

**PICKENS COUNTY  
YOUNG MEN'S CHRISTIAN ASSOCIATION**

**AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**PICKENS COUNTY  
YOUNG MEN'S CHRISTIAN ASSOCIATION**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Pickens County Young Men's Christian Association  
Easley, South Carolina

### Opinion

We have audited the accompanying financial statements of the Pickens County Young Men's Christian Association (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pickens County Young Men's Christian Association as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

Members  
American Institute of Certified Public Accountants  
S.C. Association of Certified Public Accountants



The Board of Directors  
Pickens County Young Men's Christian Association  
June 20, 2022

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

The Board of Directors  
Pickens County Young Men's Christian Association  
June 20, 2022

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2022, on our consideration of the Pickens County Young Men's Christian Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pickens County Young Men's Christian Association's internal control over financial reporting and compliance.

***McKinley, Cooper & Co., LLC***

Greenville, South Carolina  
June 20, 2022

**PICKENS COUNTY  
YOUNG MEN'S CHRISTIAN ASSOCIATION**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,315,883	\$ 685,903
Cash - reserve	500,000	500,000
Pledges receivable, current portion	<u>203,035</u>	<u>-</u>
Total current assets	3,018,918	1,185,903
<b>PROPERTY AND EQUIPMENT, NET</b>	13,899,834	13,594,671
<b>OTHER ASSETS</b>		
Pledges receivable, less current portion	<u>537,251</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 17,456,003</u></u>	<u><u>\$ 14,780,574</u></u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 310,400	\$ 287,064
Deferred revenue	80,000	95,000
Notes payable, current portion	<u>1,694,652</u>	<u>433,631</u>
Total current liabilities	2,085,052	815,695
<b>LONG-TERM LIABILITIES</b>		
Notes payable, net of current portion and deferred financing costs	<u>9,858,989</u>	<u>11,376,671</u>
<b>TOTAL LIABILITIES</b>	<u>11,944,041</u>	<u>12,192,366</u>
<b>NET ASSETS</b>		
Without donor restrictions	4,189,057	2,588,208
With donor restrictions	<u>1,322,905</u>	<u>-</u>
Total net assets	<u>5,511,962</u>	<u>2,588,208</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 17,456,003</u></u>	<u><u>\$ 14,780,574</u></u>

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

**PICKENS COUNTY  
YOUNG MEN'S CHRISTIAN ASSOCIATION**

**STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>December 31, 2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUES</b>			
Public support	\$ 584,734	\$ 1,910,011	\$ 2,494,745
Revenues	5,738,098	-	5,738,098
<b>Total public support and revenues</b>	<b>6,322,832</b>	<b>1,910,011</b>	<b>8,232,843</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>587,106</b>	<b>(587,106)</b>	<b>-</b>
<b>EXPENSES</b>			
Program services	4,545,910	-	4,545,910
Management and general	555,756	-	555,756
Fundraising	207,423	-	207,423
<b>Total expenses</b>	<b>5,309,089</b>	<b>-</b>	<b>5,309,089</b>
<b>CHANGES IN NET ASSETS</b>	<b>1,600,849</b>	<b>1,322,905</b>	<b>2,923,754</b>
<b>NET ASSETS, beginning of year</b>	<b>2,588,208</b>	<b>-</b>	<b>2,588,208</b>
<b>NET ASSETS, end of year</b>	<b>\$ 4,189,057</b>	<b>\$ 1,322,905</b>	<b>\$ 5,511,962</b>
	<b>December 31, 2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUES</b>			
Public support	\$ 413,763	\$ 147,032	\$ 560,795
Revenues	4,587,568	-	4,587,568
<b>Total public support and revenues</b>	<b>5,001,331</b>	<b>147,032</b>	<b>5,148,363</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>425,347</b>	<b>(425,347)</b>	<b>-</b>
<b>EXPENSES</b>			
Program services	4,369,132	-	4,369,132
Management and general	632,504	-	632,504
Fundraising	81,581	-	81,581
<b>Total expenses</b>	<b>5,083,217</b>	<b>-</b>	<b>5,083,217</b>
<b>CHANGES IN NET ASSETS</b>	<b>343,461</b>	<b>(278,315)</b>	<b>65,146</b>
<b>NET ASSETS, beginning of year</b>	<b>2,467,759</b>	<b>278,315</b>	<b>2,746,074</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>(223,012)</b>	<b>-</b>	<b>(223,012)</b>
<b>NET ASSETS, beginning of year, as restated</b>	<b>2,244,747</b>	<b>278,315</b>	<b>2,523,062</b>
<b>NET ASSETS, end of year</b>	<b>\$ 2,588,208</b>	<b>\$ -</b>	<b>\$ 2,588,208</b>

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

**PICKENS COUNTY  
YOUNG MEN'S CHRISTIAN ASSOCIATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	Fundraising	Total Services
Salaries	\$ 2,531,770	\$ 192,635	\$ 27,519	\$ 2,751,924
Occupancy	292,113	73,028	-	365,141
Program supplies	256,296	-	-	256,296
Contracted service	85,762	28,587	-	114,349
Depreciation and amortization	403,502	71,206	-	474,708
Employee benefits	94,325	7,177	1,025	102,527
Equipment	27,009	-	-	27,009
Interest	302,058	26,266	-	328,324
Payroll taxes	193,484	14,722	2,103	210,309
Advertising	32,592	-	5,751	38,343
Insurance	98,476	5,183	-	103,659
YMCA fees	78,126	-	-	78,126
Bank fees	-	85,261	-	85,261
Travel	24,596	11,050	-	35,646
Campaign Fund	-	-	152,520	152,520
Telephone	21,423	3,781	-	25,204
Resale purchases	39,154	-	-	39,154
Office supplies	65,224	21,742	-	86,966
Special events	-	-	18,505	18,505
Professional fees	-	12,030	-	12,030
Board of Directors	-	3,088	-	3,088
	<u>\$ 4,545,910</u>	<u>\$ 555,756</u>	<u>\$ 207,423</u>	<u>\$ 5,309,089</u>

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



**PICKENS COUNTY  
YOUNG MEN'S CHRISTIAN ASSOCIATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management and General	Fundraising	Total Services
Salaries	\$ 2,520,306	\$ 198,532	\$ 51,423	\$ 2,770,261
Occupancy	312,911	78,228	-	391,139
Program supplies	160,279	-	-	160,279
Contracted service	53,744	17,914	-	71,658
Depreciation and amortization	404,223	71,334	-	475,557
Employee benefits	136,740	12,635	2,558	151,933
Equipment	43,219	-	-	43,219
Interest	249,141	21,664	-	270,805
Payroll taxes	184,628	14,048	2,007	200,683
Advertising	44,675	-	7,884	52,559
Insurance	82,289	4,331	-	86,620
YMCA fees	67,908	-	-	67,908
Bank fees	-	74,815	-	74,815
Travel	10,827	4,864	-	15,691
Campaign Fund	-	-	12,793	12,793
Telephone	28,175	4,972	-	33,147
Resale purchases	39,753	-	-	39,753
Office supplies	30,314	10,105	-	40,419
Special events	-	-	4,916	4,916
Feasibility study	-	101,049	-	101,049
Professional fees	-	14,500	-	14,500
Board of Directors	-	3,513	-	3,513
	<u>\$ 4,369,132</u>	<u>\$ 632,504</u>	<u>\$ 81,581</u>	<u>\$ 5,083,217</u>

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

**PICKENS COUNTY  
YOUNG MEN'S CHRISTIAN ASSOCIATION**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,923,754	\$ 65,146
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	469,694	470,503
Deferred financing cost amortization	5,014	5,014
Changes in operating assets and liabilities		
Decrease in prepaid expenses	-	101,049
Increase (decrease) in accounts payable and accrued liabilities	23,336	(42,628)
(Decrease) in deferred revenue	(15,000)	(15,000)
(Increase) in pledges receivable	(740,286)	-
<b>Net cash provided by operating activities</b>	<u>2,666,512</u>	<u>584,084</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(779,871)	(1,958,232)
<b>Net cash (used for) investing activities</b>	<u>(779,871)</u>	<u>(1,958,232)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt	166,693	1,268,000
Payments on long-term debt	(423,354)	(455,139)
<b>Net cash (used for) provided by financing activities</b>	<u>(256,661)</u>	<u>812,861</u>
<b>NET INCREASE (DECREASE) CASH AND CASH EQUIVALENTS</b>	1,629,980	(561,287)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>1,185,903</u>	<u>1,747,190</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 2,815,883</u></u>	<u><u>\$ 1,185,903</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	<u><u>\$ 328,324</u></u>	<u><u>\$ 270,805</u></u>

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

**PICKENS COUNTY  
YOUNG MEN'S CHRISTIAN ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

The Pickens County Young Men's Christian Association ("YMCA") is a South Carolina not-for-profit, charitable organization located in Pickens County, South Carolina. The YMCA is committed to practicing Christian values by providing opportunities for everyone to build strong kids, strong families, and strong communities. It is driven by community need, guided by community volunteers, and open to all. Subject to available resources, no person is denied participation in a YMCA solely by reason of financial inability to pay. In all programs, the YMCA builds values of caring, honesty, respect, responsibility, and faith.

The YMCA derives its revenues from participant fees, membership dues, government contracts and grants, contributions, and miscellaneous other sources.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES**

**Basis of Presentation**

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

The YMCA has adopted ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities, as it relates to net asset classification and liquidity disclosure. This requires the YMCA to report donor contributions as without restriction or with restriction, in accordance with donor stipulations.

Net assets without donor restrictions represent resources whose use is not limited or restricted by donors. They generally arise as a result of exchange transactions, unrestricted contributions, or restricted contributions whose restrictions have expired. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Net assets with donor restrictions are those net assets whose use has been limited by donors to specified purposes or to later periods of time.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the YMCA considers demand deposits, cash on hand, and certificates of deposit to be cash or cash equivalents.

## **Fair Value of Financial Instruments**

The provisions of topic 820, *Fair Value Measurements and Disclosures*, of the Financial Accounting Standards Board's Accounting Standards Codification, defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures regarding the fair value measurements of certain financial instruments. Topic 820 addresses acceptable valuation techniques and establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

- *Level 1 inputs* are unadjusted quoted prices for identical assets and liabilities in active markets to which the reporting entity has access.
- *Level 2 inputs* are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable (for example, interest rates), and inputs that are derived from or corroborated by observable market data.
- *Level 3 inputs* are unobservable and are significant to the fair value measurement.

The fair value codification expands disclosures about fair value measurements for certain financial assets and liabilities.

The carrying amounts of cash, receivables, accounts payable, and other accrued liabilities approximate fair value because of the short maturity of these financial instruments.

## **Comparative Data/Reclassifications**

Certain comparative total data for the prior period have been presented in order to provide an understanding of the changes in the financial position and operations of the YMCA. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

## **Contributed Services**

Volunteers have donated significant amounts of time to the YMCA in various capacities. However, these services have not been reflected in the financial statements since they neither require specialized skills nor would they have typically been purchased had they not been donated. The estimated value of these services is approximately \$64,949 and \$206,112 for the years ended December 31, 2021 and 2020, respectively.

## **Scholarships**

The YMCA grants scholarships to various programs in cases in which the participants would be unable to participate due to financial inability to pay. The estimated value of these scholarships given for the years ended December 31, 2021 and 2020 was approximately \$245,808 and \$234,167, respectively.

## **Use of Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **Property and Equipment**

Property and equipment is stated at cost at date of acquisition or fair market value at the date of donation in the case of donated property. Property and equipment is depreciated over the useful life of the asset using the straight-line method.

## **Functional Allocation of Expenses**

The statements of functional expenses report certain categories of expenses that are attributable to one or more programs or supporting functions of the YMCA. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on a square footage basis include depreciation, interest, insurance, and occupancy expenses. The expenses allocated on a basis of time and effort are salaries, payroll taxes, and employee benefits. All other expenses are allocated based on specific identification.

## **Advertising Costs**

Advertising costs are expensed as incurred by the YMCA. Advertising expensed for the year ended December 2021 and 2020 was \$38,343 and \$52,559, respectively.

## **Tax Status**

The YMCA is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and similar South Carolina statutes. The YMCA is not considered a private foundation and contributions to the YMCA are considered tax deductible. Management is not aware of any uncertain income tax positions taken.

## **Pledges Receivable**

Pledges receivable consists of capital campaign contributions due from local individuals and businesses. Absent donor stipulations, the YMCA classifies all pledges as increases in net assets with donor restrictions. When restrictions expire due to passage of time or when the purpose is fulfilled, 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 donor restrictions. Allowances for uncollectible pledges receivable are

established based on historical collection rates and specific identification of uncollectible accounts. An allowance equal to 3% of the outstanding pledge balances was recorded at December 31, 2021.

### **Recent Accounting Pronouncements**

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

### **Reclassification**

In connection with the adoption of FASB ASU 2016-18 in 2020, restricted cash is now included with cash and cash equivalents when reconciling beginning and ending amounts in the statement of cash flows. Prior year amounts have been reclassified to conform to current year presentation.

### **NOTE 2 – CONCENTRATION OF CREDIT RISK**

The YMCA maintains deposits in excess of federally insured limits. These are identified as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. The Federal Deposit Insurance Corporation insures up to \$250,000 for all accounts at a single institution. As of December 31, 2021, the YMCA's uninsured cash balance was \$1,872,134.

### **NOTE 3 – LIQUIDITY AND AVAILABILITY OF FUNDS**

The YMCA's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of assets, liabilities and net assets, are as follows:

Cash and cash equivalents	\$ 2,315,883
	<u>\$ 2,315,883</u>

### **NOTE 4 – PLEDGES RECEIVABLE – CAPITAL CAMPAIGNS**

The Easley capital campaign has received pledges of \$887,000 as of December 31, 2021. The gross pledges receivable balance at December 31, 2021 was \$864,105. The pledges from this campaign is expected to be collected in seven years, with the donors designating their terms of payment.

Unconditional promises to give at December 31 are:

	2021	2020
Pledges due in less than one year	\$ 203,035	\$ -
Pledges due in one to five years	636,598	-
Pledges due in more than five years	24,472	-
	864,105	-
Less: Discount to net present value	(123,819)	-
	<u>\$ 740,286</u>	<u>\$ -</u>

#### **NOTE 5 – PROPERTY AND EQUIPMENT, NET**

The following represents the YMCA's property and equipment at December 31:

	2021	2020
Land & improvements	\$ 4,719,982	\$ 4,704,403
Building & improvements	8,215,171	8,204,436
Fitness related equipment	3,753,642	3,635,453
Office equipment & furniture and fixtures	301,431	276,843
Vehicles	382,918	274,978
Construction in progress	2,273,216	1,775,390
	19,646,360	18,871,503
Less: accumulated depreciation	(5,746,526)	(5,276,832)
Property & Equipment, net	<u>\$ 13,899,834</u>	<u>\$ 13,594,671</u>

Depreciation expense totaled \$469,694 and \$470,503 for the years ended December 31, 2021 and 2020, respectively.

The useful life of property and equipment is as follows:

Land & improvements	15 years
Buildings & improvements	15-40 years
Fitness-related equipment	7-10 years
Office equipment & furniture and fixtures	7 years
Vehicles	5 years

## **NOTE 6 – NOTES PAYABLE**

### **Financial Institution Loans**

The YMCA has 2 fitness equipment loans, 3 building loans, and 1 swimming pool loan with financial institutions as of December 31, 2021. The YMCA's notes payable are secured by the underlying property and equipment.

### **USDA Rural Development Loan**

In November 2016, the Association received a USDA Rural Development loan to construct a new YMCA branch in Powdersville community and refinance its existing debt. A USDA loan of approximately \$9.0 million, payable over 35 years at 2.375%, and a bank loan, guaranteed by the USDA, of approximately \$1.2 million over 21.5 years at prime plus .25%, provided the funds for constructing the new 35,000 square foot facility in Powdersville and paying off the existing debt of the Association. The USDA Rural Development Loan is secured by the property and equipment of the Association. The Association has a required cash reserve of \$500,000 as of December 2021 and 2020.

The following represents the Association's notes payable as of December 31:

<b>Note</b>	<b>Monthly Payment</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>2021</b>	<b>2020</b>
USDA Direct Loan	\$ 32,380	2.38%	11/21/2051	\$ 8,391,117	\$ 8,583,313
United Community Bank - Building Loan	7,387	4.50%	6/2/2038	1,136,559	1,172,450
United Community Bank - Pool Loan	10,030	3.75%	4/6/2024	700,060	791,918
United Community Bank - 2019 Equipment Loan	3,062	3.50%	11/15/2022	42,805	77,374
United Community Bank - 2018 Equipment Loan	5,391	4.15%	10/22/2021	-	69,406
United Community Bank - 2021 Equipment Loan	4,832	2.75%	11/22/2024	162,244	-
United Community Bank - Expansion Loan	4,755	4.50%	9/26/2022	1,268,000	1,268,000
				<u>11,700,785</u>	<u>11,962,461</u>
Less current portion				(1,694,652)	(433,631)
Less deferred financing cost				(147,144)	(152,159)
Long-term portion of notes payable				<u>\$ 9,858,989</u>	<u>\$ 11,376,671</u>

Future maturities of notes payable are as follows:

<b>Year Ending December 31,</b>	<b>Amount</b>
2022	\$ 1,694,652
2023	395,465
2024	804,144
2025	253,816
2026	260,870
Thereafter	8,291,838
	<u>\$ 11,700,785</u>



## **NOTE 7 – RETIREMENT PLAN**

The YMCA participates in a defined contribution, individual account, money purchase retirement plan, which is administered by the Young Men's Christian Association Retirement Fund (Retirement Fund) (a separate corporation). This plan is for the benefit of all eligible staff of the YMCA who qualifies under applicable participation requirements. In accordance with the agreement with the Retirement Fund, contributions required by the YMCA are a percentage of the participating employee's salary and must be remitted to the Retirement Fund monthly. Total YMCA contributions charged to retirement expense were \$53,336 and \$65,642 for the years ended December 31, 2021 and 2020, respectively.

The Retirement Fund is operated as a church pension plan and is a not-for-profit, tax-exempt New York state corporation (1922). Participation is available to all duly organized or reorganized YMCAs in the United States. As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations.

## **NOTE 8 – RELATED PARTY**

The YMCA pays dues to YMCA of USA. During the years ended December 31, 2021 and 2020, \$78,126 and \$67,908 were expenses for these dues, respectively.

## **NOTE 9 – PRIOR PERIOD ADJUSTMENT**

A prior period adjustment has been recorded to correctly account for accrued salaries as of January 1, 2020.

Beginning net assets as previously reported at December 31, 2019	\$ 2,746,074
Prior period adjustment	<u>(223,012)</u>
Net assets, beginning of year as restated January 1, 2020	<u>\$ 2,523,062</u>

## **NOTE 10 – PAYCHECK PROTECTION PROGRAM**

In February 2021 and April 2020, the YMCA received \$581,400 and \$634,500, respectively in loan funds available through the federal Paycheck Protection Program ("PPP") administered by the Small Business Administration. PPP is a program designed to provide a direct incentive for businesses to keep their workforce employed during the COVID-19 crisis. The loans are fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities.

The loans were forgiven by the SBA, and as such, have been reported as revenue during the years ended December 31, 2021 and 2020.

#### **NOTE 11 – DEFERRED REVENUE**

The YMCA defers recognition of revenue for rental deposits and fees received in advance for use of YMCA facilities. The balances at December 31 were as follows:

	2021	2020
Deferred rental	<u>\$ 80,000</u>	<u>\$ 95,000</u>
	<u>\$ 80,000</u>	<u>\$ 95,000</u>

#### **NOTE 12 – SUBSEQUENT EVENTS**

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

**PICKENS COUNTY  
YOUNG MEN'S CHRISTIAN ASSOCIATION**

**SCHEDULES OF PUBLIC SUPPORT AND REVENUES  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>PUBLIC SUPPORT</b>		
Contributions	\$ 2,166,497	\$ 395,805
Sales income	78,464	61,034
Special events	6,379	9,021
United Way grants	-	17,714
Grants	243,405	77,221
<b>Total public support</b>	<u><u>\$ 2,494,745</u></u>	<u><u>\$ 560,795</u></u>
<b>REVENUES</b>		
Membership dues	\$ 2,754,260	\$ 2,574,959
Program service fees	1,809,625	1,276,284
Paycheck Protection Program	581,400	634,500
Employee Retention Tax Credit	503,196	-
Interest income	11,714	32,072
Facilities income	74,980	67,263
Miscellaneous	2,923	2,490
<b>Total revenues</b>	<u><u>\$ 5,738,098</u></u>	<u><u>\$ 4,587,568</u></u>

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

The Board of Directors  
Pickens County Young Men's Christian Association  
Easley, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pickens County Young Men's Christian Association (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pickens County Young Men's Christian Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pickens County Young Men's Christian Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

Members  
American Institute of Certified Public Accountants  
S.C. Association of Certified Public Accountants

The Board of Directors  
Pickens County Young Men's Christian Association  
June 20, 2022

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

***McKinley, Cooper & Co., LLC***

Greenville, South Carolina  
June 20, 2022