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May 16, 2022

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, 2020

Dear Ms. Larson:

The South Dakota Department of Education (SDDOE) has reviewed the Young Men's Christian Association of Rapid City, Inc (YMCA). single audit report for the fiscal year ended December 31, 2020. The audit report identified a finding that relates to a federal award administered by the Department. This letter provides our management decision on the audit finding and the district's proposed corrective action plan.

Finding Number 2020-003: Payroll Testing Errors

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

SDDOE requested a more detailed description of the Corrective Action Plan. In its response the YMCA indicated that when new hires are onboarded, they are given the wage agreement to be signed by themselves and their supervisor. Once signed that wage is entered into the payroll software. Subsequent wage increases are not entered into the payroll software until a new wage agreement is received and signed. Employee files are reviewed annually to ensure wage agreements on file matches what is in the payroll system.

Management Decision: SDDOE sustains the independent auditor's finding and accepts the organization's corrective action plan based on the additional information provided. It is expected that the organization will implement its plan to verify the accuracy of wage rate approvals.

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

Sincerely,

Rob Huffman, Administrator  
Office of Grants Management

cc: Wade Pavlicek, CFO YMCA of Rapid City



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RUSSELL A. OLSON  
AUDITOR GENERAL

Date: December 22, 2021

To: SD Department of Education  
SD State Board of Internal Control

Re: Audit Report on – YMCA of Rapid City, Inc.  
As of and for the year ended December 31, 2020  
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 an audit finding 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 44 and 46. 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

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

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2020 AND 2019**



**Ketel Thorstenson, LLP**

Certified Public Accountants/Business & Personal Consultants

**[ktllp.com](http://ktllp.com)**

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

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# Ketel Thorstenson, LLP

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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**

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2020, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### ***Opinion***

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

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

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***Other Matter – Prior Period Financial Statements***

We have previously audited the financial statements of **YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.** as of December 31, 2019, and our report dated June 25, 2020, expressed an unmodified opinion on those statements. The financial statements present, for informational purposes, the prior year balances as only a memorandum. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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 32-37, 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 page 38 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2021 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

August 19, 2021

## FINANCIAL STATEMENTS

**Young Men's Christian Association of Rapid City, Inc.**  
**Statements of Financial Position**  
**December 31, 2020 and December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2019 Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 506,691	\$ 436,804	\$ -	\$ 943,495	\$ 348,006
Accounts Receivable, Net	189,236	-	-	189,236	245,214
Prepaid Expenses	48,806	-	-	48,806	57,154
Promises to Give, Net	34,804	209,280	-	244,084	419,243
Property and Equipment, Net	15,234,608	-	-	15,234,608	15,528,685
Investments	-	1,073,987	290,687	1,364,674	1,255,483
<b>TOTAL ASSETS</b>	<b><u>\$ 16,014,145</u></b>	<b><u>\$ 1,720,071</u></b>	<b><u>\$ 290,687</u></b>	<b><u>\$ 18,024,903</u></b>	<b><u>\$ 17,853,785</u></b>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities:					
Accounts Payable	\$ 147,581	\$ -	\$ -	\$ 147,581	\$ 142,468
Accrued Personnel Costs	333,289	24,192	-	357,481	454,718
Other Liabilities	1,994	-	-	1,994	2,032
Unearned Fees and Dues	92,561	-	-	92,561	116,937
Line of Credit	1,712,943	-	-	1,712,943	2,314,331
<b>Total Liabilities</b>	<b><u>2,288,368</u></b>	<b><u>24,192</u></b>	<b><u>-</u></b>	<b><u>2,312,560</u></b>	<b><u>3,030,486</u></b>
Net Assets:					
Without Donor Restrictions:					
Invested in Property and Equipment, Net of Related Debt	13,094,526	-	-	13,094,526	12,766,196
Undesignated	510,356	-	-	510,356	77,702
Board-designated	120,895	-	-	120,895	126,374
<b>Total Without Donor Restrictions</b>	<b><u>13,725,777</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>13,725,777</u></b>	<b><u>12,970,272</u></b>
With Donor Restrictions:					
Restricted by Purpose or Time	-	1,695,879	-	1,695,879	1,562,340
Restricted in Perpetuity	-	-	290,687	290,687	290,687
<b>Total with Donor Restrictions</b>	<b><u>-</u></b>	<b><u>1,695,879</u></b>	<b><u>290,687</u></b>	<b><u>1,986,566</u></b>	<b><u>1,853,027</u></b>
<b>Total Net Assets</b>	<b><u>13,725,777</u></b>	<b><u>1,695,879</u></b>	<b><u>290,687</u></b>	<b><u>15,712,343</u></b>	<b><u>14,823,299</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 16,014,145</u></b>	<b><u>\$ 1,720,071</u></b>	<b><u>\$ 290,687</u></b>	<b><u>\$ 18,024,903</u></b>	<b><u>\$ 17,853,785</u></b>

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, 2020**  
**With Memorandum Totals for the Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2019 Memorandum Totals
<b>SUPPORT, REVENUES, AND GAINS</b>					
Child Care	\$ 2,760,552	\$ -	\$ -	\$ 2,760,552	\$ 3,245,929
Membership Dues	1,733,254	-	-	1,733,254	2,095,478
Donations - Special Purposes	-	403,181	-	403,181	695,541
Grants	2,507,738	768,564	-	3,276,302	1,603,947
Sponsorship Donations	345,241	-	-	345,241	295,924
Program Services	223,442	-	-	223,442	316,579
Food Service	29,898	-	-	29,898	144,896
United Way	90,068	-	-	90,068	100,076
Vending Sales	21,171	-	-	21,171	29,343
Department Fundraisers	18,973	-	-	18,973	27,068
Use of Facilities	10,102	-	-	10,102	14,594
Bequests, Memorials, and Other	78,242	-	-	78,242	1,980
Miscellaneous Income	1,127	356	-	1,483	6,089
Gain on Disposal of Property and Equipment	44,992	-	-	44,992	187,750
Net Assets Released from Restrictions	1,198,591	(1,198,591)	-	-	-
Total Support, Revenues, and Gains	9,063,391	(26,490)	-	9,036,901	8,765,194
<b>EXPENSES</b>					
Program Services	7,366,947	-	-	7,366,947	7,719,699
Management and General	765,391	-	-	765,391	797,000
Fundraising	175,548	-	-	175,548	196,096
Total Expenses	8,307,886	-	-	8,307,886	8,712,795
<b>OTHER REVENUE (EXPENSES)</b>					
Net Investment Return - Endowment	-	160,029	-	160,029	175,065
<b>CHANGE IN NET ASSETS</b>	755,505	133,539	-	889,044	227,464
<b>NET ASSETS - BEGINNING OF YEAR</b>	12,970,272	1,562,340	290,687	14,823,299	14,595,835
<b>NET ASSETS - END OF YEAR</b>	\$ 13,725,777	\$ 1,695,879	\$ 290,687	\$ 15,712,343	\$ 14,823,299

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, 2020**  
**With Memorandum Totals for the Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - By Purpose or Time</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 755,505	\$ 133,539
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	538,877	-
Net Gain on Disposal of Property and Equipment	(44,992)	-
Net Gain on Investments	-	(130,670)
Donations for the Purchase of Capital Assets	-	(394,092)
(Increase) Decrease in:		
Promises to Give	(19,169)	194,328
Accounts Receivable	55,978	-
Prepaid Expenses	8,348	-
Increase (Decrease) in:		
Accounts Payable	22,896	-
Accrued Personnel Costs	(102,988)	5,751
Other Liabilities	(38)	-
Unearned Fees and Dues	(24,376)	-
Net Cash Provided (Used) by Operating Activities	<u>1,190,041</u>	<u>(191,144)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(264,423)	-
Proceeds from Sale of Property	-	-
Insurance Proceeds	46,832	-
Purchases of Investments	-	(177,296)
Sales of Investments	-	198,775
Net Cash Provided (Used) by Investing Activities	<u>(217,591)</u>	<u>21,479</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Donations for the Purchase of Capital Assets	-	394,092
Advances on Line of Credit	-	-
Payments on Line of Credit	(601,388)	-
Net Cash Provided (Used) by Financing Activities	<u>(601,388)</u>	<u>394,092</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	371,062	224,427
<b>CASH AND EQUIVALENTS BEGINNING OF YEAR</b>	<u>135,629</u>	<u>212,377</u>
<b>CASH AND EQUIVALENTS END OF YEAR</b>	<u>\$ 506,691</u>	<u>\$ 436,804</u>

The accompanying notes are an integral part of this statement.

With Donor Restrictions - in Perpetuity	Totals	2019 Memorandum Totals
\$ -	\$ 889,044	\$ 227,464
-	538,877	440,310
-	(44,992)	(187,750)
-	(130,670)	(140,172)
-	(394,092)	(687,891)
-	175,159	41,510
-	55,978	(41,864)
-	8,348	10,701
-	22,896	(159,760)
-	(97,237)	87,975
-	(38)	(696)
-	(24,376)	(15,180)
-	<u>998,897</u>	<u>(425,353)</u>
-	(264,423)	(3,972,278)
-	-	325,000
-	46,832	279,773
-	(177,296)	(272,935)
-	198,775	278,562
-	<u>(196,112)</u>	<u>(3,361,878)</u>
-	394,092	687,891
-	-	3,075,336
-	<u>(601,388)</u>	<u>(761,005)</u>
-	<u>(207,296)</u>	<u>3,002,222</u>
-	595,489	(785,009)
-	<u>348,006</u>	<u>1,133,015</u>
<u>\$ -</u>	<u>\$ 943,495</u>	<u>\$ 348,006</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, 2020**  
**With Memorandum Totals for the Year Ended December 31, 2019**

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - By Purpose or Time</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ <u>81,211</u>	\$ <u>-</u>
Interest Capitalized for Building Project	\$ <u>-</u>	\$ <u>-</u>
Construction in Progress Expense in Accounts Payable	\$ <u>3,236</u>	\$ <u>-</u>

The accompanying notes are an integral part of this statement.

<u>With Donor Restrictions - in Perpetuity</u>	<u>Totals</u>	2019 Memorandum <u>Totals</u>
\$ <u>          -</u>	\$ <u>      81,211</u>	\$ <u>      46,107</u>
\$ <u>          -</u>	\$ <u>                  -</u>	\$ <u>      21,380</u>
\$ <u>          -</u>	\$ <u>      3,236</u>	\$ <u>      21,019</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, 2020**  
**With Memorandum Totals for the Year Ended December 31, 2019**

	Program Services			Total Program Services
	Healthy Living	Social Responsibility	Youth Development	
Salaries	\$ 1,024,566	\$ 901,618	\$ 2,172,081	\$ 4,098,265
Employee Benefits	198,516	174,694	420,854	794,064
Payroll Taxes	76,037	66,912	161,197	304,146
<b>Total Payroll and Related Expenses</b>	<u>1,299,119</u>	<u>1,143,224</u>	<u>2,754,132</u>	<u>5,196,475</u>
Supplies	132,799	116,863	281,535	531,197
Depreciation	130,678	114,996	277,037	522,711
Occupancy	102,250	89,980	216,770	409,000
Repairs and Maintenance	43,629	38,393	92,493	174,515
Y-USA Fair Share Support	9,542	8,397	20,230	38,169
Travel	10,558	9,291	22,382	42,231
Technology	38,429	33,817	81,469	153,715
Office Expenses	47,455	41,760	100,605	189,820
Professional Fees	8,606	7,574	18,245	34,425
Interest	17,765	15,633	37,662	71,060
Conferences and Training	907	798	1,924	3,629
<b>Total Expenses</b>	<u>\$ 1,841,737</u>	<u>\$ 1,620,726</u>	<u>\$ 3,904,484</u>	<u>\$ 7,366,947</u>

The accompanying notes are an integral part of this statement.

<u>Management and General</u>		<u>Total Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2019 Memorandum Totals</u>
<u>General Administration</u>	<u>Regional Alliance</u>				
\$ 285,553	\$ 133,222	\$ 418,775	\$ 115,000	\$ 4,632,040	\$ 4,739,434
47,990	35,955	83,945	19,359	897,368	782,867
18,967	9,896	28,863	7,638	340,647	345,943
<u>352,510</u>	<u>179,073</u>	<u>531,583</u>	<u>141,997</u>	<u>5,870,055</u>	<u>5,868,244</u>
123	32	155	16,179	547,531	862,388
16,166	-	16,166	-	538,877	440,310
15,549	-	15,549	-	424,549	464,465
5,397	-	5,397	-	179,912	219,034
30,536	-	30,536	7,634	76,339	96,711
3,214	10,260	13,474	1,294	56,999	112,787
10,664	753	11,417	4,295	169,427	135,375
7,271	300	7,571	4,047	201,438	348,038
59,378	61,283	120,661	-	155,086	123,450
10,151	-	10,151	-	81,211	24,727
252	2,479	2,731	102	6,462	17,266
<u>\$ 511,211</u>	<u>\$ 254,180</u>	<u>\$ 765,391</u>	<u>\$ 175,548</u>	<u>\$ 8,307,886</u>	<u>\$ 8,712,795</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, 2020 and 2019**

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**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, 2020 and 2019**

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**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 an operating 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, 2020 and 2019**

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**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 \$409,281 that have not been recognized at December 31, 2020 because qualifying expenditures have not yet been incurred. Subsequent to year-end, the YMCA was awarded a grant in the amount of \$1,094,357 to pay for after-school care and student learning loss. This grant period covers March 2020 through September 2022.

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, 2020 and 2019 was \$4,462 and \$6,993, 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 fees, 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, 2020 and 2019**

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**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:

	<u>2020</u>	<u>2019</u>
Unearned Program Fees and Dues, Beginning of Year	\$ 116,937	\$ 132,117
Revenue Recognized that Was Included in Unearned Program Fees and Membership Dues at Beginning of Year	(116,937)	(132,117)
Increase in Unearned Program Fees and Dues, Due to Cash Received During the Year	<u>92,561</u>	<u>116,937</u>
Unearned Program Fees and Dues, End of Year	<u>\$ 92,561</u>	<u>\$ 116,937</u>

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

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, 2020 and 2019, 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.

**Young Men's Christian Association of Rapid City, Inc.**  
**Notes to the Financial Statements**  
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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 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.

As of December 31, 2020, 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 2017. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law, and new authoritative rulings. The YMCA believes their 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, 2020.

**Young Men's Christian Association of Rapid City, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**  
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**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, 2019

The Statement of Activities, Statement of Cash Flows, and Statement of Functional Expenses for the year ended December 31, 2019 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, 2019 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, 2020 and 2019**

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

Unconditional promises to give at December 31 are as follows:

	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
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Receivable in Less Than One Year	\$ 15,635	\$ 167,187	\$ 182,822
Receivable in One to Five Years	-	247,883	247,883
Discount on Pledges Receivable	-	(11,462)	(11,462)
Total Unconditional Promises to Give	\$ 15,635	\$ 403,608	\$ 419,243

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, 2020 and 2019. Promises to give at December 31, 2020 includes \$165,000 due from nine donors. Promises to give at December 31, 2019 includes \$320,000 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 are expected to be 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, 2020 and 2019 were \$366,667, respectively.

**Young Men's Christian Association of Rapid City, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

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**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Nondepreciable Items:		
Land	\$ 1,445,605	\$ 1,445,605
Construction in Progress	33,003	33,003
Depreciable Items:		
Buildings and Improvements	19,432,867	19,240,913
Machinery and Equipment	1,003,573	972,341
Vehicles	431,800	431,800
	<u>22,346,848</u>	<u>22,123,662</u>
Less: Accumulated Depreciation	<u>7,112,240</u>	<u>6,594,977</u>
Net Property and Equipment	<u>\$ 15,234,608</u>	<u>\$ 15,528,685</u>

As of December 31, 2020 and 2019, construction in progress represents \$33,003 of design fees related to a future capital project. There are no future commitments for this project as of December 31, 2020.

During the year ended December 31, 2018, the YMCA incurred significant damage to the aquatics and RCEC roofs from a hailstorm. Insurance proceeds received during the years ended December 31, 2020 and 2019 totaled roughly \$46,800 and \$279,800, respectively, and are included in the Gain on Disposal of Property and Equipment line in the Statement of Activities. The RCEC roof was repaired and costs capitalized during 2019. The aquatics roof was repaired and costs were capitalized in 2020.

**NOTE 5 - INVESTMENTS**

Investments consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Money Market Funds and Cash Equivalents	\$ 72,237	\$ 61,906
Certificates of Deposit	221,237	269,546
Mutual Funds	749,606	745,116
Equities	320,997	178,147
Bonds	597	768
	<u>\$ 1,364,674</u>	<u>\$ 1,255,483</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**  
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**NOTE 6 - REVOLVING LINE OF CREDIT**

The YMCA had available a \$200,000 line of credit with a financial institution that bore interest at the prime rate plus 1%, with a floor of 5%. The line of credit was unsecured and expired in October 2020. No outstanding borrowings existed at December 31, 2019.

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. Amounts drawn on this loan at December 31, 2020 and 2019 were \$1,712,943 and \$2,172,026, respectively. Another line of credit for \$550,000 was opened at the same financial institution during the year ended December 31, 2019. This line of credit bears interest at 3.99%, expires in March 2022, and is due on demand. Amounts drawn on this loan at December 31, 2019 were \$142,305. This line of credit was closed during the year ended December 31, 2020.

**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:

	2020	2019
Financial Assets Available for Use:		
Cash and Cash Equivalents	\$ 506,691	\$ 135,629
Accounts Receivable	189,236	245,214
Pledges Due in One Year	34,804	15,635
Endowment Spending-rate Appropriations	53,000	45,000
	\$ 783,731	\$ 441,478

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 anticipated liquidity need. The YMCA has a board-designated capital reserve in the amount of \$120,895 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, 2020 and 2019. 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.**  
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**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	2020	2019
Donations for Special Purpose:		
Vucurevich - Jump Start Program	\$ 212,136	\$ 59,174
Edgemont YMCA	34,132	34,132
Custer Elementary School Project	6,478	6,478
Rapid City Equipment	4,146	660
Edgemont Equipment	622	622
Custer Equipment	1,115	2,027
Parkinson's Disease Exercise Program	204	204
	258,833	103,297
YMCA Alliance	149,810	69,336
Shaping Our Future	199,450	407,401
SOF Sponsorship	11,346	15,510
Endowment - Earnings Available for Appropriations	1,076,440	966,796
	\$ 1,695,879	\$ 1,562,340

Net assets with donor restrictions in the amount of \$963,681 and \$2,028,290 were released from restriction during the years ended December 31, 2020 and 2019, respectively, as a result of donor stipulations being met.

Net assets with donor restrictions in perpetuity at December 31, 2020 and 2019 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 \$289,527 and \$297,619 for the years ended December 31, 2020 and 2019, 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:

	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	(53,000)	-	(53,000)
Endowment Net Assets, Ending	<u>\$ 1,076,440</u>	<u>\$ 290,687</u>	<u>\$ 1,367,127</u>
	2019		
	With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Total
Endowment Net Assets, Beginning	\$ 830,281	\$ 290,687	\$ 1,120,968
Contributions to Endowment	6,450	-	6,450
Net Investment Return	175,065	-	175,065
Amounts Appropriated for Expenditure	(45,000)	-	(45,000)
Endowment Net Assets, Ending	<u>\$ 966,796</u>	<u>\$ 290,687</u>	<u>\$ 1,257,483</u>

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

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

	2020		
	With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Total
Donor-restricted Endowment Funds	\$ 1,076,440	\$ 290,687	\$ 1,367,127
	2019		
	With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Total
Donor-restricted Endowment Funds	\$ 966,796	\$ 290,687	\$ 1,257,483

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

**Young Men's Christian Association of Rapid City, Inc.**  
**Notes to the Financial Statements**  
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**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.

	2020	
	Level I	Total
Money Market Funds and Cash Equivalents	\$ 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
	<u>\$ 1,364,674</u>	<u>\$ 1,364,674</u>

**Young Men's Christian Association of Rapid City, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

**NOTE 12 - FAIR VALUE MEASUREMENTS (CONTINUED)**

	2019	
	Level I	Total
Money Market Funds and Cash Equivalents	\$ 61,906	\$ 61,906
Certificates of Deposit	269,546	269,546
Mutual Funds	745,116	745,116
Equities (By Sector):		
Exchange Traded Fund	71,625	71,625
Technology	58,201	58,201
Communications	6,270	6,270
Financial	6,906	6,906
Retail	13,785	13,785
Manufacturing	9,096	9,096
Food and Beverage	1,983	1,983
Insurance	4,704	4,704
Consumer Goods	2,685	2,685
Entertainment	2,892	2,892
Bond Funds	768	768
	\$ 1,255,483	\$ 1,255,483

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, 2020 and 2019. The YMCA carried no other assets or liabilities measured at fair value on a recurring or non-recurring basis as of December 31, 2020 and 2019.

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, 2020 and 2019, 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, 2020 and 2019**

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**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:

	2020	2019
Membership Dues	\$ 1,935,703	\$ 2,365,154
Less: Financial Assistance Provided	(202,449)	(269,676)
Membership Dues, Net	\$ 1,733,254	\$ 2,095,478

**NOTE 15 - RELATED PARTIES**

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2020 and 2019 were \$76,339 and \$96,711, respectively.

**NOTE 16 - PAYCHECK PROTECTION PROGRAM**

On April 9, 2020, the YMCA received loan proceeds in the amount of \$1,167,100 under the Paycheck Protection Program (“PPP”) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and fully guaranteed by the federal government. Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

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 \$1,167,100 of loan forgiveness as grant revenue for the year ended December 31, 2020.

**NOTE 17 - 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. While the YMCA believes the disruption will be temporary, there is a possibility that future government mandates could require the facilities to suspend in-person activities. The YMCA did apply for and was awarded two Payroll Protection Program (PPP) loans (Notes 16 and 18) 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.

**Young Men's Christian Association of Rapid City, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

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**NOTE 18 - SUBSEQUENT EVENTS**

Subsequent to year-end, the YMCA was awarded a \$1,247,177 loan under the Payroll Protection Program. The loan has a 1% interest rate and matures in January 2026. The program allows for portions of the loan spent on eligible wages and benefits, utilities, and other costs to be forgiven. At this time, the potential loan forgiveness is unknown.

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, 2020**

	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	
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 485,454	\$ 205,195	\$ 38,824	\$ 729,473	\$ 83,462	\$ (427,139)	\$ 120,895	\$ 506,691
Accounts Receivable, Net	175,851	13,803	(418)	189,236	-	-	-	189,236
Prepaid Expenses	47,090	1,716	-	48,806	-	-	-	48,806
Promises to Give, Net	34,469	335	-	34,804	-	-	-	34,804
Property and Equipment, Net	-	-	-	-	-	15,234,608	-	15,234,608
Investments	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 742,864</b>	<b>\$ 221,049</b>	<b>\$ 38,406</b>	<b>\$ 1,002,319</b>	<b>\$ 83,462</b>	<b>\$ 14,807,469</b>	<b>\$ 120,895</b>	<b>\$ 16,014,145</b>
<b>LIABILITIES AND NET ASSETS</b>								
Liabilities:								
Accounts Payable	\$ 144,307	\$ 3,274	\$ -	\$ 147,581	\$ -	\$ -	\$ -	\$ 147,581
Accrued Personnel Costs	302,464	27,149	3,676	333,289	-	-	-	333,289
Other Liabilities	1,821	140	33	1,994	-	-	-	1,994
Unearned Fees and Dues	83,376	8,102	1,083	92,561	-	-	-	92,561
Line of Credit	-	-	-	-	-	1,712,943	-	1,712,943
<b>Total Liabilities</b>	<b>531,968</b>	<b>38,665</b>	<b>4,792</b>	<b>575,425</b>	<b>-</b>	<b>1,712,943</b>	<b>-</b>	<b>2,288,368</b>
Net Assets:								
Without Donor Restrictions:								
Invested in Property and Equipment, Net of Related Debt	-	-	-	-	-	13,094,526	-	13,094,526
Undesignated	210,896	182,384	33,614	426,894	83,462	-	-	510,356
Board-designated	-	-	-	-	-	-	120,895	120,895
<b>Total Without Donor Restrictions</b>	<b>210,896</b>	<b>182,384</b>	<b>33,614</b>	<b>426,894</b>	<b>83,462</b>	<b>13,094,526</b>	<b>120,895</b>	<b>13,725,777</b>
With Donor Restrictions:								
Restricted by Purpose or Time	-	-	-	-	-	-	-	-
Restricted in Perpetuity	-	-	-	-	-	-	-	-
<b>Total With Donor Restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Net Assets</b>	<b>210,896</b>	<b>182,384</b>	<b>33,614</b>	<b>426,894</b>	<b>83,462</b>	<b>13,094,526</b>	<b>120,895</b>	<b>13,725,777</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 742,864</b>	<b>\$ 221,049</b>	<b>\$ 38,406</b>	<b>\$ 1,002,319</b>	<b>\$ 83,462</b>	<b>\$ 14,807,469</b>	<b>\$ 120,895</b>	<b>\$ 16,014,145</b>

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
\$ 174,002	\$ 258,833	\$ 953	\$ 3,016	\$ -	\$ 436,804	\$ -	\$ 943,495
-	-	-	-	-	-	-	189,236
-	-	-	-	-	-	-	48,806
-	-	1,500	8,330	199,450	209,280	-	244,084
-	-	-	-	-	-	-	15,234,608
-	-	1,073,987	-	-	1,073,987	290,687	1,364,674
<u>\$ 174,002</u>	<u>\$ 258,833</u>	<u>\$ 1,076,440</u>	<u>\$ 11,346</u>	<u>\$ 199,450</u>	<u>\$ 1,720,071</u>	<u>\$ 290,687</u>	<u>\$ 18,024,903</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,581
24,192	-	-	-	-	24,192	-	357,481
-	-	-	-	-	-	-	1,994
-	-	-	-	-	-	-	92,561
-	-	-	-	-	-	-	1,712,943
<u>24,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,192</u>	<u>-</u>	<u>2,312,560</u>
-	-	-	-	-	-	-	13,094,526
-	-	-	-	-	-	-	510,356
-	-	-	-	-	-	-	120,895
-	-	-	-	-	-	-	13,725,777
149,810	258,833	1,076,440	11,346	199,450	1,695,879	-	1,695,879
-	-	-	-	-	-	290,687	290,687
<u>149,810</u>	<u>258,833</u>	<u>1,076,440</u>	<u>11,346</u>	<u>199,450</u>	<u>1,695,879</u>	<u>290,687</u>	<u>1,986,566</u>
149,810	258,833	1,076,440	11,346	199,450	1,695,879	290,687	15,712,343
<u>\$ 174,002</u>	<u>\$ 258,833</u>	<u>\$ 1,076,440</u>	<u>\$ 11,346</u>	<u>\$ 199,450</u>	<u>\$ 1,720,071</u>	<u>\$ 290,687</u>	<u>\$ 18,024,903</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, 2020**

	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	
<b>SUPPORT, REVENUES, AND LOSSES</b>								
Child Care	\$ 2,537,384	\$ 223,220	\$ (52)	\$ 2,760,552	\$ -	\$ -	\$ -	\$ 2,760,552
Membership Dues	1,605,843	121,919	5,492	1,733,254	-	-	-	1,733,254
Donations - Special Purposes	-	-	-	-	-	-	-	-
Grants	2,136,495	314,429	56,814	2,507,738	-	-	-	2,507,738
Sponsorship Donations	281,061	53,099	11,081	345,241	-	-	-	345,241
Program Services	179,621	24,722	18,547	222,890	552	-	-	223,442
Food Service	29,898	-	-	29,898	-	-	-	29,898
United Way	82,940	3,564	3,564	90,068	-	-	-	90,068
Vending Sales	14,227	2,950	212	17,389	3,782	-	-	21,171
Department Fundraisers	-	1,400	-	1,400	17,573	-	-	18,973
Use of Facilities	9,823	279	-	10,102	-	-	-	10,102
Bequests, Memorials and Other	73,515	856	-	74,371	-	-	3,871	78,242
Miscellaneous Income	1,058	-	-	1,058	-	-	69	1,127
Gain on Disposal of Property and Equipment	46,832	-	-	46,832	-	(1,840)	-	44,992
Released From Restrictions:								
Endowment Proceeds to Support Program	53,000	-	-	53,000	-	-	-	53,000
Pledge Payments	6,953	-	-	6,953	-	-	-	6,953
Donations for Construction Project	-	-	-	-	-	567,591	-	567,591
Donations for Program Supplies and Expenses	514,047	57,000	-	571,047	-	-	-	571,047
<b>Total Support, Revenues, and Gains</b>	<b>7,572,697</b>	<b>803,438</b>	<b>95,658</b>	<b>8,471,793</b>	<b>21,907</b>	<b>565,751</b>	<b>3,940</b>	<b>9,063,391</b>
<b>EXPENSES</b>								
Salaries	4,168,444	403,754	59,842	4,632,040	-	-	-	4,632,040
Occupancy	392,867	27,881	3,801	424,549	-	-	-	424,549
Supplies	489,146	36,318	7,343	532,807	14,724	-	-	547,531
Employee Benefits	796,124	88,567	12,677	897,368	-	-	-	897,368
Depreciation	-	-	-	-	-	538,877	-	538,877
Repairs and Maintenance	171,099	4,130	4,683	179,912	-	-	-	179,912
Payroll Taxes	308,712	28,168	3,767	340,647	-	-	-	340,647
Y-USA Fair Share Support	66,438	8,380	1,521	76,339	-	-	-	76,339
Travel	52,236	4,436	327	56,999	-	-	-	56,999
Technology	168,771	656	-	169,427	-	-	-	169,427
Professional Fees	155,086	-	-	155,086	-	-	-	155,086
Office Expenses	191,244	7,960	2,234	201,438	-	-	-	201,438
Interest Expense	-	-	-	-	-	81,211	-	81,211
Conferences and Training	6,367	95	-	6,462	-	-	-	6,462
<b>Total Expenses</b>	<b>6,966,534</b>	<b>610,345</b>	<b>96,195</b>	<b>7,673,074</b>	<b>14,724</b>	<b>620,088</b>	<b>-</b>	<b>8,307,886</b>
<b>OTHER REVENUE (EXPENSES)</b>								
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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,760,552
-	-	-	-	-	-	-	1,733,254
-	3,685	2,615	2,789	394,092	403,181	-	403,181
334,654	433,910	-	-	-	768,564	-	3,276,302
-	-	-	-	-	-	-	345,241
-	-	-	-	-	-	-	223,442
-	-	-	-	-	-	-	29,898
-	-	-	-	-	-	-	90,068
-	-	-	-	-	-	-	21,171
-	-	-	-	-	-	-	18,973
-	-	-	-	-	-	-	10,102
-	-	-	-	-	-	-	78,242
-	-	-	-	356	356	-	1,483
-	-	-	-	-	-	-	44,992
-	-	(53,000)	-	-	(53,000)	-	-
-	-	-	(6,953)	-	(6,953)	-	-
-	-	-	-	(567,591)	(567,591)	-	-
(254,180)	(282,059)	-	-	(34,808)	(571,047)	-	-
80,474	155,536	(50,385)	(4,164)	(207,951)	(26,490)	-	9,036,901
-	-	-	-	-	-	-	4,632,040
-	-	-	-	-	-	-	424,549
-	-	-	-	-	-	-	547,531
-	-	-	-	-	-	-	897,368
-	-	-	-	-	-	-	538,877
-	-	-	-	-	-	-	179,912
-	-	-	-	-	-	-	340,647
-	-	-	-	-	-	-	76,339
-	-	-	-	-	-	-	56,999
-	-	-	-	-	-	-	169,427
-	-	-	-	-	-	-	155,086
-	-	-	-	-	-	-	201,438
-	-	-	-	-	-	-	81,211
-	-	-	-	-	-	-	6,462
-	-	-	-	-	-	-	8,307,886
-	-	160,029	-	-	160,029	-	160,029

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, 2020**

	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	
<b>CHANGE IN NET ASSETS</b>	606,163	193,093	(537)	798,719	7,183	(54,337)	3,940	755,505
<b>BEGINNING NET ASSETS</b>	(22,019)	(10,709)	34,151	1,423	76,279	12,766,196	126,374	12,970,272
Interfund Transfers								
Current Operating to Property and Equipment	(368,822)	-	-	(368,822)	-	368,822	-	-
Capital Reserve to Current Operating	(4,426)	-	-	(4,426)	-	-	4,426	-
Capital Reserve to Current Property and Equipment	-	-	-	-	-	13,845	(13,845)	-
Total Interfund Transfers	(373,248)	-	-	(373,248)	-	382,667	(9,419)	-
<b>ENDING NET ASSETS</b>	<u>\$ 210,896</u>	<u>\$ 182,384</u>	<u>\$ 33,614</u>	<u>\$ 426,894</u>	<u>\$ 83,462</u>	<u>\$ 13,094,526</u>	<u>\$ 120,895</u>	<u>\$ 13,725,777</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
80,474	155,536	109,644	(4,164)	(207,951)	133,539	-	889,044
69,336	103,297	966,796	15,510	407,401	1,562,340	290,687	14,823,299
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 149,810</u>	<u>\$ 258,833</u>	<u>\$ 1,076,440</u>	<u>\$ 11,346</u>	<u>\$ 199,450</u>	<u>\$ 1,695,879</u>	<u>\$ 290,687</u>	<u>\$ 15,712,343</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, 2020**

CFDA Numbers	Direct Award	Major Program	Cluster/Program Name	Pass-through Entity	Pass-through Entity Identifying Number	Amount
<b>U.S. Department of Agriculture</b>						
10 .558	N	N	Child and Adult Care Food Program (Note 3) <i>Child Nutrition Cluster</i>	SD Department of Education	2020G-CACFP51404	\$ 102,242
10 .559	N	N	State Summer Food Program (Note 3) Total Child Nutrition Cluster	SD Department of Education	2020G-CACFP51404	103,397
<b>Total Department of Agriculture</b>						<u>205,639</u>
<b>U.S. Department of Education</b>						
84 .287	N	Y	21st Century Community Learning Centers	SD Department of Education	2021G-21CC80041	558,741
<b>Total Department of Education</b>						<u>558,741</u>
<b>U.S. Department of Health and Human Services</b>						
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	20SC098896	25,000
93 .575	N	N	Child Care and Development Block Grant	SD Department of Social Services	N/A	117,980
93 .575	N	N	Child Care and Development Block Grant	SD Department of Social Services	COVID Relief	217,056
93 .575	N	N	Child Care and Development Block Grant	SD Department of Social Services	20-0843-728	1,948
93 .575	N	N	Child Care and Development Block Grant	SD Department of Social Services	20-0843-734	1,980
93 .575	N	N	Child Care and Development Block Grant Total CCDF Cluster	SD Department of Social Services	20-0843-708	1,757
<b>Total Department of Health and Human Services</b>						<u>340,721</u>
<b>Total Department of Health and Human Services</b>						<u>365,721</u>
<b>U.S. Department of Homeland Security FEMA</b>						
97 .024	N	N	Emergency Food and Shelter National Board Program	United Way of the Black Hills	N/A	7,810
<b>Total Federal Financial Assistance</b>						<u>\$ 1,137,911</u>

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, 2020, 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 August 19, 2021.

#### **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 2020-001 and 2020-002 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 deficiency described in the accompanying Schedule of Findings as 2020-003 to be a significant deficiency.

#### **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.

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**Organization's Response to Findings**

The Organization's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Organization's response was not subjected to the 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

August 19, 2021



# Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

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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 the 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 the Organization's major federal program for the year ended December 31, 2020. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

#### ***Opinion on the Major Federal Program***

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 the major federal program for the year ended December 31, 2020.

#### ***Other Matters***

The results of our auditing procedures disclosed an other instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings as 2020-003. Our opinion on the major federal program is not modified with respect to this matter.

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

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The Organization's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings as 2020-003 that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. The Organization's response was not subjected to the 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

August 19, 2021

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

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditor's report expresses an unmodified opinion on the financial statements.
2. Two material weaknesses 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. One significant deficiency was disclosed relating to the audit of the major federal award program 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 Program expresses an unmodified opinion on the major program, as listed in #7.
6. One audit finding relative to the major federal award program is reported in Part C of this schedule in accordance with 2 CFR Section 200.516.
7. The program tested as a major program was the U.S. Department of Education 21<sup>st</sup> Century Community Learning Centers (CFDA #84.287).
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. 2020-001: Bank Reconciliations**

*Federal Program Affected:* None

*Compliance Requirement:* Not applicable

*Questioned Costs:* None

*Condition and Cause:* Although bank reconciliations are consistently prepared and reviewed, 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.

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

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

**SCHEDULE OF FINDINGS (CONTINUED)  
DECEMBER 31, 2020**

**B. FINDINGS -- FINANCIAL STATEMENT AUDIT (CONTINUED)**

**Material Weaknesses (Continued)**

**Finding No. 2020-001: Bank Reconciliations (Continued)**

*Repeat Finding from Prior Year:* Yes – Finding No. 2019-001

*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.

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

**Finding No. 2020-002: 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 software implementation, as well as entries related to the proper cut-off of childcare revenue. In addition, adjustments related to net asset classification were necessary in order to properly identify restricted grant funding. As all dollars were fully spent during the year, no resulting effect on net assets occurred.

*Criteria and Effect:* Proper cut-off of revenues and expenses is necessary to ensure financial statements are fairly stated. In addition, revenues received with donor restriction must be properly identified in order to present the financial statements in accordance with generally accepted accounting principles. 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. 2019-002

*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. The process of tracking and recording restricted contributions and grants should be reviewed to ensure it allows for proper classification that will aid in financial statement preparation. 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 (CONCLUDED)  
DECEMBER 31, 2020**

**B. FINDINGS -- FINANCIAL STATEMENT AUDIT (CONCLUDED)**

**Significant Deficiency**

**Finding No. 2020-003: Payroll Testing Errors**

*Federal Program Affected:* U.S. Department of Education 21<sup>st</sup> Century Community Learning Centers (CFDA #84.287)

*Compliance Requirement:* Allowable Costs/Cost Principles

*Questioned Costs:* None

*Condition and Cause:* During our testing of 20 payroll transactions, we noted two instances in which approval for the wage rate used was lacking; however, we were able to verify the employee was properly charged to the grant.

*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. 2019-003.

*Recommendation:* 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.

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

See Finding 2020-003 in Part B.



## MANAGEMENT RESPONSE



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FOR SOCIAL RESPONSIBILITY

YMCA of RAPID CITY

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020**

The Young Men’s Christian Association of Rapid City, Inc. submits the following summary schedule of prior audit findings from the December 31, 2019 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2019 Schedule of Findings.

Finding No. 2019-001: 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. 2020-001.

*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 2020.

Finding No. 2019-002: 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 2020.

*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 2020.

Finding No. 2019-003: Payroll Testing Errors

*Status:* Although no issues were noted with hours charged to grants as occurred during the 2019 audit, the Organization was missing documentation for two wage approvals, which violates our internal control policies. As such, the finding was repeated in 2020.

*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, 2020**

Young Men’s Christian Association of Rapid City, Inc. respectfully submits the following corrective action plan regarding findings from the December 31, 2020 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

Finding No. 2020-001: 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 2021

Finding No. 2020-002: 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. Additionally, the CFO will identify any monthly reconciliation difference and review with the Executive Director to ensure compliance.

*Anticipated Completion Date:* December 2021

Finding No. 2020-003: 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 2021

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