU and is in the process of assessing the effect on the financial statements.

In June 2016, the FASB issued (ASU) 2016-03, *Financial Instruments - Credit Losses (Topic 326)*. This ASU requires additional disclosures regarding policies for nonaccrual receivables, charging off uncollectible receivables, and determining past due or delinquency status. Nonprofit entities should apply the amendments for fiscal years beginning after December 15, 2022. The YMCA has not yet implemented this ASU and is in the process of assessing the effect on the financial statements.

Balances for the Year Ended December 31, 2020

The Statement of Activities, Statement of Cash Flows, and Statement of Functional Expenses for the year ended December 31, 2020 are captioned "Memorandum Only." Such information is presented only to facilitate financial analysis. This data does not present these statements in the amount of detail required by accounting principles generally accepted in the United States of America. The complete December 31, 2020 Statement of Activities, Statements of Cash Flows, and Statement of Functional Expenses were included in the prior year report but are not presented here because of space limitations and to avoid cumbersome and confusing formats.

NOTE 3 - CAPITAL CAMPAIGN FUND AND PROMISES TO GIVE

The YMCA has a continual fund-raising campaign to increase the endowment. Contributions to the endowment will be maintained in accordance with the YMCA endowment policy (see Note 11) with earnings on donations being used to support the programs of the YMCA. Contributions to the separate Shaping our Future campaign are allocated per the donors' wishes to one or all of the following three categories: capital projects, sponsorship, and endowment. Management continually evaluates the collectability of promises to give. Management records an allowance for uncollectible promises to give upon evaluation of individual donor payment history and the likelihood of payment. Because the YMCA has a long history with many of the current donors to the Shaping Our Future Campaign, management has determined that no allowance for uncollectible promises to give is necessary at this time.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 3 - CAPITAL CAMPAIGN FUND AND PROMISES TO GIVE (CONTINUED)

Unconditional promises to give at December 31 are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Receivable in Less Than One Year	\$ 9,654	\$ 72,683	\$ 82,337
Receivable in One to Five Years	-	15,200	15,200
Discount on Pledges Receivable	-	(486)	(486)
Total Unconditional Promises to Give	\$ 9,654	\$ 87,397	\$ 97,051
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Receivable in Less Than One Year	\$ 34,804	\$ 147,213	\$ 182,017
Receivable in One to Five Years	-	64,350	64,350
Discount on Pledges Receivable	-	(2,283)	(2,283)
Total Unconditional Promises to Give	\$ 34,804	\$ 209,280	\$ 244,084

Unconditional pledges receivable due in more than one year are discounted based on the creditworthiness of donors, which was 3.25% as of December 31, 2021 and 2020. Promises to give at December 31, 2021 include \$65,000 due from seven donors. Promises to give at December 31, 2020 include \$165,000 due from nine donors.

During the year ended December 31, 2019, the YMCA was awarded Vision Funds from the City of Rapid City, South Dakota in the amount of \$1,100,000. This donation is considered a conditional promise to give, and as such is reported upon conditions being met. These funds were paid to the YMCA in annual installments of \$366,667 through 2021, based on incurring eligible expenditures. Contribution revenues recognized for the years ended December 31, 2021 and 2020 were \$366,667, respectively.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Nondepreciable Items:		
Land	\$ 1,445,605	\$ 1,445,605
Construction in Progress	-	33,003
Depreciable Items:		
Buildings and Improvements	19,432,867	19,432,867
Machinery and Equipment	1,068,200	1,003,573
Vehicles	<u>481,710</u>	<u>431,800</u>
	22,428,382	22,346,848
Less: Accumulated Depreciation	<u>7,542,694</u>	<u>7,112,240</u>
Net Property and Equipment	<u>\$ 14,885,688</u>	<u>\$ 15,234,608</u>

As of December 31, 2020, construction in progress represented \$33,003 of design fees related to a future capital project. During the year ended December 31, 2021, management determined that these design fees were outdated and were expensed. There are no future commitments for this project as of December 31, 2021.

During the year ended December 31, 2018, the YMCA incurred significant damage to the aquatics roof from a hailstorm. Insurance proceeds received during the year ended December 31, 2020 totaled roughly \$46,800 and were included in the Gain on Disposal of Property and Equipment line in the Statement of Activities. The aquatics roof was repaired and costs were capitalized in 2020.

NOTE 5 - INVESTMENTS

Investments consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Money Market Funds	\$ 291,448	\$ 72,237
Certificates of Deposit	162,881	221,237
Mutual Funds	624,157	749,606
Equities	390,924	320,997
Bonds	<u>374</u>	<u>597</u>
	<u>\$ 1,469,784</u>	<u>\$ 1,364,674</u>

Net investment return includes interest, dividends, realized and unrealized gains and losses, and investment fees. The investment return is classified in the Statement of Activities as net assets with donor restrictions, except for that portion relating to general operating accounts.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 6 - REVOLVING LINE OF CREDIT

During the year ended December 31, 2019, a \$2,300,000 line of credit was opened with a financial institution bearing interest at 3.99%. The line of credit is secured by a building, expires in March 2023, and is due on demand. Outstanding balances on this loan at December 31, 2021 and 2020 were \$629,805 and \$1,712,943, respectively.

NOTE 7 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is assets without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Financial Assets Available for Use:		
Cash and Cash Equivalents	\$ 839,912	\$ 506,691
Accounts Receivable	143,687	189,236
Pledges Due in One Year	9,654	34,804
Endowment Spending-rate Appropriations	64,000	53,000
	\$ 1,057,253	\$ 783,731

The YMCA's assets available for use consist of cash and cash equivalents, accounts receivable, promises to give expected to be collected currently, and appropriations of endowment funds for expenditure expected to be made during the next fiscal year. The YMCA is dependent on membership dues and program revenues to fund current expenditures.

YMCA endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted until appropriated for expenditure.

The YMCA maintains an operating line of credit (Note 6) which could be drawn upon in the event of an unanticipated liquidity need. The YMCA has a board-designated capital reserve in the amount of \$198,257 that is included in financial assets available for use. The use of these funds to support operations would require Board action.

NOTE 8 - BOARD-DESIGNATED NET ASSETS

Board-designated net assets are maintained in the YMCA's operating bank account. Receipts and disbursements are designated by the Board of Directors to their specific activity within net assets without donor restrictions and consist of the capital reserve at December 31, 2021 and 2020. Transfers from the reserve are made to fund capital expenditures as approved by the Board of Directors.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions by purpose or time consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Donations for Special Purpose:		
Vucurevich - Jump Start Program	\$ 118,580	\$ 212,136
Assets Held by BH Area Community		
Foundation for Youth Sponsorships	89,405	-
Sports and Wellness Programs	52,645	-
Edgemont YMCA	34,132	34,132
Custer Elementary School Project	6,478	6,478
Rapid City Equipment	34,531	4,146
Edgemont Equipment	3,122	622
Custer Equipment	6,415	1,115
Parkinson's Disease Exercise Program	204	204
	<u>345,512</u>	<u>258,833</u>
YMCA Alliance	261,747	149,810
Shaping Our Future	75,639	199,450
SOF Sponsorship	12,733	11,346
Endowment - Earnings Available for Appropriations	1,199,826	1,076,440
	<u>\$ 1,895,457</u>	<u>\$ 1,695,879</u>

Net assets with donor restrictions in the amount of \$1,023,384 and \$963,681 were released from restriction during the years ended December 31, 2021 and 2020, respectively, as a result of donor stipulations being met.

Net assets with donor restrictions in perpetuity at December 31, 2021 and 2020 represent donor contributions to an endowment fund (see Note 11). The principal of these funds will remain in perpetuity, while the income earned will be used at the Board's discretion. Earnings on these funds are considered donor-restricted until the Board appropriates the funds for expenditure.

NOTE 10 - PENSION AND RETIREMENT PLAN

The YMCA participates in the YMCA Retirement Fund Retirement Plan, which is a defined-contribution, money-purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended. The Plan is sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the state of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The Plan is operated as a church pension plan. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan has no unfunded benefit obligation.

Pension benefits for substantially all employees meeting certain eligibility requirements are provided through participation in the National YMCA Retirement Fund, a multi-employer defined contribution pension plan. The YMCA makes contributions to the plan each year equal to 12% of eligible participants' compensation. Contributions to the plan were \$318,208 and \$289,527 for the years ended December 31, 2021 and 2020, respectively.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
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NOTE 11 - ENDOWMENT FUNDS

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date for all donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the YMCA classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions by purpose or time until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by state law.

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

	2021		
	With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Total
Endowment Net Assets, Beginning	\$ 1,076,440	\$ 290,687	\$ 1,367,127
Contributions to Endowment	19,276	-	19,276
Net Investment Return	168,916	-	168,916
Amounts Appropriated for Expenditure	<u>(64,806)</u>	<u>-</u>	<u>(64,806)</u>
Endowment Net Assets, Ending	<u>\$ 1,199,826</u>	<u>\$ 290,687</u>	<u>\$ 1,490,513</u>
	2020		
	With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Total
Endowment Net Assets, Beginning	\$ 966,796	\$ 290,687	\$ 1,257,483
Contributions to Endowment	2,615	-	2,615
Net Investment Return	160,029	-	160,029
Amounts Appropriated for Expenditure	<u>(53,000)</u>	<u>-</u>	<u>(53,000)</u>
Endowment Net Assets, Ending	<u>\$ 1,076,440</u>	<u>\$ 290,687</u>	<u>\$ 1,367,127</u>

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 11 - ENDOWMENT FUNDS (CONTINUED)

The following represents endowment net asset composition by net asset class as of December 31:

	2021		
	With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Total
Donor-restricted Endowment Funds	<u>\$ 1,199,826</u>	<u>\$ 290,687</u>	<u>\$ 1,490,513</u>
	2020		
	With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Total
Donor-restricted Endowment Funds	<u>\$ 1,076,440</u>	<u>\$ 290,687</u>	<u>\$ 1,367,127</u>

The YMCA has adopted investment and spending policies for endowment net assets that attempt to provide a predictable stream of funding to programs supported by its endowment. As such, all investment earnings, including realized and unrealized gains, related to funds restricted in perpetuity are allocated to net assets with donor restrictions by purpose or time until appropriated for expenditure. The YMCA's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return three percent over the consumer price index/inflation rate. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the YMCA relies 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 YMCA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the YMCA and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the YMCA
- The investment policies of the YMCA

The beneficial interest in assets held by others is also held as an endowment-type asset, though the YMCA does not have control over the investment strategies or spending policies. See Note 15 for more information.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 12 - FAIR VALUE MEASUREMENTS

The YMCA classifies assets and liabilities measured at fair market value within a hierarchy based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect estimates about market data. The three-level fair value hierarchy is defined as follows:

Level I - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the YMCA has the ability to access as of the measurement date. The type of investments that would generally be included in Level I include listed equities, derivatives, and mutual funds.

Level II - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Investments that are generally included in this category include corporate loans and less liquid and restricted equity securities.

Level III - Significant unobservable inputs that reflect the YMCA's assumptions about the assumptions that market participants would use in pricing an asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The YMCA's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following table presents the assets measured at fair value on a recurring basis as of December 31, on the accompanying Statement of Financial Position by fair value hierarchy, as described above.

	2021	
	Level I	Total
Money Market Funds	\$ 291,448	\$ 291,448
Certificates of Deposit	162,881	162,881
Mutual Funds	624,157	624,157
Equities (by Sector):		
Exchange Traded Fund	92,685	92,685
Technology	155,088	155,088
Communications	6,932	6,932
Financial	37,632	37,632
Retail	38,846	38,846
Manufacturing	12,636	12,636
Food and Beverage	11,270	11,270
Healthcare	1,925	1,925
Consumer Goods	28,080	28,080
Energy	5,830	5,830
Bond Funds	374	374
	<u>\$ 1,469,784</u>	<u>\$ 1,469,784</u>

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Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 12 - FAIR VALUE MEASUREMENTS (CONTINUED)

	2020	
	Level I	Total
Money Market Funds	\$ 72,237	\$ 72,237
Certificates of Deposit	221,237	221,237
Mutual Funds	749,606	749,606
Equities (By Sector):		
Exchange Traded Fund	84,949	84,949
Technology	124,870	124,870
Communications	6,511	6,511
Financial	29,890	29,890
Retail	25,494	25,494
Manufacturing	7,927	7,927
Food and Beverage	12,240	12,240
Healthcare	3,305	3,305
Consumer Goods	19,548	19,548
Energy	6,263	6,263
Bond Funds	597	597
	\$ 1,364,674	\$ 1,364,674

The following are descriptions of the valuation methods and assumptions used by the YMCA to estimate fair values of certain financial instruments:

Money Market and Certificates of Deposit: Fair values of money market funds and certificates of deposit are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable. Certificates of deposit are held by investment brokers and can be liquidated on demand without penalty.

Mutual Funds, Exchange Traded Fund, Bond Funds: Funds are primarily invested in equity securities. The fair value is readily marketable and determined by obtaining quoted prices on nationally recognized exchanges.

There were no Level II or III investments as of December 31, 2021 and 2020. The YMCA carried no other assets or liabilities measured at fair value on a recurring or non-recurring basis as of December 31, 2021 and 2020.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the Statement of Financial Position.

NOTE 13 - CONCENTRATIONS

As of December 31, 2021 and 2020, the YMCA had amounts on deposit at certain financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation (FDIC). The YMCA has not experienced any losses in such accounts. The YMCA monitors the financial stability of financial institutions regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 14 - FINANCIAL ASSISTANCE PROVIDED

The YMCA provides financial assistance, through contributions and other fundraising, to help defray the costs of membership and program and other fees for individuals with need. Membership dues are recorded net of such assistance in the accompanying statements of activities. Such amounts were as follows for the years ended December 31:

	2021	2020
Membership Dues	\$ 1,902,005	\$ 1,935,703
Less: Financial Assistance Provided	(193,351)	(202,449)
Membership Dues, Net	\$ 1,708,654	\$ 1,733,254

NOTE 15 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

During the year ended December 31, 2021, the YMCA established an endowment fund that is perpetual in nature under the Black Hills Area Community Foundation's (BHACF) challenge grant fund and named itself as the beneficiary. The YMCA granted variance power to BHACF, which allows BHACF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the BHACF Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The YMCA has unconditional rights to distributions from assets held by BHACF. BHACF makes annual distributions based on the rolling 16-quarter average of investments held on behalf of the YMCA at a percentage determined by BHACF's Board of Directors. The assets held by BHACF are reported as with donor restrictions as the intent is for these assets to be used to fund annual youth sponsorships. Changes in the balances of the assets held by others were as follows:

Balance at December 31, 2020	\$	-
Contributions		85,981
Investment Return, Net		3,909
Distributions and Fees		(485)
Balance at December 31, 2021	\$	89,405

NOTE 16 - RELATED PARTIES

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2021 and 2020 were \$127,027 and \$76,339, respectively.

NOTE 17 - PAYCHECK PROTECTION PROGRAM

In January of 2021 and April 2020, the YMCA received loan proceeds in the amount of \$ 1,247,177 and \$1,167,100, respectively, under the Paycheck Protection Program ("PPP") administered by a Small Business Administration (SBA) approved partner. The loans were uncollateralized and fully guaranteed by the federal government. PPP loans and accrued interest were forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintained its payroll levels and used the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 17 - PAYCHECK PROTECTION PROGRAM (CONTINUED)

The YMCA initially recorded a refundable advance and subsequently recorded forgiveness when the loan obligation was legally released in accordance with the guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The YMCA recognized \$1,247,177 and \$1,167,100 of loan forgiveness as grant revenue for the years ended December 31, 2021 and 2020, respectively.

NOTE 18 - COVID-19 AND MANAGEMENT'S PLAN

The outbreak of COVID-19 has disrupted the YMCA's operations. In March 2020, to minimize the spread of COVID-19, the YMCA suspended all in-person programs and transitioned to online instruction for the balance of the spring. The YMCA re-instituted in-person programs in May of 2020 with some at reduced capacity. The YMCA did apply for and was awarded two Payroll Protection Program (PPP) loans (Note 17) that were used to pay staff and safely open facilities. The YMCA has also received various other grants and contributions in order to provide continued services such as childcare and meals for vulnerable populations in the community. The YMCA will continue to work with its stakeholders to develop solutions and strategies for addressing the challenges of the pandemic, though the outcome of these matters cannot be predicted at this time.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Young Men's Christian Association of Rapid City, Inc.
Combining Statement of Financial Position
December 31, 2021

	Without Donor Restrictions							Total Without Donor Restrictions
	Current Operating Fund	Custer YMCA Fund	Edgemont YMCA Fund	Total Operating Funds	Other Members Activities Fund	Property and Equipment Fund	Capital Reserve Fund	
ASSETS								
Cash and Cash Equivalents	\$ 580,010	\$ 404,711	\$ 33,696	\$ 1,018,417	\$ 50,377	\$ (427,139)	\$ 198,257	\$ 839,912
Accounts Receivable, Net	136,149	7,956	(418)	143,687	-	-	-	143,687
Prepaid Expenses	53,418	1,716	-	55,134	-	-	-	55,134
Promises to Give, Net	9,473	181	-	9,654	-	-	-	9,654
Property and Equipment, Net	-	-	-	-	-	14,885,688	-	14,885,688
Investments	-	-	-	-	-	-	-	-
Beneficial Interest in Assets Held by Others	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 779,050	\$ 414,564	\$ 33,278	\$ 1,226,892	\$ 50,377	\$ 14,458,549	\$ 198,257	\$ 15,934,075
LIABILITIES AND NET ASSETS								
Liabilities:								
Accounts Payable	\$ 209,971	\$ -	\$ -	\$ 209,971	\$ -	\$ -	\$ -	\$ 209,971
Accrued Personnel Costs	261,432	32,515	3,088	297,035	-	-	-	297,035
Other Liabilities	2,200	418	25	2,643	-	-	-	2,643
Unearned Fees and Dues	97,027	10,930	1,595	109,552	-	-	-	109,552
Line of Credit	-	-	-	-	-	629,805	-	629,805
Total Liabilities	570,630	43,863	4,708	619,201	-	629,805	-	1,249,006
Net Assets:								
Without Donor Restrictions:								
Net Investment in								
Property and Equipment	-	-	-	-	-	13,828,744	-	13,828,744
Undesignated	208,420	370,701	28,570	607,691	50,377	-	-	658,068
Board-designated	-	-	-	-	-	-	198,257	198,257
Total Without Donor Restrictions	208,420	370,701	28,570	607,691	50,377	13,828,744	198,257	14,685,069
With Donor Restrictions:								
Restricted by Purpose or Time	-	-	-	-	-	-	-	-
Restricted in Perpetuity	-	-	-	-	-	-	-	-
Total With Donor Restrictions	-	-	-	-	-	-	-	-
Total Net Assets	208,420	370,701	28,570	607,691	50,377	13,828,744	198,257	14,685,069
TOTAL LIABILITIES AND NET ASSETS	\$ 779,050	\$ 414,564	\$ 33,278	\$ 1,226,892	\$ 50,377	\$ 14,458,549	\$ 198,257	\$ 15,934,075

See independent auditor's report.

With Donor Restrictions - by Purpose or Time

YMCA Alliance	Donation For Special Purpose	Endowment	SOF Sponsorship	Shaping Our Future	Total With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Totals
\$ 277,776	\$ 256,107	\$ 18,209	\$ 3,495	\$ -	\$ 555,587	\$ -	\$ 1,395,499
-	-	-	-	-	-	-	143,687
-	-	-	-	-	-	-	55,134
-	-	2,520	9,238	75,639	87,397	-	97,051
-	-	-	-	-	-	-	14,885,688
-	-	1,179,097	-	-	1,179,097	290,687	1,469,784
-	89,405	-	-	-	89,405	-	89,405
<u>\$ 277,776</u>	<u>\$ 345,512</u>	<u>\$ 1,199,826</u>	<u>\$ 12,733</u>	<u>\$ 75,639</u>	<u>\$ 1,911,486</u>	<u>\$ 290,687</u>	<u>\$ 18,136,248</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,971
16,029	-	-	-	-	16,029	-	313,064
-	-	-	-	-	-	-	2,643
-	-	-	-	-	-	-	109,552
-	-	-	-	-	-	-	629,805
<u>16,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,029</u>	<u>-</u>	<u>1,265,035</u>
-	-	-	-	-	-	-	13,828,744
-	-	-	-	-	-	-	658,068
-	-	-	-	-	-	-	198,257
-	-	-	-	-	-	-	14,685,069
261,747	345,512	1,199,826	12,733	75,639	1,895,457	-	1,895,457
-	-	-	-	-	-	290,687	290,687
<u>261,747</u>	<u>345,512</u>	<u>1,199,826</u>	<u>12,733</u>	<u>75,639</u>	<u>1,895,457</u>	<u>290,687</u>	<u>2,186,144</u>
261,747	345,512	1,199,826	12,733	75,639	1,895,457	290,687	16,871,213
<u>\$ 277,776</u>	<u>\$ 345,512</u>	<u>\$ 1,199,826</u>	<u>\$ 12,733</u>	<u>\$ 75,639</u>	<u>\$ 1,911,486</u>	<u>\$ 290,687</u>	<u>\$ 18,136,248</u>

See independent auditor's report.

Young Men's Christian Association of Rapid City, Inc.
Combining Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions							Total Without Donor Restrictions
	Current Operating Fund	Custer YMCA Fund	Edgemont YMCA Fund	Total Operating Funds	Other Members Activities Fund	Property and Equipment Fund	Capital Reserve Fund	
SUPPORT, REVENUES, AND LOSSES								
Child Care	\$ 3,459,188	\$ 287,030	\$ 1,247	\$ 3,747,465	\$ -	\$ -	\$ -	\$ 3,747,465
Membership Dues	1,561,321	140,800	6,533	1,708,654	-	-	-	1,708,654
Donations - Special Purposes	-	-	-	-	-	-	-	-
Grants	2,427,013	283,850	51,070	2,761,933	-	-	-	2,761,933
Sponsorship Donations	269,866	51,324	25,379	346,569	-	-	-	346,569
Program Services	335,060	34,860	21,030	390,950	32	-	-	390,982
Food Service	27,228	-	-	27,228	-	-	-	27,228
United Way	55,306	3,210	2,140	60,656	-	-	-	60,656
Vending Sales	21,513	4,252	343	26,108	8,008	-	-	34,116
Department Fundraisers	-	35,600	-	35,600	28,416	-	-	64,016
Use of Facilities	4,988	1,796	-	6,784	-	-	-	6,784
Bequests, Memorials and Other	-	-	-	-	-	-	2,348	2,348
Miscellaneous Income	1,992	-	-	1,992	-	-	14	2,006
Gain (Loss) on Disposal of Property and Equipment	27,180	-	-	27,180	-	(36,369)	-	(9,189)
Released From Restrictions:								
Endowment Proceeds to Support Program	64,806	-	-	64,806	-	-	-	64,806
Donations for Building and Equipment	-	-	-	-	-	510,831	-	510,831
Donations for Program								
Supplies and Expenses	438,966	8,781	-	447,747	-	-	-	447,747
Total Support, Revenues, and Gains	8,694,427	851,503	107,742	9,653,672	36,456	474,462	2,362	10,166,952
EXPENSES								
Salaries	4,576,932	436,011	70,535	5,083,478	-	-	-	5,083,478
Occupancy	461,933	33,929	4,823	500,685	-	-	-	500,685
Supplies	735,282	41,943	6,824	784,049	69,541	-	-	853,590
Employee Benefits	677,990	77,364	15,136	770,490	-	-	-	770,490
Depreciation	-	-	-	-	-	541,598	-	541,598
Repairs and Maintenance	234,649	11,586	4,270	250,505	-	-	-	250,505
Payroll Taxes	337,201	31,246	4,341	372,788	-	-	-	372,788
Y-USA Fair Share Support	111,302	13,822	2,523	127,647	-	-	-	127,647
Travel	83,696	9,217	1,175	94,088	-	-	-	94,088
Technology	205,514	1,849	-	207,363	-	-	-	207,363
Professional Fees	97,740	-	-	97,740	-	-	-	97,740
Office Expenses	247,270	5,849	2,779	255,898	-	-	-	255,898
Interest Expense	-	-	-	-	-	41,003	-	41,003
Conferences and Training	10,037	370	380	10,787	-	-	-	10,787
Total Expenses	7,779,546	663,186	112,786	8,555,518	69,541	582,601	-	9,207,660
OTHER REVENUE (EXPENSES)								
Net Investment Return - Endowment	-	-	-	-	-	-	-	-

See independent auditor's report.

With Donor Restrictions - by Purpose or Time

YMCA Alliance	Donation For Special Purpose	Endowment	SOF Sponsorship	Shaping Our Future	Total With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,747,465
-	-	-	-	-	-	-	1,708,654
-	133,588	19,276	1,387	386,572	540,823	-	540,823
305,000	207,775	-	-	-	512,775	-	3,274,708
-	-	-	-	-	-	-	346,569
-	-	-	-	-	-	-	390,982
-	-	-	-	-	-	-	27,228
-	-	-	-	-	-	-	60,656
-	-	-	-	-	-	-	34,116
-	-	-	-	-	-	-	64,016
-	-	-	-	-	-	-	6,784
-	-	-	-	-	-	-	2,348
-	-	-	-	448	448	-	2,454
-	-	-	-	-	-	-	(9,189)
-	-	(64,806)	-	-	(64,806)	-	-
-	-	-	-	(510,831)	(510,831)	-	-
(193,063)	(254,684)	-	-	-	(447,747)	-	-
111,937	86,679	(45,530)	1,387	(123,811)	30,662	-	10,197,614
-	-	-	-	-	-	-	5,083,478
-	-	-	-	-	-	-	500,685
-	-	-	-	-	-	-	853,590
-	-	-	-	-	-	-	770,490
-	-	-	-	-	-	-	541,598
-	-	-	-	-	-	-	250,505
-	-	-	-	-	-	-	372,788
-	-	-	-	-	-	-	127,647
-	-	-	-	-	-	-	94,088
-	-	-	-	-	-	-	207,363
-	-	-	-	-	-	-	97,740
-	-	-	-	-	-	-	255,898
-	-	-	-	-	-	-	41,003
-	-	-	-	-	-	-	10,787
-	-	-	-	-	-	-	9,207,660
-	-	168,916	-	-	168,916	-	168,916

See independent auditor's report.

Young Men's Christian Association of Rapid City, Inc.
Combining Statement of Activities (Continued)
For the Year Ended December 31, 2021

	Without Donor Restrictions							Total Without Donor Restrictions
	Current Operating Fund	Custer YMCA Fund	Edgemont YMCA Fund	Total Operating Funds	Other Members Activities Fund	Property and Equipment Fund	Capital Reserve Fund	
CHANGE IN NET ASSETS	914,881	188,317	(5,044)	1,098,154	(33,085)	(108,139)	2,362	959,292
BEGINNING NET ASSETS	210,896	182,384	33,614	426,894	83,462	13,094,526	120,895	13,725,777
Interfund Transfers								
Current Operating to Property and Equipment	(842,357)	-	-	(842,357)	-	842,357	-	-
Capital Reserve to Current Operating	(75,000)	-	-	(75,000)	-	-	75,000	-
Total Interfund Transfers	(917,357)	-	-	(917,357)	-	842,357	75,000	-
ENDING NET ASSETS	<u>\$ 208,420</u>	<u>\$ 370,701</u>	<u>\$ 28,570</u>	<u>\$ 607,691</u>	<u>\$ 50,377</u>	<u>\$ 13,828,744</u>	<u>\$ 198,257</u>	<u>\$ 14,685,069</u>

See independent auditor's report.

With Donor Restrictions - by Purpose or Time

YMCA Alliance	Donation For Special Purpose	Endowment	SOF Sponsorship	Shaping Our Future	Total With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Totals
111,937	86,679	123,386	1,387	(123,811)	199,578	-	1,158,870
149,810	258,833	1,076,440	11,346	199,450	1,695,879	290,687	15,712,343
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 261,747</u>	<u>\$ 345,512</u>	<u>\$ 1,199,826</u>	<u>\$ 12,733</u>	<u>\$ 75,639</u>	<u>\$ 1,895,457</u>	<u>\$ 290,687</u>	<u>\$ 16,871,213</u>

See independent auditor's report.

**Young Men's Christian Association of Rapid City, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

CFDA Numbers	Direct Award	Major Program	Cluster/Program Name	Pass-through Entity	Pass-through Entity Identifying Number	Amount
U.S. Department of Agriculture						
10 .558	N	N	Child and Adult Care Food Program (Note 3) <i>Child Nutrition Cluster</i>	SD Department of Education	2021G-CACFP51404	\$ 166,971
10 .559	N	N	Summer Food Service Program for Children (Note 3) Total Child Nutrition Cluster	SD Department of Education	2021G-CACFP51404	87,551
						<u>87,551</u>
						<u>254,522</u>
Total Department of Agriculture						
U.S. Department of Education						
84 .287	N	Y	21st Century Community Learning Centers <i>CARES Funding Cluster</i>	SD Department of Education	2022G-21CC8004	551,970
84 .425C	N	Y	COVID-19 Governor's Emergency Education Relief Fund Total Department of Education	SD Department of Education	2021G-803	238,428
						<u>790,398</u>
U.S. Department of Health and Human Services						
93 .531	N	N	The Patient Protection and Affordable Care Act of 2010 Authorizes Community Transformation Grants and National Dissemination and Support for Community Transformation Grants <i>CCDF Cluster</i>	SD Department of Health	21SC098896	65,206
93 .575	N	N	COVID-19 Child Care and Development Block Grant (CRSAA)	SD Department of Social Services	N/A	285,300
93 .575	N	N	Child Care and Development Block Grant	SD Department of Social Services	N/A	154,043
93 .575	N	N	Child Care and Development Block Grant	SD Department of Social Services	20-0843-781	1,321
93 .575	N	N	Child Care and Development Block Grant	SD Department of Social Services	20-0843-785	2,119
93 .575	N	N	Child Care and Development Block Grant Total CCDF Cluster	SD Department of Social Services	20-0843-784	1,672
						<u>444,455</u>
						<u>509,661</u>
Total Department of Health and Human Services						<u>\$ 1,554,581</u>

Total Federal Financial Assistance

See independent auditor's report.

NOTE 1: This Schedule of Expenditures of Federal Awards includes the federal grant activity of Young Men's Christian Association of Rapid City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, preparation of the basic financial statements.

NOTE 2: Young Men's Christian Association of Rapid City, Inc. did not elect to use the 10% de minimis indirect cost rate.

NOTE 3: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

NOTE 4: The YMCA had no amounts passed through to subrecipients.

See independent auditor's report.

OTHER REPORTS



Ketel Thorstenson, LLP

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INDEPENDENT AUDITOR'S 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

To the Board of Directors
Young Men's Christian Association of Rapid City, Inc.
Rapid City, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.** (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 21, 2022.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as Finding No. 2021-001 and 2021-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings as Finding No. 2021-003 through 2021-005 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

Board of Directors
Young Men's Christian Association of Rapid City, Inc.

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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



KETEL THORSTENSON, LLP
Certified Public Accountants

July 21, 2022



Ketel Thorstenson, LLP

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Young Men's Christian Association of Rapid City, Inc.
Rapid City, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.** (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit.

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 as Finding No. 2021-003. 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 the Organization's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings. The Organization'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.

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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 as Finding No. 2021-003 and 2021-005 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 the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings. The Organization'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.



KETEL THORSTENSON, LLP
Certified Public Accountants

July 21, 2022

YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on all of the financial statements of **YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY** (the Organization).
2. Material weaknesses and significant deficiencies were disclosed during the audit of the financial statements and are reported in the Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements, were disclosed during the audit.
4. Two significant deficiencies were disclosed relating to the audit of the major federal award programs that would require reporting in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The Independent Auditor's Report on Compliance for the Major Federal Awards Program expresses an unmodified opinion on the major programs, as listed in #7.
6. Two audit findings relative to the major federal award programs are reported in Part C of this schedule in accordance with 2 CFR Section 200.516.
7. The programs tested as a major programs include the following:

Major Programs	CFDA #'s
<i>U.S. Department of Education</i>	
21 st Century Community Learning Centers	84.287
Governor's Emergency Education Relief Fund	84.425

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Organization was not determined to be a low-risk auditee.

B. FINDINGS -- FINANCIAL STATEMENT AUDIT

Material Weaknesses

Finding No. 2021-001: Bank Reconciliations

Federal Program Affected: None

Compliance Requirement: Not applicable

Questioned Costs: None

Condition and Cause: Although bank reconciliations are consistently prepared, differences exist between the reconciliation and the general ledger each month. These differences vary each month and have not been investigated. Although the cause is unknown, it may be due to complexities in how transactions post within the software. Due to these differences, bank reconciliations are not being reviewed. Additionally, the Custer location's cash transactions are not being recorded in the general ledger.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

SCHEDULE OF FINDINGS (CONTINUED)

DECEMBER 31, 2021

B. FINDINGS -- FINANCIAL STATEMENT AUDIT (CONTINUED)

Material Weaknesses (Continued)

Finding No. 2021-001: Bank Reconciliations (Continued)

Criteria and Effect: Bank reconciliations are a key control to ensure all transactions are properly recorded in the accounting system. Unreconciled or unrecorded amounts could result in unidentified errors or fraud.

Repeat Finding from Prior Year: Yes – Finding No. 2020-001

Recommendation: Software set-up and postings should be reviewed for accuracy. Any monthly reconciliation differences should be investigated and cleared. As part of the review process, the Executive Director should identify variances and require the CFO to make corrections. Additionally, all cash transactions should be recorded in the general ledger.

Response/Corrective Action Plan: The Organization agrees with the above finding. See Corrective Action Plan.

Finding No. 2021-002: Adjusting Journal Entries

Federal Program Affected: None

Compliance Requirement: Not applicable

Questioned Costs: None

Condition and Cause: During the course of audit fieldwork, several entries were proposed but not recorded due to immateriality. These entries included recording a liability related to unrecorded utility bills, adjusting accrued liability for improperly recorded insurance bill, and recorded a liability related to the proper cut-off of childcare revenue. In addition, adjustments related to improperly recorded pledge receivables and endowment fund were necessary in order to ensure the financial statements were not misstated.

Criteria and Effect: Proper cut-off of revenues and expenses is necessary to ensure financial statements are fairly stated. These issues are largely the result of not allocating appropriate time to month-end closing and year-end audit preparation.

Repeat Finding from Prior Year: Yes – Finding No. 2020-002

Recommendation: Management should consider simplifying certain accounting software transactions in order to provide sufficient time at year-end to adjust all accounts to actual and to prepare for the audit. Additional monthly analysis and reconciliations would also facilitate this process.

Response/Corrective Action Plan: The Organization agrees with the above finding. See Corrective Action Plan.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

**SCHEDULE OF FINDINGS (CONTINUED)
DECEMBER 31, 2021**

B. FINDINGS -- FINANCIAL STATEMENT AUDIT (CONTINUED)

Significant Deficiencies

Finding No. 2021-003: Payroll Testing Errors

Federal Program Affected: U.S. Department of Education 21st Century Community Learning Centers (CFDA #84.287) and Governor's Emergency Education Relief Fund (CFDA #84.425)

Compliance Requirement: Allowable Costs/Cost Principles

Questioned Costs: None – amounts were below reporting threshold

Condition and Cause: During our testing of 20 payroll transactions for 21st Century Community Learning Centers and 13 payroll transactions for Governor's Emergency Education Relief Fund, we noted four instances in which employees were not being paid at the approved rate or were not being paid overtime at time and a half. There was one instance in which approval for the wage rate used was lacking. Additionally, there were three instances in which timecards did not have proper review sign-offs. However, we were able to verify the employees were properly charged to the respective grants.

Criteria and Effect: Uniform Guidance requires expenditures to follow the allowable costs as outlined in the grant agreements and also requires adequate documentation, including support for all payments made. Lack of adequate documentation could result in questioned costs.

Repeat Finding from Prior Year: Yes - Finding No. 2020-003.

Recommendation: Management should ensure employees are being paid at their approved wage rate and proper overtime rate. Additionally, management should ensure timesheets are reviewed for accuracy by direct supervisors and all wage forms are approved and retained in personnel files.

Response/Corrective Action Plan: The Organization agrees with the above finding. See Corrective Action Plan.

Finding No. 2021-004 Membership Fee Revenue Recognition

Federal Program Affected: None

Compliance Requirement: None

Questioned Costs: None

Condition and Cause: During the course of audit fieldwork and testing of membership fee revenue, we noted Custer membership fee revenue and deferred revenue was not being properly calculated.

Criteria and Effect: Proper recording of revenues and deferred revenues and deferred revenues is necessary to ensure financial statements are fairly stated.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

**SCHEDULE OF FINDINGS (CONCLUDED)
DECEMBER 31, 2021**

B. FINDINGS -- FINANCIAL STATEMENT AUDIT (CONCLUDED)

Significant Deficiencies

Finding No. 2021-004 Membership Fee Revenue Recognition (Continued)

Repeat Finding from Prior Year: No

Recommendation: Software set-up and postings should be reviewed for accuracy.

Response/Corrective Action Plan: The Organization agrees with the above finding. See Corrective Action Plan.

Finding No. 2021-005: Check Signatures

Federal Program Affected: U.S. Department of Education Governor's Emergency Education Relief Fund (CFDA #84.425)

Compliance Requirement: Allowable Costs/Cost Principles

Questioned Costs: None

Condition and Cause: During our testing of Governor's Emergency Education Relief Fund expenses, we noted one instance in which a check cleared the bank without a signature. However, we were able to verify the expenditure was properly charged to the grant.

Criteria and Effect: Lack of appropriate signatures could result in misappropriation of funds.

Repeat Finding from Prior Year: No

Recommendation: Management should ensure all checks are reviewed for propriety prior to being disbursed.

Response/Corrective Action Plan: The Organization agrees with the above finding. See Corrective Action Plan.

C. FINDINGS AND QUESTIONED COSTS -- MAJOR FEDERAL PROGRAM AUDIT

See Finding 2021-003 and 2021-005 in Part B.

MANAGEMENT RESPONSE



YMCA of RAPID CITY

YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021**

The Young Men's Christian Association of Rapid City, Inc. submits the following summary schedule of prior audit findings from the December 31, 2020 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2020 Schedule of Findings.

Finding No. 2020-001: Bank Reconciliations

Status: The CFO prepares bank reconciliations on a monthly basis, and they are subsequently reviewed by the Executive Director. However, as the bank reconciliations do not balance, this comment has been revised and repeated above as Finding No. 2021-001.

Initial Year Reported: 2017

Reasons for Recurrence and Corrective Plan: Due to the pandemic, additional training was not obtained as planned, resulting in a repeat audit finding for 2021.

Finding No. 2020-002: Adjusting Journal Entries

Status: Although improvements were made over the prior year, the year-end process did not identify all entries necessary to ensure the financial statements were not misstated. As such, the finding was repeated in 2021.

Initial Year Reported: 2018

Reasons for Recurrence and Corrective Action Plan: Due to the pandemic, additional training and assistance to simplify transactions was not obtained as planned, resulting in a repeat audit finding for 2021.

Finding No. 2020-003: Payroll Testing Errors

Status: The Organization was missing documentation for one wage approval, which violates our internal control policies. Additionally, there were errors in proper wage and overtime rates being paid to employees. As such, the finding was repeated in 2021.

Initial Year Reported: 2019

Reasons for Recurrence and Corrective Action Plan: Continued efforts are being made to ensure accuracy in the time keeping process; however, the Finding was repeated due to additional clerical errors.

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YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2021**

Young Men's Christian Association of Rapid City, Inc. respectfully submits the following corrective action plan regarding findings from the December 31, 2021 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

Finding No. 2021-001: Bank Reconciliations

Responsible Individuals: Keiz Larson, Executive Director

Corrective Action Plan: The organization agrees with the above finding. Management will engage a local accounting firm for an initial three-month period to examine systems, revising accordingly and offer guidance to the CFO in reconciling month-end statements with the goal of building internal proficiency

Anticipated Completion Date: December 2022

Finding No. 2021-002: Adjusting Journal Entries

Responsible Individuals: Keiz Larson, Executive Director

Corrective Action Plan: The Organization agrees with the above finding. The CFO will work with a local accounting firm to simplify transactions and create additional reconciliations to be done monthly. Additionally, the CFO will identify any monthly reconciliation differences and review with the Executive Director to ensure compliance.

Anticipated Completion Date: December 2022

Finding No. 2021-003: Payroll Testing Errors

Responsible Individuals: Keiz Larson, Executive Director

Corrective Action Plan: The Organization agrees with the above finding. The CFO will review payroll for accuracy and verify approval of wage rates in personnel files.

Anticipated Completion Date: December 2022

Finding No. 2021-004: Membership Fee Revenue Recognition

Responsible Individuals: Keiz Larson, Executive Director

Corrective Action Plan: The Organization agrees with the above finding. The CFO will review software set-up and postings for accuracy and verify proper recording of revenue.

Anticipated Completion Date: December 2022

Finding No. 2021-005: Check Signatures

Responsible Individuals: Keiz Larson, Executive Director

Corrective Action Plan: The Organization agrees with the above finding. The CEO will review checks for propriety prior to disbursement.

Anticipated Completion Date: December 2022

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