YMCA OF GREATER ROCHESTER

Financial Statements as of
March 31, 2020
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

July 24, 2020

To the Board of Directors of
YMCA of Greater Rochester:

Report on the Financial Statements

We have audited the accompanying financial statements of YMCA of Greater Rochester (a New York not-for-profit corporation) (the Association), which comprise the balance sheet as of March 31, 2020, and the related statements of activities and change in net assets, functional operating expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe 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 Association as of March 31, 2020, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Changes in Accounting Principles
As described in Note 2 to the financial statements, the Association implemented Accounting Standards Codification Section (ASC) 606*, Revenue from Contracts with Customers*, Accounting Standards Update (ASU) 2016-02*, Leases (Topic 842)*, *Statement of Cash Flows (Topic 230) - Restricted Cash,* and ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of April 1, 2019, and the effects have been included in these financial statements. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information
We have previously audited the Association's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bonadio & Co., LLP

YMCA OF GREATER ROCHESTER

BALANCE SHEET
MARCH 31, 2020
(With Comparative Totals for 2019)

	2020	2019
ASSETS		
Cash and equivalents	$ 4,738,897	$ 4,853,068
Accounts receivable, net	774,466	1,179,993
Pledges receivable, net	6,853,482	7,361,119
Prepaid expenses and other assets	890,834	849,898
Limited use assets	125,429	6,521,854
Operating lease right-of-use assets	279,186	-
Investments	21,004,385	20,213,944
Land, buildings and equipment, net	84,362,936	67,473,547
Total assets	$ 119,029,615	$ 108,453,423
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Lines-of-credit	$ 2,750,576	$ 1,726,576
Accounts payable	6,191,298	7,978,246
Accrued expenses	1,879,786	1,660,175
Deferred revenue	2,945,456	2,504,185
Operating lease liability	303,558	-
Financing lease obligations	3,285,967	139,561
Long-term debt, net	43,170,495	37,470,517
Total liabilities	60,527,136	51,479,260
NET ASSETS:		
Without donor restriction:		
Board designated as endowment	11,918,989	13,292,534
Undesignated	32,764,765	26,722,990
With donor restriction	13,818,725	16,958,639
Total net assets	58,502,479	56,974,163
	$ 119,029,615	$ 108,453,423

The accompanying notes are an integral part of these statements.

YMCA OF GREATER ROCHESTER

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020
(With Comparative Totals for 2019)

	2020			
	Without Donor Restrictions	With Donor Restrictions	Total	2019 Total
OPERATING ACTIVITIES:				
Operating revenues and support -				
Membership dues and joining fees, net	$ 24,509,573	$ -	$ 24,509,573	$ 21,541,232
Program fees, net	17,743,578	-	17,743,578	16,948,188
Governmental sources	1,781,671	-	1,781,671	2,070,664
Other fees and grants	2,985,339	-	2,985,339	2,777,908
Gifts and donations	3,045,603	-	3,045,603	2,751,684
Investment income allocated for operations	920,000	-	920,000	916,000
United Way of Greater Rochester	491,450	-	491,450	561,600
Member supplies and services	214,802	-	214,802	159,779
Other revenues, net	439,734	-	439,734	359,630
Total operating revenues and support	52,131,750	-	52,131,750	48,086,685
OPERATING EXPENSES:				
Program -				
Youth development	20,694,478	-	20,694,478	18,236,401
Healthy living	15,276,381	-	15,276,381	12,651,979
Social responsibility	12,594,414	-	12,594,414	10,970,599
Total program	48,565,273	-	48,565,273	41,858,979
Supporting services -				
Administrative	5,717,270	-	5,717,270	5,599,837
Fundraising	1,206,423	-	1,206,423	1,095,387
Total supporting services	6,923,693	-	6,923,693	6,695,224
Total operating expenses	55,488,966	-	55,488,966	48,554,203
Change in net assets from operating activities	(3,357,216)	-	(3,357,216)	(467,518)
NON-OPERATING ACTIVITIES:				
Investment (loss) income, net	(816,130)	(73,665)	(889,795)	848,413
Investment income allocated for operations	(786,430)	(133,570)	(920,000)	(916,000)
Gifts and donations	78,276	3,237,333	3,315,609	6,153,471
Net assets released from restriction - capital	6,170,012	(6,170,012)	-	-
Reduction in value of shared interest agreement	-	-	-	(235,278)
Gain on disposal of land, buildings and equipment	3,379,718	-	3,379,718	500
Change in net assets from non-operating activities	8,025,446	(3,139,914)	4,885,532	5,851,106
CHANGE IN NET ASSETS	4,668,230	(3,139,914)	1,528,316	5,383,588
NET ASSETS - beginning of year	40,015,524	16,958,639	56,974,163	51,590,575
NET ASSETS - end of year	$ 44,683,754	$ 13,818,725	$ 58,502,479	$ 56,974,163

The accompanying notes are an integral part of these statements.

YMCA OF GREATER ROCHESTER

STATEMENT OF FUNCTIONAL OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020
(With Comparative Totals for 2019)

	2020							
	Program				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Total	Administrative	Fundraising	Total	2019 Total
Salaries	$ 10,359,066	$ 6,253,335	$ 5,947,186	$ 22,559,587	$ 2,462,797	$ 573,246	$ 25,595,630	$ 23,026,676
Employee benefits and taxes	1,977,123	1,243,537	1,208,377	4,429,037	735,410	193,661	5,358,108	4,900,086
Facility occupancy	1,721,384	1,347,888	1,399,571	4,468,843	58,675	8,115	4,535,633	4,275,118
Supplies	1,508,520	499,974	375,819	2,384,313	115,034	19,590	2,518,937	2,753,731
Professional fees	641,837	433,380	448,240	1,523,457	726,761	144,606	2,394,824	2,304,280
Interest	382,454	382,454	382,466	1,147,374	-	-	1,147,374	595,899
Merchant fees	277,258	277,265	277,273	831,796	221,783	72,994	1,126,573	976,708
Printing and publications	227,487	230,532	195,761	653,780	174,017	22,699	850,496	597,206
Insurance	191,425	173,738	187,052	552,215	178,397	43,188	773,800	645,300
Equipment	131,335	279,514	189,139	599,988	79,466	2,533	681,987	1,590,585
Program expense	375,205	67,159	146,271	588,635	-	-	588,635	212,505
Membership dues	129,838	120,002	133,169	383,009	135,625	42,034	560,668	513,721
Transportation	224,836	72,197	82,767	379,800	82,656	2,371	464,827	485,972
Training and meetings	105,454	94,220	112,841	312,515	61,132	19,251	392,898	446,176
Telephone	113,711	70,498	74,195	258,404	85,296	16,184	359,884	354,121
Bank service fees	2,548	2,548	2,548	7,644	155,126	-	162,770	198,372
Annual campaign	24,208	24,273	24,897	73,378	20,551	30,503	124,432	188,595
Postage	10,511	9,654	9,985	30,150	18,829	6,848	55,827	58,706
Other	157,440	139,481	117,154	414,075	263,526	8,600	686,201	788,074
Total expenses before depreciation	18,561,640	11,721,649	11,314,711	41,598,000	5,575,081	1,206,423	48,379,504	44,911,831
Depreciation	2,132,838	3,554,732	1,279,703	6,967,273	142,189	-	7,109,462	3,642,372
Total expenses	$ 20,694,478	$ 15,276,381	$ 12,594,414	$ 48,565,273	$ 5,717,270	$ 1,206,423	$ 55,488,966	$ 48,554,203

The accompanying notes are an integral part of these statements.

YMCA OF GREATER ROCHESTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020
(With Comparative Totals for 2019)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,528,316	$ 5,383,588
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Contributions donor restricted for capital expenditures	(3,870,414)	(3,421,536)
Depreciation	7,109,462	3,642,372
Change in allowance for doubtful accounts receivable	7,730	11,250
Gain on sale of building and equipment	(3,379,718)	(500)
Change in discount for pledges receivable	(125,444)	125,192
Realized and unrealized losses (gains) on investments, net	962,984	(442,440)
Reduction in value of shared interest agreements	-	235,278
Amortization of bond issuance costs	69,134	69,134
Changes in:		
Accounts receivable, net	397,797	(227,688)
Pledges receivable, net	633,081	(2,714,749)
Prepaid expenses and other assets	(40,936)	50,174
Operating leases	24,372	-
Accounts payable	2,019,453	197,584
Accrued expenses	219,611	166,058
Deferred revenue	441,271	184,162
Net cash flow from operating activities	5,996,699	3,257,879
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(4,862,624)	(2,526,646)
Proceeds from the sale of investments	3,109,199	2,693,933
Proceeds from sale of building and equipment	3,486,588	-
Purchases of buildings and equipment	(23,322,953)	(21,758,824)
Net cash flow from investing activities	(21,589,790)	(21,591,537)
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings on lines-of-credit, net	1,024,000	1,024,000
Principal repayments of financing lease obligations, net	(1,442,763)	(146,811)
Principal borrowing (repayments) of long-term debt, net	5,630,844	(1,637,546)
Contributions received for capital expenditures	3,870,414	3,421,536
Net cash flow from financing activities	9,082,495	2,661,179
CHANGE IN CASH AND EQUIVALENTS AND LIMITED USE ASSETS	(6,510,596)	(15,672,479)
CASH AND EQUIVALENTS AND LIMITED USE ASSETS - beginning of year	11,374,922	27,047,401
CASH AND EQUIVALENTS AND LIMITED USE ASSETS - end of year	$ 4,864,326	$ 11,374,922
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING DISCLOSURES:		
Land, buildings, and equipment purchases in accounts payable	$ 200,409	$ 4,006,810
Land, buildings, and equipment acquired under capital lease obligations	$ 4,589,169	$ -

The accompanying notes are an integral part of these statements.

1. THE ORGANIZATION

YMCA of Greater Rochester (the Association) is a not-for-profit corporation founded in 1854 as a charitable association of members and included 15 operating units at March 31, 2020. The Association provides quality programs focusing on youth development, healthy living and social responsibility. The Association's program areas include Health Enhancement, Childcare, Youth and Teen Development, Overnight Camping, and Membership Services. These programs emphasize caring, respect, honesty, responsibility, character building, fun and friendship. The Association is a charitable organization that creates a sense of community in the Greater Rochester area by involving individuals and families of all ages, genders, abilities, incomes and races. Programs are funded primarily through membership dues and program fees. Financial assistance is provided, within available resources, for individuals who do not have the ability to pay. Such assistance is funded primarily through donations to the Association's Annual Invest in Youth Campaign.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the Association have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Changes in Accounting Principles
ASC Topic 606, *Revenue from Contracts with Customers*
The Financial Accounting Standards Board (FASB) issued new guidance that created Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Topic 606 outlines a five-step framework that supersedes the previously effective principles for recognizing revenue (ASC Topic 605) and eliminates industry-specific guidance. The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Note that the recognition of contribution income and income from investments is not within the scope of Topic 606.

The Association adopted the requirements of Topic 606 utilizing the modified retrospective method as of April 1, 2019. Adoption of the new guidance impacted the Association's accounting policies for revenue recognition related to sales from memberships, programs, and member supplies and services. Topic 606 requires new disclosures related to the Association's methodology for recognition of revenue. These additional disclosures are included in this Note under the sub-heading Revenue Recognition. The adoption of Topic 606 had no effect on total net assets or change in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Principles (Continued)

ASC Topic 842, *Leases*

The Financial Accounting Standards Board (FASB) issued new guidance that created ASC Topic 842, *Leases*. Most prominent among the changes in ASC 842 is the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases. For leases classified as financing leases, ASC 842 requires recognition of an asset and a lease liability similar to that previously required for capital leases. Under ASC 842, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

In transition, ASC 842 is required to be applied to leases in existence as of the date of initial application, using a modified retrospective transition approach, which includes a number of optional practical expedients. The Association adopted ASC 842 effective April 1, 2019, using the modified retrospective method and transitional practical expedients, as of the period of adoption. Comparable periods continue to be stated under ASC 840. The most significant impact under the adoption of ASC 842 was the recognition of right-of-use assets of and lease liabilities for operating and financing leases, as shown on the balance sheet, for the year ended March 31, 2020. These amounts were calculated based on the present value of the remaining minimum lease payments, discounted using the rates inherent in each lease agreement.

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* in order to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to Topic 606. The Association adopted ASU 2018-08 as of April 1, 2019, using a modified prospective application. There was no effect on total net assets or changes in net assets.

ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The standard requires entities to include restricted cash and equivalents with cash and equivalents when reconciling the beginning and end of year total amounts presented in the statement of cash flows. The Association adopted the guidance retrospectively to each period presented. Retrospective application resulted in a $17,442,906 decrease in net cash flows from financing activities in 2019. The 2019 beginning and end of year cash and equivalents reported on the statement of cash flows increased by $24,146,849 and $6,521,854, respectively. In addition, new disclosure of the components of cash and equivalents is included later in this footnote under the sub-heading cash and equivalents and limited use assets.

Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional operating expense classification. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended March 31, 2019, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting

The Association reports its net assets and changes therein in the following classifications:

- Net Assets Without Donor Restrictions are net assets that are not subject to donor imposed stipulations. The Board of Directors, through voluntary resolutions, has set aside portions of the Association's net assets without donor restrictions to be used exclusively to function as endowment to support future operating initiatives.

- Net Assets With Donor Restrictions are net assets whose use by the Association is limited by donor imposed stipulations. This includes stipulations that can be fulfilled or removed by actions of the Association pursuant to the stipulations, as well as donor-imposed stipulations that do not expire. In cases where the donor-imposed stipulation does not expire, generally the donor of these net assets permits the Association to use all or part of the investment return on the related assets to support program activities.

Operations

The statements of activities and change in net assets present the changes in net assets of the Association from operating activities and from non-operating activities. Operating revenues and expenses relate primarily to membership dues and program fees related to providing services to members focused on youth development, healthy living, and social responsibility. Additional operating revenue is received from donor contributions and government sources in support of services provided by the Association. Appropriation of investment income under the Association's endowment spending policy is considered operating revenue.

All gifts and donations raised in connection with the Association's capital campaign and permanent endowment gifts as well as all investment income, including gains and losses on investments held for long-term purposes or capital expenditures, except for the amount allocated to operations, are considered non-operating activities in the accompanying statement of activities and change in net assets.

Cash and Equivalents and Limited Use Assets

Cash and equivalents consist of cash on hand, bank demand deposit, and money market accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in these accounts and believes that it is not exposed to any significant credit risk with respect to cash and equivalents. The following line items from the balance sheet comprise the total of cash and equivalents and limited use assets reported on the statements of cash flows as of March 31:

	2020	2019
Cash and equivalents	$ 4,738,897	$ 4,853,068
Limited use assets	125,429	6,521,854
Cash and equivalents and limited use assets	$ 4,864,326	$ 11,374,922

Limited use assets consist of cash in demand deposit accounts at financial institutions, whose use is limited. These amounts represent unexpended bond financing proceeds and are set aside for specific construction related expenditures related to the 2017 Bond Series (Note 9).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

The Association records pledges receivable when an unconditional donor commitment is received. Pledges receivable due in future years are reflected at the present value of estimated future cash flows using a risk adjusted discount rate commensurate with the term of the pledge, which ranged from 1.89% to 2.03% in 2020, and 2.23% to 2.41% in 2019, respectively.

In addition, the Association records an allowance for doubtful pledges receivable based on experience and a review of specific accounts. Accounts are written-off when reasonable collection efforts have been exhausted.

Investments

The Association invests in various types of investment securities, which are stated at fair value. Cash and equivalents held as part of the investment portfolio are stated at cost. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is possible that changes in their values could occur and such changes could materially affect the amounts reported in the accompanying financial statements.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market for the asset or liability.

The Association uses various techniques in determining fair value. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Association. Unobservable inputs are inputs that reflect the Association's estimate about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 Inputs - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation does not entail a significant degree of judgment.

- Level 2 Inputs - Valuations based on significant inputs that are observable, directly or indirectly; or based on quoted prices in markets that are not active.

- Level 3 Inputs - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost if purchased or at the fair market value at the date of donation. The Association capitalizes equipment purchases greater than $5,000 with a useful life greater than two years. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from two to forty years. Items acquired under the terms of financing lease arrangements are amortized over their estimated useful lives of three to five years.

Bond Financing Costs

Bond financing costs represent costs incurred to obtain long-term financing. These costs are reported net of the related debt and recognized as interest expense on a straight-line basis over the term of the related debt. These costs are written off if the related debt is retired in full before its scheduled maturity date.

Revenue Recognition

Membership dues and joining fees include performance obligations for providing members various rights and benefits of the Association, depending on the dollar level of their dues commitment, and are met continuously through the Association's fiscal year. As a result, membership dues are recognized as revenue ratably over the membership period.

Membership dues and joining fees are billed in advance of the membership period and are expected to be received on a current basis. Membership dues receivable consist primarily of amounts due from members for various rights and benefits of the Association. Membership dues received in advance of the performance obligation are reflected as deferred revenue.

The Association recognizes program fees revenue in the period in which the performance obligations defined by the terms of contracts with individuals are satisfied. The Association's performance obligations fall under its overall mission to provide youth development, healthy living and social responsibility. The Association's performance obligations include providing services including health enhancement, access to fitness facilities, fitness classes, childcare services, youth and teen development, and day and overnight camps.

Program service revenues are recognized at the amount to which the Association expects to be entitled, and this transaction price is allocated to the bundled service, if applicable. Each service provided is billed at a price based on a signed agreement with the individual. The performance obligation is satisfied as the benefit of the services are consumed and program service revenue is recorded.

The Association expects to collect established charges. The Association performs an assessment of an individual's ability to pay for services prior to providing services. Based on this, the Association has determined that there are no implicit price concessions provided to those the Association serves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Because performance obligations are met as program services are provided, there are no program fees allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Program service revenue is charged to and collected from members and customers either before or as soon as practicable after the service is provided and the performance obligation is met.

Amounts that remain uncollected at the end of a reporting period are recorded as accounts receivable. The allowance for doubtful accounts receivable is estimated by management based on periodic reviews of the collectability of specific accounts receivable considering historical experience and prevailing economic conditions. Accounts receivable are written off when they are determined to be uncollectible. The Association recorded an allowance of approximately $144,000 and $133,000 at March 31, 2020 and 2019, respectively.

Gifts and Donations

Gifts and donations are considered to be available without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes or in perpetuity are reported as support that increases net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified as net assets without restrictions and reported as net assets released from restrictions in the accompanying statements of activities and change in net assets. Conditional promises to give are not included as support until the conditions are met.

Grants from Governments and Other Agencies

Revenue from grants from governments and other agencies are recognized when conditions from the grantor are met and there are no barriers to be overcome. Amounts received in advance of such conditions being met are reported as deferred revenue.

Donated Services

A substantial number of volunteers have donated significant amounts of time and services in support of the Association's program operations and fundraising campaigns. However, the value of this time and service is not reflected in the accompanying financial statements as they do not meet the criteria for recognition under GAAP.

Leases

At inception, it is determined if an agreement is a lease. Operating leases are recorded on the Association's balance sheet under operating lease right-of-use assets and operating lease liabilities. Financing leases are recorded on the Association's balance sheet as land, buildings and equipment assets and financing lease obligations.

Advertising

Advertising costs are charged to expense as incurred and totaled approximately $483,000 and $239,000 in 2020 and 2019, respectively.

Income Taxes

The Association is a not-for-profit corporation exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. The Association has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Allocation of Certain Expenses

The statement of functional expenses presents expenses by both functional and natural classification. Certain categories of expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional columns. The Association utilizes a multi-faceted allocation methodology that considers direct expenses as well as allocations based on personnel time spent and square feet of space utilized in each of the Association's over 50 operating departments. The methodology further considers the overall operational purpose of each department and how that relates to each functional area reported on the statement of functional expenses. Data on the functional allocation of expenses on a departmental basis is accumulated to arrive at the amounts reported in the statement of functional expenses.

Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the current year presentation.

3. LIQUIDITY

The Association is substantially supported by dues and program fees from members. In addition, support is received from donors and governmental sources. Some donor support is restricted by the donor for a specific purpose. Because a donor restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. In addition, the Association holds financial assets for specific programmatic, capital addition, or endowment purposes. Thus, financial assets reported on the accompanying balance sheet may not be available for general expenditure within one year.

The Association's financial assets available to meet cash needs for general expenditures within one year are:

	2020	2019
Financial assets at March 31	$ 33,496,659	$ 40,129,978
Less: Financial assets unavailable for general expenditures within one year, due to:		
Limited use assets	(125,429)	(6,521,854)
Subject to Board designation as endowment	(11,918,989)	(13,292,534)
Restricted by donor perpetually	(2,671,401)	(2,671,401)
Subject to satisfaction of donor restrictions	(17,029,585)	(14,287,238)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,751,255	$ 3,356,951

3. LIQUIDITY (Continued)

The Association's ability to meet its cash needs is supported by consistent member dues and program fee revenue. The Association employs specific tactics to maintain and grow membership at a level to provide cash flow to support operating expenditures. Program fees are established at a level that supports the related programmatic expenditures.

In addition, the Association maintains regular contact with its broad base of donors to support both annual operating contributions as well as restricted gifts for capital improvements on an on-going basis.

From time to time, the Association utilizes its lines-of-credit for operating and capital project purposes. Additional draws can be made on these lines-of-credit should the need arise. In addition, the Association's Board could release Board designated endowment funds in the event the Association experienced an unusual cash need in the short term. The Association believes its cash position and expected cash flows are adequate to meet cash needs for general expenditures within one year.

4. INVESTMENTS

Composition
Investments, at fair value, consisted of the following at March 31:

	2020	2019
Cash equivalents	$ 886,066	$ 809,169
Domestic equity securities	6,468,397	10,299,038
International equity securities	4,396,463	2,784,972
Fixed income securities	7,349,969	5,034,094
Alternative strategies	1,903,490	1,286,671
	$ 21,004,385	$ 20,213,944

Alternative Strategies
Alternative strategies consist of the Association's investments in a limited liability company (LLC). The strategy of the LLC is to seek attractive long-term capital appreciation by investing in a globally diversified portfolio of private equity investments. Liquidity is not a guarantee and is subject to the LLC's Board approval.

5. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following at March 31:

	2020	2019
Land	$ 6,074,033	$ 6,135,831
Buildings and improvements	107,652,963	74,940,238
Furnishings and equipment	14,305,586	7,904,039
Land improvements	13,365,457	9,445,405
Construction-in-progress	602,121	23,689,141
	142,000,160	122,114,654
Less: Accumulated depreciation and amortization	(57,637,224)	(54,641,107)
	$ 84,362,936	$ 67,473,547

Assets Acquired Under Financing Leases
Furnishings and equipment include assets acquired under financing lease obligations with a cost of $6,053,804 at March 31, 2020. Accumulated depreciation related to these assets was $2,616,766 at March 31, 2020.

6. ENDOWMENT FUNDS

The Association's endowment funds consisted of the following at March 31:

	2020	2019
Board designated	$ 11,918,989	$ 13,292,534
Unappropriated appreciation of donor restricted gifts	4,258,842	4,466,077
Donor restricted historical gift corpus	2,671,401	2,671,401
	$ 18,849,232	$ 20,430,012

Changes in the Association's endowment consisted of the following during the years ended March 31, 2020 and 2019:

	Board Designated	Unappropriated Appreciation	Donor Corpus	Total
Endowment net assets - April 1, 2018	$ 13,233,993	$ 4,442,844	$ 2,503,725	$ 20,180,562
Investment return	816,495	148,419	-	964,914
Contributions	32,860	-	167,676	200,536
Spending policy distributions	(790,814)	(125,186)	-	(916,000)
Endowment net assets - March 31, 2019	13,292,534	4,466,077	2,671,401	20,430,012
Investment return	(613,145)	(73,665)	-	(686,810)
Contributions	26,030	-	-	26,030
Spending policy distributions	(786,430)	(133,570)	-	(920,000)
Endowment net assets - March 31, 2020	$ 11,918,989	$ 4,258,842	$ 2,671,401	$ 18,849,232

6. ENDOWMENT FUNDS (Continued)

Interpretation of Relevant Law

The Board of Directors of the Association has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on donor restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income (interest and dividends, realized and unrealized gains, net of related investment management expenses) and income is classified as unappropriated until appropriated by the Board for expenditure.

New York State Law allows the Board of Directors to expend net appreciation of endowment investments, and in certain circumstances, the principal of the gift. The Board of Directors must consider the long and short-term needs of the Association in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions when determining the amount to expend.

Board Designated Endowment Funds

Income (interest and dividends, realized and unrealized gains, net of investment management expenses) on board designated endowment funds is recorded as an addition to the board designated endowment as a component of net assets without donor restrictions. When appropriated for expenditure, amounts are shown as investment income and gains allocated for operations in the statement of activities and change in net assets.

Strategies Employed for Achieving Objectives

The Association's strategy is to invest its endowment assets in a portfolio of selected investment vehicles that cover a broad allocation of common stocks, fixed income securities, mutual funds and alternative strategies. This allows for diversity and risk management.

Return Objectives, Risk Parameters

The Association has adopted investment and spending policies for its 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. The goal is to provide an investment return that exceeds the unmanaged market return while reducing market risk through diversification.

Spending Policy and Related Investment Objectives

The Association has adopted a spending formula for utilizing income from donor restricted net assets and net assets designated by the Board of Directors for long-term investment based on a total return concept. Under this policy, the Association may utilize an amount not to exceed 5.0% of the average quarterly fair value of its pooled investments for the preceding five years to support operations. Such long-term investment income and gains utilized for operations are considered operating income in the accompanying statement of activities and change in net assets. To the extent that the total return requirement for the current year is not fulfilled by interest and dividends, the Association utilizes accumulated appreciation of the funds. To the extent that the total return requirement for the current year is exceeded by interest and dividends, the Association reinvests the excess income. The Association's spending policy permits spending from underwater endowments.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level required by New York Not-for Profit Corporation Law. There were no such deficiencies as of March 31, 2020 and 2019.

7. NATURE, PURPOSE, AND AMOUNT OF RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes at March 31:

	2020	2019
Net assets with donor restrictions that can be satisfied by action of the Association or the passage of time:		
Time restricted shared interest arrangement	$ 35,000	$ 35,000
Restricted for capital	6,853,482	9,786,161
Accumulated unappropriated earnings on donor restricted endowment funds	4,258,842	4,466,077
Subtotal expendable funds	11,147,324	14,287,238
Funds to be held in perpetuity with income expendable for:		
Activities of the Association	1,455,869	1,455,869
Camp Gorham	935,607	935,607
Camp Cory	268,422	268,422
Other	11,503	11,503
Subtotal funds to be held in perpetuity	2,671,401	2,671,401
	$ 13,818,725	$ 16,958,639

Net assets released from restrictions were $6,170,012 and $2,667,701 in 2020 and 2019, respectively, and were related to capital expenditures.

8. LEASE AGREEMENTS

The Association leases certain office and fitness equipment from third-parties under the terms of non-cancellable operating and financing lease arrangements that expire at various dates through October 2024. As of March 31, 2020, the leases have remaining terms that vary from one year to approximately four and a half years.

The components of operating lease expense consisted of operating lease payments of $187,773, including $13,413 of interest, for the year ended March 31, 2020. These expenses are included in equipment expense in the accompanying statement of functional operating expenses.

At March 31, 2020, the weighted average discount rates for operating and financing leases were 3.56% and 4.65%, respectively. At March 31, 2020, the weighted average remaining lease term was approximately 2.1 years for operating leases and 2.6 years for financing leases.

8. LEASE AGREEMENTS (Continued)

Minimum lease payments for the years ending March 31 are as follows:

	Operating Leases	Financing Leases	Total
2021	$ 167,088	$ 1,417,589	$ 1,584,677
2022	88,656	1,212,883	1,301,539
2023	60,797	692,037	752,834
2024	2,521	76,060	78,581
2025	-	46,536	46,536
Total operating lease liability	319,062	3,445,105	3,764,167
Less: imputed interest	(15,504)	(159,138)	(174,642)
Total	$ 303,558	$ 3,285,967	$ 3,589,525

9. FINANCING ARRANGEMENTS

Lines-of-Credit

The Association has a $1,000,000 annually renewable, unsecured operating line-of-credit agreement with a financial institution. Amounts borrowed bear interest at the financial institution's prime rate (3.25% at March 31, 2020). There was no balance outstanding under the terms of this agreement at March 31, 2020 and 2019.

The Association has a $5,000,000 annually renewable line-of-credit agreement for renovations and expansions with a financial institution. Interest is charged on each advance at one of three optional interest rates: the financial institution's prime rate, LIBOR base rate plus 50 basis points, or a fixed rate determined at the date of the advance. The agreement is collateralized by certain securities included in unrestricted net assets designated by the Association's Board of Directors for long-term investment. At March 31, 2020 and 2019, $2,750,576 and $1,726,576, respectively, was outstanding under the terms of this agreement, all of which was borrowed using the LIBOR base rate interest option (1.25% at March 31, 2020).

9. FINANCING ARRANGEMENTS (Continued)

Long-term Debt

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

	2020	2019
Series 2017B fixed rate Tax Exempt Revenue bond maturing in January 2028, requiring a lump sum payment due at maturity, and monthly interest only payments of 1.26% plus 72% of the LIBOR rate.	$ 7,388,419	$ -
Series 2017A fixed rate Tax Exempt Revenue bond maturing in January 2043, requiring monthly principal payments starting February 2021 ranging from $48,000 to $120,000 plus interest paid monthly at 3.99%.	20,950,000	20,950,000
Series 2015A fixed rate demand Civic Facility Revenue bonds maturing in September 2020, requiring monthly principal payments ranging from $115,000 to $135,000, plus interest paid monthly at 2.27%.	800,000	2,360,000
Series 2015B fixed rate demand Civic Facility Revenue bonds maturing in September 2025, requiring monthly principal payments starting October 2020 ranging from $115,000 to $135,000, plus interest paid monthly at 2.75%.	7,560,000	7,560,000
Series 2015C fixed rate demand Civic Facility Revenue bonds maturing in September 2031, requiring monthly principal payments starting October 2025 ranging from $95,000 to $115,000, plus interest paid monthly at 3.00%.	7,278,659	7,378,659
Note payable to a financial institution with interest at 3.75%, due in monthly installments of $8,512, including interest, through November 2020. Collateralized by a first lien leasehold mortgage together with a first security interest in all fixtures located on the property.	67,114	164,689
	44,044,192	38,413,348
Less: Unamortized portion of bond financing costs	(873,697)	(942,831)
	$ 43,170,495	$ 37,470,517

9. FINANCING ARRANGEMENTS (Continued)

Long-term Debt (Continued)

Future minimum principal payments due on long-term debt are as follows for the years ending March 31:

2021	$ 1,681,231
2022	2,052,452
2023	2,127,487
2024	2,186,446
2025	2,250,607
Thereafter	33,745,969
	44,044,192
Less: Unamortized portion of bond financing costs	(873,697)
	$ 43,170,495

Bonds Payable – Series 2015

In 2015, Series 2015A, 2015B and 2015C Civic Facility Revenue bonds were issued by the County of Monroe Industrial Development Association (COMIDA) (the Issuer) and were collateralized under provisions of the indenture and loan agreements among the Association, Premier National Investment Company, Inc. (a wholly-owned subsidiary of M&T Bank) (the Trustee) and the Issuer.

Bonds Payable – Series 2017

In December 2017, Tax Exempt Revenue bonds were issued by COMIDA (the Issuer) up to $33,600,000 in aggregate Tax Exempt Revenue Bonds, consisting of up to $20,950,000 Series 2017A and up to $12,650,000 Series 2017B (collectively, the "2017 Bonds") for the benefit of the Association and for the purpose of assisting in financing the construction of the Schottland Branch. The 2017 Bonds were collateralized under provisions of the bond purchase and building loan agreements among the Association, 233 Genesee Street Corporation (a wholly-owned subsidiary of M&T Bank) (the Bank) and the Issuer. The Association has granted to the Issuer a first priority mortgage lien on and security interest in the facility, assignment of leases and rents, and a security agreement, which they in turn have assigned to the Bank.

The 2017 bonds are "draw down bonds," and interest accrues only on amounts drawn. As of March 31, 2018, the entire Series 2017A bonds have been drawn less bond closing costs, and are being held in an investment account at the Bank. The total amount of these assets were $23,071 and $6,486,439 as of March 31, 2020 and 2019, respectively, and they are included on the balance sheet in limited use assets.

The Series 2017B Tax Exempt Revenue Bond has $12,650,000 of available lending under the bond which bears interest at 72% of the one-month LIBOR rate plus 1.26%. The outstanding balance on Series 2017B requires interest only payments through maturity on January 1, 2028. Any draws on Series 2017B are repayable quarterly to the extent of funds held in and collateralized by the Capital Campaign Funds account.

9. FINANCING ARRANGEMENTS (Continued)

Bonds Payable – Series 2017 (Continued)

The Capital Campaign Funds Pledge of Account agreement requires that all amounts pledged by donors for the project be directly deposited into a segregated account at the Bank, to a cumulative total of at least $13,000,000. As of March 31, 2020 and 2019, the balance in this account amounted to $100,858 and $33,915, respectively, and is included on the balance sheet in limited use assets.

The Association also established Project Funds, which represented the Association's required equity funding of the project which must to be spent prior to usage of any of the bond proceeds. As of March 31, 2020 and 2019, the remaining balance in these accounts was $1,500 and is included on the balance sheet in limited use assets.

Summary of Limited Use Assets

The following represents a summary of limited use assets as of March 31:

	2020	2019
Series 2017 Project Funds	$ 1,500	$ 1,500
Series 2017 Bond Proceeds	23,071	6,486,439
Series 2017 Capital Campaign Fund pledge of accounts	100,858	33,915
	$ 125,429	$ 6,521,854

Limited use assets are invested primarily in money market accounts and fixed income securities. Limited use assets are shown at fair value in the accompanying balance sheet.

Bond Financing Costs

In conjunction with the Series 2015 and 2017 bond issuances, bond issuance costs of $1,083,736 were incurred and are being amortized over the term of the related bond obligations. Amortization expense of $69,134 was recorded in each of the years ended March 31, 2020 and 2019, and was included in interest expense in the accompanying statement of functional operating expenses.

Covenant Compliance

The Association's 2015 and 2017 bond agreements call for the Association to meet certain financial covenants consisting of a days cash on hand calculation requiring days cash on hand of no less than 60 days and a debt service coverage ratio of at least 1.25 to 1. In addition, the 2017 bond agreement requires the Association to maintain a leverage ratio of no more than 1.5 to 1. The Association was in compliance with these covenants as of March 31, 2020.

The Association's line-of-credit agreement also requires the Association to meet certain financial covenants consisting of a leverage ratio of no more than 2.5 to 1. The Association was in compliance with this covenant as of March 31, 2020.

Cash Paid for Interest

Interest paid on all financing arrangements totaled approximately $2,452,000 and $1,305,000 for the years ended March 31, 2020 and 2019, respectively. For the years ended March 31, 2020 and 2019, approximately $1,032,000 and $778,000, respectively, of interest was capitalized as part of construction-in-progress.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Association's investments and limited use assets are measured at fair value on a recurring basis utilizing the following input levels at March 31, 2020:

	Level 1	Level 2	Level 3	Total
Investments:				
Domestic equity securities	$ 6,468,397	$ -	$ -	$ 6,468,397
International equity securities	4,396,463	-	-	4,396,463
Fixed income securities	7,349,969	-	-	7,349,969
Investments at fair value	$18,214,829	$ -	$ -	18,214,829
Investments, measured using net asset value as practical expedient				1,903,490
Total investments				$ 20,118,319
Limited use assets:				
Money market funds	$ 125,429	$ -	$ -	$ 125,429

The Association's investments and limited use assets are measured at fair value on a recurring basis utilizing the following input levels at March 31, 2019:

	Level 1	Level 2	Level 3	Total
Investments:				
Domestic equity securities	$10,299,038	$ -	$ -	$ 10,299,038
International equity securities	2,784,972	-	-	2,784,972
Fixed income securities	5,034,094	-	-	5,034,094
Investments at fair value	$18,118,104	$ -	$ -	18,118,104
Investments, measured using net asset value as practical expedient				1,286,671
Total investments				$ 19,404,775
Limited use assets:				
Money market funds	$ 510,293	$ -	$ -	$ 510,293
Fixed income securities	6,011,561	-	-	6,011,561
	$ 6,521,854	$ -	$ -	$ 6,521,854

Fair value of the Association's domestic equity securities, international equity securities, and fixed income securities are determined based on quoted market prices.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Association's interest in alternative strategies is determined by the LLC's calculation of net assets per investment unit. The net asset value of the LLC's investment units is determined on the close of business on the last business day of each calendar month, each date that a unit is offered or repurchased, as of the date of any distribution, and at such other times the Board of the LLC shall determine a determination date. Net asset value is calculated as the value of the total assets of the LLC, less of all of the respective liabilities, including accrued fees and expenses, each determined as of the relevant determination date.

The nature and risk of alternative investments are as follows for the year ended March 31, 2020:

	Net Asset Value	Unfunded Commitments
American Tower Corp	$ 52,695	$ -
Equity Residential	52,464	-
Partners Group Private Equity Master Fund LLC Class A	1,798,331	-
	$ 1,903,490	$ -

Redemptions are allowed on a monthly, quarterly, or annual basis depending on the investment. Required notice of redemption varies from 30 - 180 days.

11. PLEDGES RECEIVABLE

Outstanding pledges related to the following projects as of March 31:

	2020	2019
Schottland Branch	$ 6,748,244	$ 6,352,435
Camp Cory	500,564	1,529,454
Maplewood	14,000	14,000
	7,262,808	7,895,889
Less:		
Allowance for uncollectible pledges	(2,000)	(2,000)
Discount on pledges receivable	(407,326)	(532,770)
	$ 6,853,482	$ 7,361,119

Payments are expected on pledges receivable as follows for the years ending March 31:

2021	$ 3,961,745
2022	800,563
2023	435,500
2024	425,000
2025	410,000
Thereafter	1,230,000
	$ 7,262,808

12. NET MEMBERSHIP DUES, JOINING FEES, AND PROGRAM FEES

The Association provides financial assistance to help defray the costs of membership dues, joining fees and program fees to individuals who do not have the ability to pay. Membership dues, joining fees and program fees revenue are recorded net of such assistance in the accompanying statement of activities and change in net assets. Such amounts were as follows for the years ended March 31:

	2020	2019
Membership dues and joining fees	$ 26,430,346	$ 23,349,216
Less: Financial assistance provided	(1,920,773)	(1,807,984)
Membership dues and joining fees, net	$ 24,509,573	$ 21,541,232
Program fees	$ 18,957,050	$ 18,197,929
Less: Financial assistance provided	(1,213,472)	(1,249,741)
Program fees, net	$ 17,743,578	$ 16,948,188

13. RETIREMENT PLAN

The Association participates in a multiple-employer defined contribution, individual account and money purchase retirement plan that is administered by the YMCA Retirement Fund (a separate corporation). This plan is for the benefit of all eligible staff of the Association who qualify under applicable participation requirements.

The YMCA Retirement Fund is operated as a church pension plan and is a tax-exempt New York State not-for-profit Corporation. Participation is available to all duly organized and reorganized YMCAs in the United States of America.

In accordance with its agreement with the YMCA Retirement Fund, the Association's contributions are determined based on a percentage of the participating employee's salary, paid by the Association, and are remitted to the YMCA Retirement Fund on a monthly basis.

Total retirement expense for the years ended March 31, 2020 and 2019 was approximately $1,378,000 and $1,309,000, respectively.

14. CONCENTRATION

At March 31, 2020 and 2019, approximately 16% and 17%, respectively, of accounts receivable were due to the Association from the New York State Department of Social Services.

15. COMMITMENTS AND CONTINGENCIES

National Support

In accordance with its affiliation agreement, the Association is required to pay an annual assessment to the YMCA of the USA. This assessment is based on the Association's annual revenue, less certain excludable items. The expense associated with this agreement was approximately $439,000 and $432,000 for the years ended March 31, 2020 and 2019, respectively.

15. COMMITMENTS AND CONTINGENCIES (Continued)

Construction Activities

The Association has contracted with two construction contractors for the construction of the Camp Cory Leadership Village. The Association's total maximum commitment under the terms of these contracts is approximately $1,297,000. As of March 31, 2020, approximately $695,000 remained to be paid related to these contracts. The Association expects to pay this amount as construction is completed in its fiscal year ending March 31, 2021.

Conditional Asset Retirement Obligations

The Association's conditional asset retirement obligations relate to asbestos contained in some of its facilities. Environmental regulations exist that require the Association to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. If such work were to be planned, an estimate of the cost of asbestos removal would be recorded as a liability. The Association has not recorded any liability in connection with this obligation as it cannot estimate the fair value of its obligation due to a lack of sufficient information about the timetable over which this obligation may be settled through renovation, demolition, or sale/transfer of any affected facilities.

16. SUBSEQUENT EVENTS

The United States of America is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant negative economic impact. The impact of this situation on the Association and its future results and financial position is not presently determinable.

Subsequent events have been evaluated through July 24, 2020, which is the date the financial statements were issued.