Young Men's Christian Association of Greater New York

Financial Statements
December 31, 2019 and 2018

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Report of Independent Auditors

To the Board of Directors of
Young Men's Christian Association of Greater New York

We have audited the accompanying financial statements of Young Men's Christian Association of Greater New York, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and of functional expenses for the year ended December 31, 2019 and of cash flows for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the Company'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 Company'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 Young Men's Christian Association of Greater New York as of December 31, 2019 and 2018, and the changes in its net assets for the year ended December 31, 2019 and its cash flows for the years ended December 31, 2019 and 2018 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, effective March 16, 2020, the Company closed all childcare operations, discontinued fitness and nonresident program operations, and closed all branches, except for those offering transitional housing, guest room residence and counseling programs in response to COVID-19. At this point, the Company cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on the Company's business, results of operations, financial position and cash flows in the year ending December 31, 2020. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 17. Our opinion is not modified with respect to this matter.

Other Matter

We previously audited the statement of financial position as of December 31, 2018, and the related statements of activities, of functional expenses, and of cash flows for the year then ended (not presented herein), and in our report dated May 20, 2019, we expressed an unmodified opinion on those financial statements. In our opinion, the information set forth in the accompanying summarized financial information as of December 31, 2018 and for the year then ended is consistent, in all material respects, with the audited financial statements from which it has been derived.

PricewaterhouseCoopers LLP

New York, New York
June 15, 2020

Young Men's Christian Association of Greater New York
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	$ 33,948,492	$ 31,243,208
Contributions receivable, net	4,182,237	4,436,704
Government receivables, net	6,568,673	4,957,617
Other receivables, net	3,746,728	4,535,303
Investments	60,905,630	50,673,042
Debt service reserve	7,046,647	7,046,647
Cash and cash equivalents internally designated for capital acquisitions	16,329,060	29,555,326
Cash and cash equivalents restricted for use for capital acquisitions	13,305,864	21,848,212
Property and equipment, net	284,831,384	268,430,954
Deferred charges and other assets	8,789,148	13,250,968
Beneficial interest in perpetual trust	10,155,683	8,602,667
Total assets	$ 449,809,546	$ 444,580,648
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 22,549,285	$ 18,500,083
Accrued salaries and related expenses	9,001,615	8,417,232
Accrued liability for self-insured losses	10,055,237	16,025,836
Deferred revenue from government contracts	1,925,766	2,165,386
Other deferred revenue	4,690,755	4,537,398
Obligations under capital leases	6,014,743	6,158,572
Debt obligations	131,055,419	134,701,527
Total liabilities	185,292,820	190,506,034
Net assets		
Without donor restrictions		
Board designated for endowment	34,925,004	27,838,548
Board designated for charitable gift annuities	91,608	84,505
Undesignated	165,796,151	170,124,590
Total without donor restrictions	200,812,763	198,047,643
With donor restrictions	63,703,963	56,026,971
Total net assets	264,516,726	254,074,614
Total liabilities and net assets	$ 449,809,546	$ 444,580,648

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

Young Men's Christian Association of Greater New York
Statement of Activities
Year Ended December 31, 2019 with Summarized Financial Information for the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Operating revenues, support and gains				
Contributions	$ 9,521,029	$ 3,828,396	$ 13,349,425	$ 14,645,608
Special events gross income	1,110,289	-	1,110,289	1,201,485
Less: Direct cost of special events	(1,002,926)	-	(1,002,926)	(1,125,508)
	107,363	-	107,363	75,977
Membership dues and program fees	114,098,101	-	114,098,101	111,513,627
Residence program and related services	40,070,307	-	40,070,307	37,560,161
Government contract revenues	31,181,465	-	31,181,465	30,332,642
Investment return allocated for current activities	2,997,151	-	2,997,151	2,775,789
Other revenues	951,488	-	951,488	535,410
Gain on sale of property and equipment	-	-	-	8,561,411
Total operating revenues, support and gains	198,926,904	3,828,396	202,755,300	206,000,625
Net assets released from restrictions	3,295,089	(3,295,089)	-	-
Total operating revenues, support, gains and net assets released from restrictions	202,221,993	533,307	202,755,300	206,000,625
Operating expenses				
Salaries and related expenses	113,222,682	-	113,222,682	109,331,874
Staff training and conferences	2,500,691	-	2,500,691	1,820,315
Contract services	32,746,517	-	32,746,517	29,774,488
Facility occupancy	8,943,576	-	8,943,576	9,628,829
Supplies and other	14,199,731	-	14,199,731	12,784,427
Repairs and maintenance	3,507,942	-	3,507,942	3,448,205
Insurance	3,688,805	-	3,688,805	4,978,976
Promotion and advertising	3,154,962	-	3,154,962	3,400,243
Interest	5,715,708	-	5,715,708	4,767,218
Depreciation and amortization	16,626,208	-	16,626,208	14,993,559
Total operating expenses	204,306,822	-	204,306,822	194,928,134
Excess of operating revenues, support, gains and net assets released from restrictions over operating expenses	(2,084,829)	533,307	(1,551,522)	11,072,491
Non-operating changes				
Investment return in excess of (less than) return allocated for operating activities	4,510,336	5,617,661	10,127,997	(6,092,652)
Change in value of split-interest agreements and beneficial interest in perpetual trust	336,253	1,526,024	1,862,277	(785,751)
Other components of net periodic pension cost	(1,406,232)	-	(1,406,232)	16,656
Pension-related charges other than net periodic cost	1,409,592	-	1,409,592	(111,052)
Changes in net assets	2,765,120	7,676,992	10,442,112	4,099,692
Net assets				
Beginning of year	198,047,643	56,026,971	254,074,614	249,974,922
End of year	$ 200,812,763	$ 63,703,963	$ 264,516,726	$ 254,074,614

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

Young Men's Christian Association of Greater New York
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Changes in net assets	$ 10,442,112	$ 4,099,692
Adjustments to reconcile changes in net assets to cash provided by operating activities		
Realized and unrealized (gain) loss on investments	(10,652,594)	5,903,831
Provision for bad debts	471,098	(1,111,983)
Gain on disposal of property and equipment	-	(8,561,411)
Depreciation and amortization	16,626,208	14,993,559
Amortization of bond premium	(519,894)	(597,438)
Amortization of bond issue costs	87,886	159,098
Contributions restricted for long-term investment	(3,806,276)	(4,633,837)
Donated securities	(257,287)	(248,734)
Proceeds from sales of donated securities	50,940	102,021
Change in value of split-interest agreements and beneficial interest in perpetual trust	(1,862,277)	785,751
Change in		
Contributions receivable, net	520,118	(571,253)
Government receivables, net	(1,962,284)	1,144,338
Other receivables, net	820,775	364,287
Deferred charges and other assets	4,461,820	(5,661,876)
Beneficial interest in perpetual trust	329,150	257,446
Accounts payable and accrued expenses	(249,006)	(1,056,968)
Accrued salaries and related expenses	584,383	517,311
Accrued liability for self-insured losses	(5,970,599)	8,444,133
Deferred revenue from government contracts	(239,620)	(68,622)
Other deferred revenue	153,357	339,937
Net cash provided by operating activities	9,028,010	14,599,282
Cash flows from investing activities		
Proceeds from the sale of property and equipment	-	8,752,500
Purchase of property and equipment	(26,461,607)	(18,951,202)
Proceeds from the sale of investments	11,254,703	16,559,186
Purchase of investments	(10,406,328)	(16,897,484)
Net cash used in investing activities	(25,613,232)	(10,537,000)
Cash flows from financing activities		
Receipts from contributions restricted for long-term investment	3,388,555	2,955,649
Proceeds from sales of donated securities restricted for long-term investment	206,347	146,713
Repayment of capital lease obligations	(2,430,541)	(1,328,798)
Proceeds from issuance of debt obligations	-	54,075,000
Repayment of debt obligations	(3,214,100)	(23,059,200)
Payment of debt issuance costs	-	(561,455)
Net cash (used in) provided by financing activities	(2,049,739)	32,227,909
Net change in cash and cash equivalents, designated cash and cash equivalents and restricted cash and cash equivalents	(18,634,961)	36,290,191
Cash and cash equivalents, designated cash and cash equivalents, and restricted cash and cash equivalents		
Beginning of year	82,646,746	46,356,555
End of year	$ 64,011,785	$ 82,646,746
Supplemental information		
Interest paid during the year	$ 4,604,620	$ 4,670,060
Property and equipment acquired through capital leases	2,286,712	6,327,228
Change in accrual for acquisition of property and equipment	4,278,319	263,195
Donated securities	257,287	248,734

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

Young Men's Christian Association of Greater New York
Statement of Functional Expenses
Year Ended December 31, 2019 with Summarized Financial Information for the Year Ended December 31, 2018

	Program				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Subtotal	Management and General	Fundraising	2019 Total	2018 Total
Salaries and related expenses	$ 41,796,214	$ 40,158,714	$ 15,029,546	$ 96,984,474	$ 14,524,199	$ 1,714,009	$ 113,222,682	$ 109,331,874
Staff training and conferences	389,711	202,797	392,059	984,567	1,480,259	35,865	2,500,691	1,820,315
Contract services	9,030,655	3,687,758	17,531,954	30,250,367	1,718,268	777,882	32,746,517	29,774,488
Facility occupancy	3,098,683	3,303,919	2,233,274	8,635,876	307,700	-	8,943,576	9,628,829
Supplies and other	7,057,166	2,016,255	4,388,920	13,462,341	569,453	167,937	14,199,731	12,784,427
Repairs and maintenance	1,181,688	1,444,687	784,431	3,410,806	91,550	5,586	3,507,942	3,448,205
Insurance	1,494,660	1,263,219	719,241	3,477,120	211,685	-	3,688,805	4,978,976
Promotions and advertising	790,874	1,975,542	169,184	2,935,600	62,905	156,457	3,154,962	3,400,243
Interest	2,456,931	2,076,486	1,182,291	5,715,708	-	-	5,715,708	4,767,218
Depreciation and amortization	5,868,443	7,119,353	3,446,155	16,433,951	173,031	19,226	16,626,208	14,993,559
Total operating expenses	73,165,025	63,248,730	45,877,055	182,290,810	19,139,050	2,876,962	204,306,822	194,928,134
Direct cost of special events	-	-	-	-	-	1,002,926	1,002,926	1,125,508
Other components of net periodic pension costs	523,557	499,951	181,869	1,205,377	180,187	20,668	1,406,232	(16,656)
Total expenses	$ 73,688,582	$ 63,748,681	$ 46,058,924	$ 183,496,187	$ 19,319,237	$ 3,900,556	$ 206,715,980	$ 196,036,986

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

1. Organization

Background

The financial statements of the Young Men's Christian Association (YMCA) of Greater New York (the "Association") include the accounts of the Association Office and all its branches.

The Association is a community service organization founded in 1852 for all New Yorkers to empower youth, improve health and strengthen community. The Association serves approximately 500,000 members and program participants each year at 22 full-service branches, one camp and more than 90 public schools, parks and community centers throughout the five boroughs. All Association programs teach the core values of caring, honesty, respect and responsibility and continue our 167-year tradition of emphasis upon youth, healthy lifestyles, adult education, community collaboration and problem solving. The Association is an open and inclusive organization and welcomes all people without discrimination on the basis of race, ethnicity, color, national origin, citizenship, creed, religion, age, abilities, sexual orientation or income.

The Association is supported primarily by membership dues and program fees, residence and related services, government contract revenues, and contributions.

Tax Exempt Status

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a)(1) of the Code.

2. Accounting Policies

Basis of Accounting and Presentation

The financial statements of the Association are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Such statements of financial position are presented in order of liquidity.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to the collectability and carrying value of receivables, self-insurance loss accruals and the assumptions associated with determining the defined benefit pension plan obligation.

Net Asset Accounting

The Association classifies operating revenues and public support, operating expenses and non-operating changes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein, are classified and reported as follows:

Net assets without donor restrictions includes net assets available for use in general operations and are not subject to donor (or certain grantor) restrictions, such as public support and revenues that are not subject to donor-imposed stipulations. All expenses are reported as decreases in net assets without donor restrictions with the exception of investment expenses. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowments and charitable gift annuities. Both income and principal of the board-designated funds, may be used by the Association with the Board of Director's approval.

Net assets with donor restrictions are the part of net assets that are subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following: the nature of the not-for-profit entity, the environment in which it operates, or the purposes specified in its articles of incorporation, bylaws or comparable document. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events such as acquisition or construction of property and equipment specified by the donor. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Net assets maintained in perpetuity include endowment contributions, a beneficial interest in perpetual trust and charitable gift annuities. Generally, the donors of these assets permit the Association to use all or part of the income earned on the related investments for general or specific purposes.

Appreciation and income earned on donor-restricted endowment funds are classified as net assets with donor restrictions until appropriated for spending. Changes in value of the beneficial interest in perpetual trust and certain charitable gift annuities are classified as net assets with donor restrictions depending on the terms of the underlying agreements. Donor-restricted resources intended for capital projects are initially recorded as net assets with donor restrictions and released and reclassified as net assets without donor restrictions when the asset is placed in service. When a time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the year of contribution are reported as without donor restrictions. Investment income earned on donor restricted contributions whose restrictions are met within the same year as received is reported as investment income in net assets without donor restrictions.

Fair Value Accounting

The Association measures the fair value of its financial assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal market for the asset or liability. In the absence of a principal market, the Association would use the most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date.

The Association categorizes the financial assets and liabilities, based on the priority of inputs to the valuation technique, into a three-tiered hierarchy which maximizes the use of observable inputs, and minimizes the use of unobservable inputs as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities. Included in Level 1 are equity securities, money market funds and mutual funds.

Level 2 Observable inputs other than those included in Level 1, such as quoted prices for similar assets and liabilities, quoted prices in markets that are not active. Included in Level 2 are debt securities. Inputs are obtained from various sources including market participants, dealers and brokers.

Level 3 Unobservable inputs developed using estimates and assumptions developed by the Association, which reflect those a market participant would use. Included in Level 3 is the beneficial interest in perpetual trust. The fair values of the underlying securities in the trust are obtained from various sources including market participants, dealers and brokers.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

Market Approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

Cost Approach – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and

Income Approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The Association utilized the market approach to determine the fair value of its financial instruments in fiscal years 2019 and 2018.

Cash and Cash Equivalents
Cash and cash equivalents are short-term highly liquid investments with original maturities of three months or less at the time of purchase, except the Association elected to treat highly liquid short-term investments included in the Association's investment portfolio as investments. Included in cash and cash equivalents are amounts in excess of FDIC limits. Management believes the credit risk related to these amounts is minimal.

Revenues from Non-Exchange Transactions
Revenues from non-exchange transactions are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of donor restrictions. Revenues from non-exchange transactions may also be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied, which is generally as costs are incurred. In addition, the Association has elected the simultaneous release option for conditional contributions that are subject to purpose restrictions. Under this option, net assets without donor restrictions include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized. Revenues from non-exchange transactions that are considered unconditional generally are recognized as revenues with donor restrictions when the grant funds are awarded and are released into net assets without donor restrictions when the purpose has been met.

The Association records contributions receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. The Association 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. Government contributions receivable are recorded in government receivables. All other contributions are recorded in contributions receivable. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible contributions receivable are charged to the allowance. An expense is recorded at the time the allowance is adjusted. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

Revenues from Exchange Transactions
The Association has multiple revenue streams that are accounted for as exchange transactions including membership and program fees, residence program and related services, and government contract revenues.

Because the Association's performance obligations relate to contracts with a duration of less than one year, the Association 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.

Membership dues and program fees
Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs. Members join for varying lengths of time and may cancel with fifteen 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 Association offers a variety of programs including family, child care, day camp, resident camp, teen, scholastic, fitness, aquatics, health, immigration and international services. Fee-based programs are available to the general 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 monthly 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.

Membership dues and program fees are recognized ratably over the period the membership or program service is provided on a straight-line basis. Membership joining fees are ratably recognized over a one-year period from the membership start date.

Membership dues and program fees paid to the Association in advance are recorded as other deferred revenue. Amounts billed but unpaid are recorded as other receivables.

Residence program fees and related services
The residence program includes transitional housing, guest rooms and community room rentals.

Transitional housing is focused on transitioning vulnerable New Yorkers to independence through temporary housing and supportive services and is primarily paid through partnerships with other not for profit organizations and government agencies using memorandums of understanding or contracts. Transitional housing program fees are paid based on the terms of the contracts, which are generally after the service is performed. Advances may be received from government agencies. Transitional housing program fees paid by government agencies are included in government contract revenues in the statements of activities.

Guest rooms are affordable hostel style rooms rented to New York City visitors for brief periods and represent one of the oldest programs of the Association dating back to its origins in 1852. Guest rooms are either paid in advance of the stay or are billed in arrears depending on arrangements. Deposits or full advance payments may be received for guest rooms at the time the reservation is made and are generally cancellable with 48 hours notice. Individual guest room reservations are paid upon check-in or in advance of the stay, unless arrangements are made through a booking agent. Arrangements for guest rooms through booking agents are billed and paid after the stay. Group guest room reservations generally include a deposit at time of reservation, are billed and paid in arrears after the service is performed and are cancellable with 30 days notice prior to arrival. Refunds may be available for services not provided.

Community rooms and spaces are rented out to not for profit organizations, community groups, residents, members and others and are generally paid in advance. Deposits are generally received at the time the reservation is made.

Residence program and related fees revenues, are recognized ratably over the period the service is provided on a straight-line basis. Deposits, advances, and upfront payments are recorded as other deferred revenue upon receipt. Included in other receivables are contract assets for unbilled services and receivables for billed unpaid services.

Government contract revenues

The Association has contracts with city, state and federal agencies to provide a variety of program services to the public based on contract requirements, including eligibility, procurement, reimbursement, curriculum, staffing and other requirements. These program services range from child care after school programs, day camp, family programs, programs for seniors, and immigration and health and welfare related programs.

Effective January 1, 2019, these contracts from government agencies are primarily considered conditional nonexchange transactions and are recorded as government contract revenue as the associated barriers are overcome, which is generally as allowable expenses are incurred. Prior to January 1, 2019, these contracts from government agencies were considered exchange transactions and recorded as revenue was earned, which was generally when the related expenditures are incurred over the period the service was provided.

Advances are recorded as deferred revenue from government contracts upon receipt. Included in government receivables at December 31, 2018, were contract assets for unbilled services and receivables for billed unpaid services.

Other Receivables

The Association extends credit to third party payers of child development, residence and other programs in the normal course of operations which are due within 90 days of the date of service. The Association also extends credit to its members enrolling in certain programs, such as summer and day camp, which are due in full prior to the start of the program. 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 doubtful accounts is determined by a monthly review of account balances, including the age of the balance and historical collection experience. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

Investments

The fair value of investments in securities traded on national securities exchanges are valued at the closing price on the last business day of the year; securities traded on the over-the-counter market are valued at the last reported bid price. Investment transactions are accounted for on the dates the purchases or sales are executed (trade date). Realized gains and losses are computed on the average-cost basis for investments sold. Unrealized gains and losses are recorded on an annual basis. Dividend income is recorded on the ex-dividend date; interest income is recorded as earned.

Property and Equipment
The Association capitalizes the cost of improvements and new acquisitions of property and equipment, and depreciates and amortizes these costs using the straight-line method over the estimated remaining useful lives of the related assets as follows:

	Range of Estimated Useful Lives
Buildings and leasehold improvements	15-40
Furniture and fixtures	7-10
Equipment	3-7

Donated assets are recorded at their estimated fair value on the date of donation. Property and equipment under capital lease obligations and leasehold improvements are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the asset. Gains and losses are recognized in the statements of activities upon disposal of property and equipment.

Accounting for the Impairment of Long-Lived Assets
The Association reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the asset. During the years ended December 31, 2019 and 2018, there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

Split-Interest Agreements
The Association receives contributions in the form of charitable gift annuities, under which the Association agrees to pay the donor or the donor's designee a fixed amount for a period of time. Upon the death of the beneficiaries, the remaining assets will be distributed by the Association to itself. The fair value of the assets has been included in the Association's statements of financial position, and a corresponding liability has been recorded to reflect the present value of the required lifetime payments to the named beneficiaries using discount rates ranging from 1.2% to 5% for both the years ended December 31, 2019 and 2018 in accounts payable and accrued liabilities in the statements of financial position. The difference between the fair value of the assets received and the present value of the obligation to named beneficiaries under the agreements is reported as contribution revenue in net assets with or without donor restrictions in the accompanying statements of activities. Realized and unrealized gains and losses, and interest and dividend revenue from the investments are also recorded as non-operating changes in the accompanying statements of activities. Payments of the obligations are reflected as adjustment to the liability. Amortization of discounts and changes in actuarial assumptions are reflected in the statements of activities as change in value of split-interest agreements.

Beneficial Interest in Perpetual Trust
The Association has a beneficial interest in a perpetual trust whereby the assets are held in perpetuity by a third-party trustee. The asset is recorded in the accompanying statements of financial position at the fair value of the underlying trust assets as the Association is the sole

beneficiary of the trust. Net appreciation (depreciation) of the beneficial interest in perpetual trust is recorded as a change in value of beneficial interest in perpetual trust in net assets with donor restrictions in accordance with the trust agreement.

Defined Benefit Pension Plan

The Association follows pension accounting which requires plan sponsors of defined benefit pension plans to recognize the overfunded or underfunded status of its plan in the statements of financial position, measure the fair value of plan assets and benefit obligations as of the fiscal year ends, and provide additional disclosures. Changes that occur in the funded status of the plans are recognized by the Association in the year in which the changes occur as a change in net assets without donor restrictions in nonoperating changes presented below excess of operating revenue, support, gains and net assets released from restrictions over operating expenses in the statements of activities. The other components of net periodic pension cost are also reported in nonoperating changes.

Measure of Operations

The Association includes in its definition of measure of operations, excess of operating revenues and public support over operating expenses, all support and revenues that are an integral part of its programs and supporting activities. Included in operating revenues and public support, is an amount earned on the Association's investment portfolio developed from the endowment spending formula and interest income. Excluded from operating revenues and public support and expenses are investment returns in excess of or less than the endowment spending formula amount, changes in value of split-interest agreements and beneficial interest in perpetual trust, other components of net periodic pension cost and changes in pension other than net periodic pension cost. The endowment spending rate formula amount included in current operations is 5 percent of the trailing average fair value of the endowment investment portfolio for the 20 quarters ended the prior June 30th.

Donated Services

A substantial number of corporations and volunteers have donated significant amounts of time and services in the Association's program operations and in its fund-raising campaigns. However, such contributed services do not meet the criteria for recognition of contributed services contained in accounting principles generally accepted in the United States of America and, accordingly, are not reflected in the accompanying financial statements. Other donated services are recorded in the financial statements if they enhance nonfinancial assets, are provided by a person possessing a specific skill and the Association would need to purchase these services if not donated.

Functional Expenses

The Association records expenses on a functional basis among its various program activities and supporting services. Program activities represent the costs associated with the delivery of programs relating to youth development, healthy living and social responsibility. Expenses that can be identified with a specific program or supporting service are charged directly. Other expenses that are common to several functions are allocated by various statistical bases. Salaries and related expenses are allocated based on time and effort. Staff training and conferences, contract services, supplies and other, insurance, promotion and advertising and interest are allocated based on total directly identified expenses. Facility occupancy, repairs and maintenance, depreciation and amortization are allocated based on square footage. Other components of net periodic pension cost are allocated based on salaries and related expenses.

Recent Accounting Pronouncements
In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. This guidance is effective for the Association in fiscal year 2020, with early application permitted. The Association is planning to use the transition method whereby the Association will initially apply the lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Association is evaluating the impact this standard will have on the financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows,* which impacts the presentation of restricted cash on the statement of cash flows. The new guidance requires that the reconciliation of the beginning-of-period and end-of-period amounts shown in the statement of cash flows include restricted cash and cash equivalents. If restricted cash is presented separately from cash and cash equivalents on the statement of financial position, the Association will be required to reconcile the amounts presented on the statement of cash flows to the amounts on the statement of financial position. It will also be required to disclose information about the nature of the restrictions. This guidance is effective for the Association in fiscal year 2019, with early adoption permitted. The Association adopted this standard and applied the changes retrospectively. With the adoption of ASU 2016-18, certain prior year amounts in the statement of cash flows were reclassified to conform to the presentation requirements. For the year ended December 31, 2018, the change in cash restricted for use for capital acquisitions of $3,710,178 and change in cash internally designated for capital acquisitions of $(29,555,326) were previously included in cash flows from investing activities. With the adoption of ASU 2016-08, these cash flows are excluded from the investing section, and instead the restricted and designated cash and cash equivalent balances are included within the beginning and ending balances of the cash and cash equivalents totals in the statements of cash flows.

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. The amendments in this update also allow only the service cost component to be eligible for capitalization when applicable. The Association adopted this standard in 2019 and applied the changes retrospectively. With the adoption of ASU 2017-07, certain prior year amounts were reclassified to conform to the presentation requirements. For the year ended December 31, 2018, a credit of $16,656 was previously reported in salaries and related expenses in the statement of activities that under the new requirements is required to be reported in nonoperating changes.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* which will assist entities in evaluating whether transactions should be accounted for as contributions, or as exchange transactions and if the transaction is a contribution, whether the contribution is conditional. This guidance is effective for the Association on a modified prospective basis beginning January 1, 2019, for agreements that were not completed as of the end of December 31, 2018 or are entered into after December 31, 2018. The Association adopted this standard on a modified prospective basis for the year ended December 31, 2019 and the adoption of this standard did not materially impact the Association's financial statements.

Summarized Comparative Information
The financial statements include certain prior year summarized comparative information in total but not by net asset class and functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassifications
Certain reclassifications have been made to amounts previously reported in the financial statements to conform to the current year's presentation. Such reclassifications had no effect on changes in net assets.

3. Cash and Cash Equivalents, Designations and Restrictions

A reconciliation of cash and cash equivalents, designated cash and cash equivalents, and restricted cash and cash equivalents reported within the statements of financial position that sum to the total of the same such amounts in the statements of cash flows is as follows for the years ended December 31:

	2019	2018
Cash and cash equivalents	$ 33,948,492	$ 31,243,208
Cash included in investments	428,369	-
Cash and cash equivalents internally designated for capital acquisitions	16,329,060	29,555,326
Cash and cash equivalents restricted for use for capital acquisitions	13,305,864	21,848,212
	$ 64,011,785	$ 82,646,746

The Board has internally designated the net proceeds of the Series 2018 Bonds, less the capitalized interest maintained by the trustee, to be set aside for construction and acquisition of property and equipment.

The Association classifies cash and cash equivalents as restricted when the cash equivalents are unavailable for general withdrawal or usage. The Association received cash in conjunction with the issuance of certain debt obligations in 2012 and 2015 which was held in cash or invested in cash equivalents and may only be used to acquire, construct or renovate assets under the terms of those debt agreements. In 2017, a portion of the proceeds from a term loan refinanced in 2018 with the Series 2018 Taxable Bonds (see Note 12) was placed in a restricted cash account to be used by a developer for the La Central facility (see Note 10). In 2018, a portion of the proceeds of the Series 2018 Bonds was established as capitalized interest for repayment of certain interest payments.

4. Liquidity and Availability

The Association regularly monitors liquidity to meet operating needs and general expenditures within one year. The Association has various sources of liquid resources at its disposal, which includes cash and cash equivalents and an operating line of credit.

The Association's financial assets available within one year of the date of the Statement of Financial Position for general expenditures are as follows for the years ended December 31:

	2019	2018
Total assets at year end	$ 449,809,546	$ 444,580,648
Less:		
Cash and cash equivalents received from donors for specific activities	(2,177,666)	(1,831,770)
Contributions receivable due in more than one year or restricted by donor for specific activities	(3,826,227)	(3,863,451)
Cash and cash equivalents internally designated for capital acquisitions	(16,329,060)	(29,555,326)
Cash and cash equivalents restricted for use for capital acquisitions	(13,305,864)	(21,848,212)
Donor restricted endowment funds	(27,532,368)	(22,790,055)
Board designated endowment funds	(34,925,004)	(27,838,548)
Charitable gift annuity funds	(436,096)	(402,936)
Debt service reserve	(7,046,647)	(7,046,647)
Property and equipment, net	(284,831,384)	(268,430,954)
Deferred charges and other assets	(8,789,148)	(13,250,968)
Beneficial interest in perpetual trust	(10,155,683)	(8,602,667)
Plus:		
Endowment spending distribution appropriation for upcoming year	2,540,323	2,443,181
Financial assets available at year end for general expenditures	$ 42,994,722	$ 41,562,295

In June 2012, the Association signed a $5,000,000 uncollateralized working capital line of credit with JP Morgan Chase Bank, as discussed in more detail in Note 12. As of December 31, 2019 and 2018, $5,000,000 remained available on the working capital line of credit. This line of credit expires on June 30, 2020.

The Association's governing board has designated a portion of its net assets without donor restrictions for endowment and a portion of its cash and cash equivalents for construction and acquisition of property and equipment. The board designated endowment funds, invested for long-term appreciation, and the board designated cash and cash equivalents for construction and acquisition of property and equipment are not included in the financial assets available at year end for general expenditures. These assets, which are more fully described in Notes 3, 14 and 15, are not available for general expenditure within the next year; however, the board-designated amounts could be made available, if necessary.

5. Contributions Receivable

Contributions receivable comprised the following at December 31:

	2019	2018
Amounts due in		
Less than one year	$ 2,082,441	$ 3,124,305
One to five years	2,400,000	1,580,000
	4,482,441	4,704,305
Less:		
Allowance for uncollectible accounts	106,543	98,670
Unamortized discount	193,661	168,931
Contributions receivable, net	$ 4,182,237	$ 4,436,704

Included in contributions receivable above were approximately $2.5 million and $2.3 million in various capital campaign pledges as of December 31, 2019 and 2018, respectively.

6. Government Receivables

The Association receives grants from various government entities for human services and capital improvements. Government receivables comprised the following at December 31, 2019:

	2019
Amounts due in	
Less than one year	$ 7,068,673
Less:	
Allowance for uncollectible accounts	500,000
Government receivable, net	$ 6,568,673

Conditional pledges from the government, which depend on the occurrence of specified and uncertain events, at December 31, 2019 were $894,501. These conditions are anticipated to be met in the year ended December 31, 2020.

Government receivables comprised the following at December 31, 2018:

	2018
Government receivables for program services	
Contract assets	$ 2,882,109
Accounts receivable	2,425,508
	5,307,617
Less: Allowance for uncollectible accounts	350,000
Government receivables, net	$ 4,957,617

7. Other Receivables

Other receivables are comprised of the following at December 31:

	2019	2018
Other receivables		
Contract assets	$ 1,345,117	$ 1,702,690
Accounts receivable	2,922,255	3,449,297
	4,267,372	5,151,987
Less: Allowance for uncollectible accounts	520,644	616,684
Other receivables, net	$ 3,746,728	$ 4,535,303

8. Fair Value Measurements

The following table presents information as of December 31, 2019 about the Association's financial assets that are measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Cash equivalents restricted for capital acquisitions				
Money market mutual funds	$ 1,916,236	$ -	$ -	$ 1,916,236
Debt service reserve				
Money market mutual funds	7,046,647	-	-	7,046,647
Investments				
Investments - other than charitable gift annuity related				
Equity securities				
Common Stocks				
US large	9,434,319	-	-	9,434,319
US mid	3,917,177	-	-	3,917,177
US small	1,944,713	-	-	1,944,713
Non US	1,801,043	-	-	1,801,043
Mutual funds	30,152,651	-	-	30,152,651
	47,249,903	-	-	47,249,903
Debt securities				
Bonds and notes				
US Corporate bonds and notes	-	4,163,253	-	4,163,253
US Asset backed securities	-	379,609	-	379,609
Non US	-	205,170	-	205,170
Mutual funds	7,490,546	-	-	7,490,546
	7,490,546	4,748,032	-	12,238,578
Cash and money market funds	981,053	-	-	981,053
	55,721,502	4,748,032	-	60,469,534
Charitable gift annuity related investments				
Equity securities mutual funds	213,316	-	-	213,316
Debt securities mutual funds	177,727	-	-	177,727
Commodity mutual funds	8,547	-	-	8,547
Non-traditional mutual funds	12,703	-	-	12,703
Cash and money market funds	23,803	-	-	23,803
	436,096	-	-	436,096
	56,157,598	4,748,032	-	60,905,630
Beneficial interest in perpetual trust	-	-	10,155,683	10,155,683
	$ 65,120,481	$ 4,748,032	$ 10,155,683	$ 80,024,196

The following table presents information as of December 31, 2018 about the Association's financial assets that are measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Cash equivalents restricted for capital acquisitions				
Money market mutual funds	$ 3,970,392	$ -	$ -	$ 3,970,392
Debt service reserve				
Money market mutual funds	7,046,647	-	-	7,046,647
Investments				
Investments - other than charitable gift annuity related				
Equity securities				
Common Stocks				
US large	7,467,016	-	-	7,467,016
US mid	3,462,936	-	-	3,462,936
US small	1,427,764	-	-	1,427,764
Non US	2,039,856	-	-	2,039,856
Mutual funds	25,181,885	-	-	25,181,885
	39,579,457	-	-	39,579,457
Debt securities				
Bonds and notes				
US Corporate bonds and notes	-	3,769,982	-	3,769,982
US Asset backed securities	-	209,309	-	209,309
Non US	-	125,975	-	125,975
Mutual funds	4,032,209	-	-	4,032,209
	4,032,209	4,105,266	-	8,137,475
Money market funds	2,553,174	-	-	2,553,174
	46,164,840	4,105,266	-	50,270,106
Charitable gift annuity related investments				
Equity securities mutual funds	186,741	-	-	186,741
Debt securities mutual funds	173,889	-	-	173,889
Commodity mutual funds	7,284	-	-	7,284
Non-traditional mutual funds	12,849	-	-	12,849
Money market funds	22,173	-	-	22,173
	402,936	-	-	402,936
	46,567,776	4,105,266	-	50,673,042
Beneficial interest in perpetual trust	-	-	8,602,667	8,602,667
	$ 57,584,815	$ 4,105,266	$ 8,602,667	$ 70,292,748

	Level 3 Beneficial Interest in Perpetual Trust	
	2019	**2018**
Beginning balances	$ 8,602,667	$ 9,626,177
Change in value of split-interest agreements	1,882,166	(766,064)
Distributions from trust	(329,150)	(257,446)
Ending balances	$ 10,155,683	$ 8,602,667

The Association's policy is to recognize transfers in and out of Level 3 as of the end of the year or change in circumstances that caused the transfer. There were no transfers between levels for the years ended December 31, 2019 and 2018.

9. Investment Return

Components of investment return included in operating revenues, support, and gains and nonoperating changes were as follows:

	2019			2018
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Total**
Investment income	$ 1,661,657	$ 810,897	$ 2,472,554	$ 2,586,968
Realized appreciation, net	296,362	249,233	545,595	1,764,771
Unrealized appreciation, net	5,549,468	4,557,531	10,106,999	(7,668,602)
Total return on investments	7,507,487	5,617,661	13,125,148	(3,316,863)
Return allocated for current activities	(2,997,151)	-	(2,997,151)	(2,775,789)
Investment return in excess of (less than) return allocated for operating activities	$ 4,510,336	$ 5,617,661	$ 10,127,997	$ (6,092,652)

The Association was required under New York and New Jersey state laws to invest minimum pre-determined amounts of up to $347,903 and $356,596 for December 31, 2019 and 2018, respectively, for charitable gift annuities in segregated accounts, and was in compliance with the state requirements.

10. Property and Equipment

Property and equipment consist of the following at December 31:

	2019	2018
Land	$ 14,170,874	$ 14,170,874
Buildings and improvements	405,568,786	402,025,824
Equipment (includes capital leased assets of $9,479,146 in 2019 and $7,929,609 in 2018)	58,628,219	55,684,650
Furniture and fixtures	15,026,681	14,751,031
Leasehold improvements	294,357	294,357
Construction in progress	37,824,304	11,559,847
	531,513,221	498,486,583
Less: Accumulated depreciation and amortization	(246,681,837)	(230,055,629)
Property and equipment, net	$ 284,831,384	$ 268,430,954

In June 2011, the Association entered into a below-market lease agreement for 40 years with the owner of a Coney Island property and the developer of that property to lease a branch facility that would be built-to-suit for the Association on that site. The lease term commenced upon substantial completion of construction of the facility in March 2014. The Association's lease payments for 40 years ($2,200,000) were paid in advance in June 2011. The facility is reflected in the financial statements as Building and Improvements which is being amortized over the 40-year term of the lease. Because the Association's obligations under the lease were prepaid and the remainder of the value is being contributed by the developer, no lease obligation is reflected. A contribution with donor restrictions from the developer of $19,157,456 was recognized in 2014 that is being released from restriction ratably over the lease term. The lease contains an option for the Association to buy the branch facility at the end of the lease term for fair market value.

In December 2017, the Association acquired the Rockaway Facility from the developer for approximately $1.9 million, which was significantly below the estimated fair market value of the facility of $29,100,000. The facility had been placed in service in February 2014, and the Association was previously operating under a use agreement with the developer and recording an in-kind contribution for the fair value of the rental value received in excess of a nominal amount of rental use paid. Upon transfer of title and rights to the facility under the purchase agreement, a contribution without donor restriction of approximately $26,500,000 was recognized representing the excess of the fair value of the facility over the purchase price paid at closing and previously capitalized costs (approximately $2.6 million).

In December 2017, the Association entered into a below-market lease agreement for 41 years with the owner of a Bronx property and the developer of that property to lease the La Central branch facility that would be built for the Association on that site. The lease term is scheduled to commence upon substantial completion of construction of the facility, which is estimated to occur in 2021. The Association's lease payments for 41 years ($18,500,000) were placed into a restricted cash account with the developer's banker and will be drawn down by said banker during development of the facility. As of December 31, 2019 and 2018, $7,714,535 and $1,019,618, respectively, had been drawn down by the banker. Although the remaining restricted cash is included in the statement of financial position as of December 31, 2019, the Association has no ability to transact on the account. Because the Association's obligations under the lease were effectively prepaid, no lease obligation is reflected. The lease contains an option for the Association to buy the branch facility at the end of the lease term for fair market value.

11. Insurance Program

The Association maintains comprehensive general liability insurance coverage to limit the Association's exposure to claims above specified per occurrence amounts. Under current accounting guidance it is the Association's policy to accrue an estimate of the ultimate cost of claims under its insurance policy whether the policy is fully insured or a self-insurance policy. The accrued liability is based on the estimated cost of settlement, including an amount determined from reports of individual cases and an additional amount for losses incurred but not yet reported, based on estimates by management using an independent actuarial report. In addition, any insurance recoverable under such policy is recorded as a receivable in deferred charges and other assets. As of December 31, 2019 and 2018, the accrued liability for self-insured losses and the insurance recoverable (included in deferred charges and other assets) under such policies were as follows:

	2019	2018
Accrued liability for self insurance	$ 10,055,237	$ 16,025,836
Less: Insurance recoverable under policy	(6,874,414)	(11,997,598)
Net	$ 3,180,823	$ 4,028,238

12. Debt Obligations

Debt obligations consisted of the following at December 31:

	Interest %	Maturity	2019	2018
Build NYC Resource Corporation issued Bonds				
Series 2012 Bonds	5%	2020-2042	$ 33,365,000	$ 36,460,000
Series 2015 Bonds	3.25%-5%	2022-2040	42,320,000	42,320,000
Association issued Bonds				
Series 2018 Taxable Bonds	3.985%-5.151%	2022-2048	54,075,000	54,075,000
Dormitory Authority of the State of New York issued Bonds				
DASNY Series 2000 Bonds	5.55%	2020	91,000	210,100
			129,851,000	133,065,100
Less: Debt issuance costs, net of accumulated amortization of $477,416 and $389,530, as of December 31, 2019 and 2018, respectively			(2,007,970)	(2,095,856)
Plus: Unamortized premium on bonds			3,212,389	3,732,283
Total debt obligations			$ 131,055,419	$ 134,701,527

As of December 31, 2019, the aggregate maturities of debt obligations are as follows:

	Series 2012 Bonds	Series 2015 Bonds	Series 2018 Taxable Bonds	DASNY Series 2000 Bonds	Total
2020	$ 3,255,000	$ -	$ -	$ 91,000	$ 3,346,000
2021	2,430,000	-	-	-	2,430,000
2022	775,000	1,525,000	1,055,000	-	3,355,000
2023	815,000	1,600,000	1,100,000	-	3,515,000
2024	855,000	1,680,000	1,145,000	-	3,680,000
Thereafter	25,235,000	37,515,000	50,775,000	-	113,525,000
	$ 33,365,000	$ 42,320,000	$ 54,075,000	$ 91,000	$ 129,851,000

On October 9, 2018, the Association issued $54,075,000 in Taxable Bonds, Series 2018 (the "Series 2018 Taxable Bonds"), the proceeds of which are to be used for its general corporate purposes including refinancing the JP Morgan Chase Bank Term Loan, building two new branches in the Bronx, creation of a central bank for capital projects, capitalization of interest and payment of debt issuance costs. Proceeds from the Series 2018 Taxable Bonds were distributed as follows: $20,037,778 was transferred to JP Morgan Chase to fully repay the JP Morgan Chase Bank Term Loan, $30,254,999 was transferred to the Association's bank account, and $3,430,207 was placed in the Series 2018 Taxable Bond Interest Account for capitalized interest.

Amortization of bond issuance costs is calculated on a straight-line basis over the life of the bonds.

The loan agreements for the Series 2012 Bonds and the Series 2015 Bonds contain various covenants including the maintenance of a certain debt service coverage ratio. The Association is required to manage the excess of operating revenues and support over operating expenses for the Series 2012 Bonds and the Series 2015 Bonds such that the excess of operating revenues and support over operating expenses from net assets without donor restrictions plus interest expense, and depreciation and amortization expense, less net assets released from net assets with donor restrictions for capital purposes, is greater than 1.15 times annual debt service payments, as defined by the loan agreement. The Association was in compliance with these financial covenants at December 31, 2019 and 2018.

In the fall of 2000, the State Dormitory Authority sold bonds which named the Association's capital project to purchase property and build a new facility in Staten Island, New York. The final phase of the State's program calls for a loan to be held by the Association on the property. Debt service on this mortgage is paid to the State Dormitory Authority, the entity which sold the tax-exempt bonds. Payment on this mortgage will be made over a period of 20 years by the Staten Island Counseling program's operating budget through annual funding provided by the NYS Office of Alcoholism and Substance Abuse Services, the agency which provides funding to the program's operation. The liability to the Association is connected to the debt service on the loan. Upon conclusion of this Loan Agreement, the land with all improvements remains the unencumbered property of the Association.

In June 2012, The Association signed a $5,000,000 uncollateralized working capital line of credit with JP Morgan Chase Bank, initially maturing June 30, 2013, which has renewed for additional years through June 30, 2020. The line of credit bears interest at the Chase Bank Prime rate or LIBOR plus .95. There was no balance outstanding on this line of credit as of December 31, 2019 or 2018.

13. Pension Plans

Defined Contribution Plan

The Association 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, and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in section 403(b)(9) of the code. Both Retirement Fund Plans are 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 the YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As defined contribution plans, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with the agreement with the Fund, contributions are a percentage of the participating employees' salaries and are paid by the Association. Total contributions charged to retirement costs were $5,149,633 and $4,811,345 in 2019 and 2018, respectively.

Defined Benefit Plan

Certain hourly employees of the Association participated in the Retirement Plan for Hourly Group 1 Employees of the Association, a defined benefit pension plan (the "Plan") which provided for benefits based on years of service. The Plan was terminated effective December 31, 2018 and this termination was effectuated in the year ended December 31, 2019.

The following tables set forth the Plan's funded status and amounts recognized in the Association's financial statements at December 31, 2019 and 2018:

	2019	2018
Change in benefit obligation		
Benefit obligation at beginning of year	$ 2,621,475	$ 2,823,338
Interest cost	81,095	81,958
Actuarial loss	146,320	20,391
Settlements paid	(2,349,840)	-
Benefits paid	(499,050)	(304,212)
Benefit obligation at end of year	-	2,621,475
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	2,618,115	2,914,374
Actual return on plan assets	230,775	7,953
Settlements paid	(2,349,840)	-
Benefits paid	(499,050)	(304,212)
Fair value of plan assets at end of year	-	2,618,115
Funded status	$ -	$ (3,360)
Amounts recognized in the statements of financial position consist of		
Accrued salaries and related expense	-	(3,360)
Net amounts recognized	$ -	$ (3,360)
Amounts recognized in net assets without donor restrictions consist of		
Net loss	$ -	$ 1,409,592
Net amounts recognized in net assets without donor restrictions	$ -	$ 1,409,592
Information for pension plans with an accumulated benefit obligation in excess of plan assets		
Projected benefit obligation	$ -	$ 2,621,475
Accumulated benefit obligation	-	2,621,475
Other components of net periodic benefit (credit) cost		
Interest cost	$ 81,095	$ 81,958
Expected return on plan assets	(71,736)	(178,027)
Amortization of loss	85,803	79,413
Settlement charge	1,311,070	-
Net other components of periodic benefit cost (credit)	1,406,232	(16,656)
Pension-related changes other than net periodic pension cost		
Unrecognized (gain) loss	(12,719)	190,465
Amortization of loss	(85,803)	(79,413)
Effect of settlement on loss	(1,311,070)	-
Total pension-related changes other than net periodic pension cost	(1,409,592)	111,052
Total recognized in nonoperating changes in net assets without donor restrictions	$ (3,360)	$ 94,396

	2019	2018
Weighted average assumptions used to determine benefit obligations at measurement date		
Discount rate	n/a	3.80 %
Weighted average assumptions used to determine net periodic benefit cost		
Discount rate	3.80 %	3.20 %
Expected return on assets	7.00 %	7.00 %
Amounts in net unrestricted assets expected to be recognized in net periodic benefit cost next year		
Amortization of unrecognized net loss	n/a	$ 88,197

The expected return assumption is based upon historical returns and expectations for future returns for the asset classes in which the plan is invested and is established at the beginning of each calendar year.

Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018:

	Fair Value Measurements at December 31, 2018 Using			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt securities				
Exchange traded products	$ 2,544,728	$ -	$ -	$ 2,544,728
Money market funds	73,387	-	-	73,387
	$ 2,618,115	$ -	$ -	$ 2,618,115

14. Net Assets

Net assets are available for the following purposes as of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Board designated for endowment	$ 34,925,004	$ -	$ 34,925,004
Board designated for charitable gift annuities	91,608	-	91,608
Undesignated	165,796,151		165,796,151
Donor restricted for program services	-	19,471,461	19,471,461
Donor restricted for construction or acquisition of property and equipment	-	6,409,433	6,409,433
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity	-	11,834,230	11,834,230
Accumulated investment gains	-	15,698,138	15,698,138
Beneficial interest in perpetual trust	-	10,155,683	10,155,683
Charitable gift annuities	-	135,018	135,018
	$ 200,812,763	$ 63,703,963	$ 264,516,726

Net assets are available for the following purposes as of December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Board designated for endowment	$ 27,838,548	$ -	$ 27,838,548
Board designated for charitable gift annuities	84,505	-	84,505
Undesignated	170,124,590		170,124,590
Donor restricted for program services	-	19,877,526	19,877,526
Donor restricted for construction or			-
acquisition of property and equipment	-	4,657,296	4,657,296
Donor restricted endowment funds			-
Original donor restricted gift amount			-
and amounts required to be maintained			-
in perpetuity	-	11,544,308	11,544,308
Accumulated investment gains	-	11,245,747	11,245,747
Beneficial interest in perpetual trust	-	8,602,667	8,602,667
Charitable gift annuities	-	99,427	99,427
	$ 198,047,643	$ 56,026,971	$ 254,074,614

Net assets with donor restrictions were released from restrictions for the year ended December 31, 2019 and 2018 are as follows:

	2019	2018
Construction or acquisition of property and equipment	$ 271,118	$ 385,855
Program services	1,921,284	2,794,160
Appropriation of endowment assets for expenditure	1,102,687	1,057,175
Released from donor restricted net assets	$ 3,295,089	$ 4,237,190

15. Endowments

Endowments and Interpretation of Law

On September 17, 2010, New York State adopted a state version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("NYPMIFA") and the disclosure requirements under GAAP became applicable. This law governs management and spending of donor-restricted endowment funds and gifts with perpetual donor restrictions.

The Association's endowment consists of approximately 80 individual funds established to support the Association's programs. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Also included in the endowment are the beneficial interest in perpetual trust and charitable gift annuities.

Charitable gift annuity endowment net assets are reported net of annuity obligations to beneficiaries included in accounts payable and accrued expenses in the accompanying statements of position of $209,470 and $219,004 at December 31, 2019 and 2018, respectively.

The Board of Directors of the Association has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association retains in perpetuity (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with NYPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds. (1) the duration and preservation of the donor-restricted endowment fund, (2) the asset's special relationship of value, if any, to the charitable purpose of the Association, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, (7) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the donor-restricted endowment fund, giving due consideration to the effect that such alternatives may have on the Association and (8) the investment policies of the Association.

In accordance with current New York State law, the remaining portion of the donor restricted endowment that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor contribution amounts (deficit). When donor-restricted endowment fund deficits exist, they are classified as a reduction of net assets with donor restrictions. The Association has interpreted NYPMIFA to permit spending from endowments with a deficit in accordance with prudent measures required under law. No deficits existed as of December 31, 2019. A deficit of this nature existed in one donor-restricted endowment fund, which has an original value of $2,404,156 and a current value of $2,310,186, with a deficiency of $93,970 as of December 31, 2018. This deficit resulted from unfavorable market fluctuations that occurred shortly before the December 31, 2018 year end, which was after the appropriation decision for the upcoming year had been approved and did not exist at the next appropriation decision date.

Return Objectives and Risk Parameters
The Association adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the agreed upon benchmarks while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives the Association relies on a total investment return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Association has a policy for donor restricted and board designated funds of appropriating for distribution each year 5 percent of its endowment investment fund's average fair value over the prior 20 quarters through June 30th preceding the fiscal year in which the distribution is planned, regardless of whether the fair value exceeds the historical cost of the fund. In establishing this policy, the Association considered the long-term expected return on its endowment. The Association's objective is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

At December 31, 2019, the endowment net asset composition by type of fund consisted of the following:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 27,532,368	$ 27,532,368
Board-designated endowment funds	34,925,004	-	34,925,004
Beneficial interest in trust	-	10,155,683	10,155,683
Charitable gift annuities	91,608	135,018	226,626
Total funds	$ 35,016,612	$ 37,823,069	$ 72,839,681

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

	Without Donor Restriction	With Donor Restriction	Total
Changes in endowment net assets for year ended December 31, 2019			
Endowment net assets, beginning of year	$ 27,923,053	$ 31,492,149	$ 59,415,202
Investment return			
Investment income	995,138	810,897	1,806,035
Unrealized and realized appreciation, net	5,845,830	4,806,764	10,652,594
Total investment return	6,840,968	5,617,661	12,458,629
Contributions	1,580,982	289,922	1,870,904
Appropriation of endowment assets for expenditure	(1,335,494)	(1,102,687)	(2,438,181)
Distributions from beneficial interest in trust	(329,150)	-	(329,150)
Change in value of split-interest agreements and beneficial interest in perpetual trust	336,253	1,526,024	1,862,277
Endowment net assets, end of year	$ 35,016,612	$ 37,823,069	$ 72,839,681

At December 31, 2018, the endowment net asset composition by type of fund consisted of the following:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 22,790,055	$ 22,790,055
Board-designated endowment funds	27,838,548	-	27,838,548
Beneficial interest in trust	-	8,602,667	8,602,667
Charitable gift annuities	84,505	99,427	183,932
Total funds	$ 27,923,053	$ 31,492,149	$ 59,415,202

Changes in endowment net assets for the year ended December 31, 2018, consisted of the following:

	Without Donor Restriction	With Donor Restriction	Total
Changes in endowment net assets for year ended December 31, 2018			
Endowment net assets, beginning of year	$ 30,946,358	$ 35,096,144	$ 66,042,502
Investment return			
Investment income	1,243,497	1,034,845	2,278,342
Unrealized and realized appreciation, net	(3,232,126)	(2,671,705)	(5,903,831)
Total investment loss	(1,988,629)	(1,636,860)	(3,625,489)
Contributions	209,844	112,383	322,227
Appropriation of endowment assets for expenditure	(1,223,666)	(1,057,175)	(2,280,841)
Distributions from beneficial interest in trust	(257,446)	-	(257,446)
Change in value of split-interest agreements and beneficial interest in perpetual trust	236,592	(1,022,343)	(785,751)
Endowment net assets, end of year	$ 27,923,053	$ 31,492,149	$ 59,415,202

16. Contingencies and Commitments

The Association receives fees and grants from various federal, state and city government agencies for services performed under contracts. Such contracts are subject to governmental compliance audits and may, from time to time, result in adjustments to fees and grants received. In the opinion of the Association the disposition of all such matters would not have a material adverse effect on the Association's financial position or changes in its net assets.

In February 2018, The Association entered into a predevelopment agreement with the New York City Economic Development Corporation ("NYCEDC") to undertake development of a 50,000 square foot facility in the northeast Bronx on land owned by the City of New York. The initial phase of construction began in August 2018 and the facility is expected to be completed in late 2020. The underlying land was leased to the Association executed March 1, 2019 for 49 years with two 25-year renewal options, for an initial base rent of $29,826 per annum. Annual rental increases based on the consumer price index begin on the 5th year of the lease.

The Association has entered into various operating leases for program facilities and equipment. In addition, the Association has entered into various other lease arrangements that are recorded as capital leases and accordingly, are reflected in property and equipment and obligations under capital leases in the accompanying statements of financial position.

A summary of the estimated future minimum lease and rental payments as of December 31, 2019 is as follows:

	Capital Leases	Operating Leases	Total
2020	$ 3,021,747	$ 934,824	$ 3,956,571
2021	2,190,585	451,784	2,642,369
2022	648,119	341,352	989,471
2023	343,190	255,032	598,222
2024	63,708	29,826	93,534
Thereafter	-	1,287,489	1,287,489
Total minimum payments	6,267,349	$ 3,300,307	$ 9,567,656
Less: Amount representing interest	(252,606)		
Present value of minimum lease payments	$ 6,014,743		

Total rent expense was $2,674,977 in 2019 and $3,335,375 in 2018.

The Association had received grant funding from the New York City Economic Development Corporation (the "City") which supported building improvements at the Bedford, Bronx, Flatbush, Harlem, Long Island City, North Brooklyn and Prospect Park branches. The City has encumbered these branches with performance mortgages for 20 years (Long Island City, Harlem, North Brooklyn, and Flatbush) or restrictive covenants for 30 years (Bedford, Bronx and Prospect Park).

The primary difference between a performance mortgage and a restrictive covenant concerns the remedy available to the City to ensure that the property is used in conformance with the purpose for which City funds were provided, or an alternative use acceptable to the City. A performance mortgage is remedy-specific, meaning that the City has the right to "foreclose" on the property to enforce the use of the property; the City or its designee can provide the required services. A restrictive covenant enables the City to compel the Association to provide the required services.

The Association is involved in various litigations arising in the ordinary course of business. In the opinion of management, the disposition of all such matters should not have a material adverse effect on the Association's financial position or changes in its net assets.

17. Subsequent Events

In preparing these financial statements, management has evaluated and disclosed all material subsequent events up through June 15, 2020, which is the date that the financial statements were issued.

On January 30, 2020, the Association issued $32,685,000 in Taxable Bonds, Series 2020 (the "Series 2020 Taxable Bonds"), the proceeds of which were used to advance refund and defease the Series 2012 Bonds and pay debt issuance costs. The Series 2020 Taxable Bonds bear interest at fixed rates ranging from 2.21% to 3.73% and are due from August 1, 2020 through August 1, 2042. Proceeds from the Series 2020 Taxable Bonds were distributed as follows: $32,224,457 was deposited into an escrow account for the advance refunding of the Series 2012 Bonds and $310,455 was transferred to the Association to pay debt issuance costs. In addition, the $3,700,162 in Series 2012 Bond Debt Service Reserve and other Bond Funds were deposited to the escrow account. The Association also deposited $834,125 for the February 1, 2020 interest payment on the Series 2012 Bonds to the escrow account. The defeasance of the Series 2012 Bonds is expected to result in a loss on defeasance of approximately $2 million.

In January 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a Public Health Emergency of International Concern. In response to the outbreak of COVID-19 and the resulting federal state, and local government directives, on or around March 16, 2020, the Association closed all childcare operations, discontinued fitness and nonresident program operations, and closed all branches, except for those offering transitional housing, guest room residence and counseling programs. As a result, the Association has experienced a significant decline in its membership dues and program fees revenues. As this decline in revenues is expected to continue in the near term, the Association's management has taken steps to preserve liquidity, including furloughing substantially all employees and reducing operating expenses through renegotiating contracts and reducing consumption. In addition, on March 17, 2020, the Association increased its uncollateralized working capital line of credit to $20,000,000 to help fund operations given the closures.

The Association continues to monitor developments and the directives of federal, state and local officials to determine what further precautions and procedures may need to be implemented by the Association in the event of the continued spread of COVID-19. The continued spread of COVID-19 or any other similar outbreaks in the future and the continued impact on social interaction, travel, economies and financial markets is expected to materially impact the Association's finances and operations. While the full impact of COVID-19 cannot be fully determined at this time, other adverse consequences of COVID-19 may include, but are not limited to, a further decline in revenues, declines in the fair value of investments, and/or potential future liquidity concerns.