MW&A

McGaw YMCA

Consolidated Financial Statements

Year Ended August 31, 2019 and
Fourteen Months Ended August 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
McGaw YMCA
Evanston, Illinois

We have audited the accompanying consolidated financial statements of McGaw YMCA, which comprise the consolidated statement of financial position as of August 31, 2019 and August 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year and the fourteen months then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to on the previous page present fairly, in all material respects, the financial position of McGaw YMCA as of August 31, 2019 and August 31, 2018, and the changes in its net assets and its cash flows for the year and the fourteen months then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

McGaw YMCA adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as discussed in Note 1. Our opinion is not modified with respect to this matter.

Mann Weitz & Associates LLC

MANN. WEITZ & ASSOCIATES L.L.C.

Deerfield, Illinois
December 3, 2019

MCGAW YMCA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019 AND 2018

	2019	2018
ASSETS		
Assets		
Cash and cash equivalents	$ 1,264,534	$ 526,146
Investments, at fair value - Notes 3 and 7	4,234,345	3,826,320
Accounts receivable	248,732	174,212
Inventory	13,185	15,184
Pledges receivable, net - Note 4	665,276	776,932
Prepaid expenses	84,552	48,520
Beneficial interest in charitable lead trust, net - Notes 6 and 7	58,925	63,033
Interest rate cap derivative - Notes 7 and 9	352	4,754
Property and equipment, net - Notes 8 and 9	14,638,936	15,180,342
Total Assets	$ 21,208,837	$ 20,615,443
LIABILITIES AND NET ASSETS		
Liabilities		
Mortgage payable - Note 9	$ 3,497,109	$ 3,897,109
Capital lease obligation for computer and fitness equipment and capital projects - Note 10	427,676	149,044
Accounts payable and other accrued expenses	594,259	458,128
Accrued wages and payroll taxes	157,311	164,602
Accrued vacation	343,950	334,217
Deferred program and camp fee revenue	187,050	155,157
Deferred membership dues	75,761	84,682
Funds held - YMCA sponsored groups	12,424	11,928
Total Liabilities	5,295,540	5,254,867
Net Assets		
Net assets without donor restrictions - general	11,042,495	10,976,298
Net assets without donor restrictions - board designated for specific purposes - Note 11	639,512	634,369
Total Net Assets Without Donor Restrictions	11,682,007	11,610,667
Net assets with donor restrictions - Notes 12 and 13	4,231,290	3,749,909
Total Net Assets	15,913,297	15,360,576
Total Liabilities and Net Assets	$ 21,208,837	$ 20,615,443

The accompanying notes are an integral part of this statement.

MCGAW YMCA
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019 AND FOURTEEN MONTHS ENDED AUGUST 31, 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Support						
Contributions and grants - Note 14	$ 1,163,757	$ 917,295	$ 2,081,052	$ 882,672	$ 3,854,624	$ 4,737,296
Special event revenue	252,394		252,394	337,680		337,680
Less: cost of direct benefit to donors	(112,406)		(112,406)	(143,121)		(143,121)
Net assets released from restrictions						
Expiration of purpose restrictions	236,256	(236,256)		871,372	(871,372)	
Expiration of time restrictions	302,102	(302,102)		998,694	(998,694)	
Total Support	1,842,103	378,937	2,221,040	2,947,297	1,984,558	4,931,855
Program Revenues						
Membership and programs	5,690,724		5,690,724	6,581,522		6,581,522
Residence, net of community contribution	1,222,875		1,222,875	1,441,150		1,441,150
Children's Center	5,399,927		5,399,927	6,217,184		6,217,184
Camp Echo	2,838,313		2,838,313	4,621,079		4,621,079
Fee assistance - Note 15	(1,806,234)		(1,806,234)	(2,598,120)		(2,598,120)
Total Program Revenues	13,345,605		13,345,605	16,262,815		16,262,815
Other Revenues						
Interest and dividends, net of investment expenses of $14,243 and $15,690, respectively	37,436	53,992	91,428	23,882	40,210	64,092
Realized/unrealized net gains on investments	33,595	48,452	82,047	64,879	109,236	174,115
Miscellaneous	150,362		150,362	208,050		208,050
Total Other Revenues, net	221,393	102,444	323,837	296,811	149,446	446,257
Total Revenues, Gains and Other Support	15,409,101	481,381	15,890,482	19,506,923	2,134,004	21,640,927
Expenses						
Program services						
Membership and programs	4,669,864		4,669,864	6,061,091		6,061,091
Residence	1,024,994		1,024,994	1,318,861		1,318,861
Children's Center	4,883,857		4,883,857	6,086,543		6,086,543
Camp Echo	2,148,211		2,148,211	3,234,625		3,234,625
Total Program Services	12,726,926		12,726,926	16,701,120		16,701,120
Supporting services						
Management and general	1,626,140		1,626,140	1,785,727		1,785,727
Fundraising	556,947		556,947	501,470		501,470
Marketing	427,748		427,748			
Total Supporting Services	2,610,835		2,610,835	2,287,197		2,287,197
Total Expenses	15,337,761		15,337,761	18,988,317		18,988,317
Change in Net Assets	71,340	481,381	552,721	518,606	2,134,004	2,652,610
Net Assets						
Beginning of year	11,610,667	3,749,909	15,360,576	11,092,061	1,615,905	12,707,966
End of year	$ 11,682,007	$ 4,231,290	$ 15,913,297	$ 11,610,667	$ 3,749,909	$ 15,360,576

The accompanying notes are an integral part of this statement.

MCGAW YMCA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

						Supporting Services					
	Membership and Programs	Residence	Children's Center	Camp Echo	Total Program Services	Management and General	Fundraising	Marketing	Total Supporting Services	Cost of Direct Benefit to Donors	Total Expenses
Wages and salaries	$ 2,298,993	$ 442,524	$ 2,821,706	$ 871,743	$ 6,434,966	$ 807,728	$ 334,823	$ 130,842	$ 1,273,393	$ -	$ 7,708,359
Employee benefits	453,139	124,849	793,102	157,681	1,528,771	214,332	79,029	28,568	321,929		1,850,700
Independent contractors	87,595	553	30,784	19,310	138,242	694			694		138,936
Outside consultants and professional services		10,000		750	10,750	67,669	58,928	57,176	183,773		194,523
Program supplies	90,405	39,119	380,928	493,536	1,003,988						1,003,988
Administrative and office support	10,481	4,017	14,770	6,636	35,904	22,557	1,456	1,204	25,217	540	61,661
System support and maintenance	72,532	18,276	47,564	16,254	154,626	98,064	32,052	17,984	148,100		302,726
Building maintenance and supplies	284,008	123,990	139,749	79,982	627,729	4,480	2,116	1,337	7,933		635,662
Facility rental - Note 16	29,287	6,498	334,896	2,682	373,363	4,545	1,529	2,498	8,572		381,935
Promotion and advertising - Note 8	2,241	143	684	366	3,434		3,212	159,444	162,656		166,090
Fundraising expenses							17,257	6,601	23,858	111,866	135,724
Development and learning	2,942	4,309	10,162	11,129	28,542	22,391	5,907	173	28,471		57,013
Staff and volunteer leadership meetings	7,464	1,494	12,614	7,367	28,939	18,169	1,475	280	19,924		48,863
Staff travel and meal	1,505	3,484	5,071	11,327	21,387	6,168	2,702	720	9,590		30,977
Dues and subscriptions - Note 18	108,105	22,001	72,684	39,842	242,632	6,288	4,214	368	10,870		253,502
Postage and mailing services	79		7	5,786	5,872	4,800	250	14,356	19,406		25,278
Telephone and internet access fees	34,007	9,177	28,286	14,147	85,617	7,643	665	1,078	9,386		95,003
Utilities	276,389	86,308	42,849	58,396	463,942	4,371	2,064	1,304	7,739		471,681
Vehicle rental and expenses	1,415		24,214	181,642	207,271						207,271
Property and liability insurance	81,105	2,632		20,873	104,610	133	63	40	236		104,846
Bank fees						260,335	5,735		266,070		266,070
Mortgage interest	146,987				146,987						146,987
License and taxes	2,806	4,890		15,157	22,853	7,218	6	4	7,228		30,081
Bad debt for program						55,054			55,054		55,054
Total Expenses Before Depreciation and Amortization Expense	3,991,485	904,264	4,760,070	2,014,606	11,670,425	1,612,639	553,483	423,977	2,590,099	112,406	14,372,930
Depreciation and Amortization Expenses - Note 8	678,379	120,730	123,787	133,605	1,056,501	13,501	3,464	3,771	20,736		1,077,237
Total	4,669,864	1,024,994	4,883,857	2,148,211	12,726,926	1,626,140	556,947	427,748	2,610,835	112,406	15,450,167
Less: Expenses included in revenues on statement of activities											
Cost of direct benefit to donors										(112,406)	(112,406)
Total Functional Expenses	$ 4,669,864	$ 1,024,994	$ 4,883,857	$ 2,148,211	$ 12,726,926	$ 1,626,140	$ 556,947	$ 427,748	$ 2,610,835	$ -	$ 15,337,761
Percentage of Total Expenses	30.45%	6.68%	31.84%	14.01%	82.98%	10.60%	3.63%	2.79%	17.02%		100.00%

The accompanying notes are an integral part of this statement.

MCGAW YMCA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOURTEEN MONTHS ENDED AUGUST 31, 2018

						Supporting Services				
	Membership and Programs	Residence	Children's Center	Camp Echo	Total Program Services	Management and General	Fundraising	Total Supporting Services	Cost of Direct Benefit to Donors	Total Expenses
Wages and salaries	$ 3,088,244	$ 622,288	$ 3,505,436	$ 1,240,588	$ 8,456,556	$ 778,179	$ 268,277	$ 1,046,456	$ 950	$ 9,503,962
Employee benefits	655,406	170,051	950,603	240,932	2,016,992	192,351	60,444	252,795		2,269,787
Independent contractors	103,659	768	24,133	40,045	168,605	39,461		39,461		208,066
Outside consultants and professional services	27,971	4,326	8,357	23	40,677	206,002	53,091	259,093		299,770
Program supplies	100,985	56,178	447,758	823,313	1,428,234					1,428,234
Administrative and office support	34,741	6,778	15,647	7,675	64,841	8,009	478	8,487		73,328
System support and maintenance	92,611	19,239	116,092	60,555	288,497	17,632	42,232	59,864		348,361
Building maintenance and supplies	370,352	91,237	185,996	103,652	751,237	31,209		31,209		782,446
Facility rental - Note 16			373,180		373,180	54,880		54,880		428,060
Promotion and advertising	32,721	6,521	18,248	4,665	62,155	45,054	32,182	77,236		139,391
Fundraising expenses						2,249	27,235	29,484	142,171	171,655
Development and learning	7,562	2,661	23,171	6,243	39,637	20,654	742	21,396		61,033
Staff and volunteer leadership meetings	7,895	1,440	12,755	10,884	32,974	27,713	3,337	31,050		64,024
Staff travel and meal	4,519	1,669	2,893	14,486	23,567	5,125	85	5,210		28,777
Dues and subscriptions - Note 18	15,410	570	1,083	7,292	24,355	219,504	459	219,963		244,318
Postage and mailing services	26,171	4,722	5,111	7,996	44,000	20,842	12,908	33,750		77,750
Telephone and internet access fees	39,293	9,968	33,202	22,705	105,168	3,187		3,187		108,355
Utilities	319,311	71,755	63,175	84,504	538,745	26,908		26,908		565,653
Vehicle rental and expenses	17,665		36,544	314,386	368,595					368,595
Property and liability insurance	65,239	10,972	439	28,784	105,434	13,485		13,485		118,919
Bank fees	136,234	479	69,267	54,356	260,336	7,078		7,078		267,414
Mortgage interest	102,656	23,069	6,777	3,028	135,530	8,651		8,651		144,181
License and taxes	4,819	4,914	315	19,007	29,055	1,912		1,912		30,967
Bad debt for program	375	26,877	66,714	2,787	96,753					96,753
Total Expenses Before Depreciation and Amortization Expense	5,253,839	1,136,482	5,966,896	3,097,906	15,455,123	1,730,085	501,470	2,231,555	143,121	17,829,799
Depreciation and Amortization Expenses - Note 8	807,252	182,379	119,647	136,719	1,245,997	55,642		55,642		1,301,639
Total	6,061,091	1,318,861	6,086,543	3,234,625	16,701,120	1,785,727	501,470	2,287,197	143,121	19,131,438
Less: Expenses included in revenues on statement of activities										
Cost of direct benefit to donors									(143,121)	(143,121)
Total Functional Expenses	$ 6,061,091	$ 1,318,861	$ 6,086,543	$ 3,234,625	$ 16,701,120	$ 1,785,727	$ 501,470	$ 2,287,197	$ -	$18,988,317
Percentage of Total Expenses	31.92%	6.95%	32.05%	17.03%	87.95%	9.40%	2.64%	12.05%		100.00%

The accompanying notes are an integral part of this statement.

MCGAW YMCA
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019 AND FOURTEEN MONTHS ENDED AUGUST 31, 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ 552,721	$ 2,652,610
Adjustments to reconcile change in net assets		
to net cash provided by (used for) operating activities		
Loss on abandonment of website development project	57,627	
Depreciation and amortization	1,077,237	1,301,639
Realized/unrealized net gains on investments	(82,047)	(174,115)
Change in fair value of derivative	4,402	1,435
Increase (decrease) in allowance for uncollectible receivables and pledges	(13,595)	16,000
Proceeds from permanently restricted contributions	(100,000)	(2,000,425)
Contributed property and equipment		(105,441)
Net (increase) decrease in assets		
Accounts receivable	(67,295)	184,399
Inventory	1,999	24,440
Pledges receivable	118,026	(196,273)
Prepaid expenses	(36,032)	176,466
Contribution receivable - Charitable remainder trust		186,363
Beneficial interest in lead trust	4,108	3,935
Net increase (decrease) in liabilities		
Accounts payable and other accrued expenses	136,131	(79,187)
Accrued wages and payroll taxes	(7,291)	(308,191)
Accrued vacation	9,733	(73,587)
Deferred program and camp fee revenue	31,893	(1,636,282)
Deferred membership dues	(8,921)	6,073
Funds held - YMCA sponsored groups	496	2,789
Net Cash Provided by (Used for) Operating Activities	1,679,192	(17,352)
Cash Flows from Investing Activities		
Purchases of property and equipment	(208,062)	(841,144)
Proceeds from sales of investments	14,243	1,293,876
Purchases of investments	(340,221)	(2,150,570)
Net Cash Used for Investing Activities	(534,040)	(1,697,838)
Cash Flows from Financing Activities		
Principal payments on mortgage payable	(400,000)	(400,000)
Proceeds from permanently restricted contributions	100,000	2,000,425
Principal payments on capital lease obligations	(106,764)	(133,400)
Net Cash Provided by (Used for) Financing Activities	(406,764)	1,467,025
Net Increase (Decrease) in Cash and Cash Equivalents	738,388	(248,165)
Cash and Cash Equivalents		
Beginning of year	526,146	774,311
End of year	$ 1,264,534	$ 526,146
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	$ 172,359	$ 152,503
Contribution of property and equipment	$ -	$ 105,441

Supplemental Disclosure of Noncash Financing and Investing Activities - see Note 10

The accompanying notes are an integral part of this statement.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Organization

Founded in 1885, the McGaw YMCA (the Association), located in Evanston, Illinois, is a leading cause-driven charitable organization serving the needs of the Evanston community. Originally created to "promote mental, moral, physical and social welfare", we have remained true to the spirit of that mission as “an open, charitable, membership association that promotes growth in spirit, mind and body” through programs and services that have continued to expand to better serve everyone in our diverse community as well as surrounding communities.

Our programs are designed to focus on youth development, healthy living and social responsibility. In order to make the benefits of our programs and services affordable to the entire community, we have created “Membership for All,” which provides sliding scale membership and program fees based on household income adjusted for the number of individuals in the household. In addition, we provide scholarships, camperships and program subsidies for early childhood education, day and resident camp, tutoring and mentoring programs, and for low and very low-income resident members. Over 11,300 members and another 5,100 community participants enjoy health and wellness through a fully equipped health and wellness center, enhanced training options and targeted programs for all age groups, an aquatic program that includes swim teams and swim lessons in our two pools and throughout the community as a partner with Evanston Swims. We provide year-round educational programs in a standalone Children’s Center with 20 classrooms for infants through school age in addition to 4 classrooms at the Foster Reading Center for Head Start and Afterschool programs in the underserved fifth ward of Evanston. During the summer, we provide a free Summer Learning program in 9 classrooms within District 65 and the Foster Reading Center to close the achievement gap for youth in our community in addition to summer day camp programs. In addition, in 2015 we created the MetaMedia program, a state of the art, connected learning, free digital media lab and makers space open exclusively to middle school youth. For nearly a century, we have run our summer resident camp in Fremont, Michigan, which served over 1,400 campers this summer. Finally, as part of our commitment to social responsibility, we continue to successfully run our resident member program that provides safe, affordable SRO (single room occupancy) housing to over 170 men annually.

Change in Fiscal Year End

During 2018 the Association changed its fiscal year from June 30 to August 31. Accordingly, the accompanying consolidated financial statements and related footnotes are for the year ended August 31, 2019 and the fourteen months ended August 31, 2018.

Basis of Consolidation

The financial statements of the Association and the YMCA Camp Echo Corporation have been consolidated in accordance with the Financial Accounting Standards Board (FASB) provisions for consolidation. All inter-organizational transactions have been eliminated in consolidation. Substantially all of the revenues and assets are associated with the Association.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Accounting

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Information regarding the financial position and activities of the Association are reported in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

- Without donor restrictions - Net assets without donor restrictions are not subject to donor-imposed stipulations, but may be subject to board designations. They include all activities of the Association, except for those amounts that are restricted by external donors.

- With donor restrictions - Net assets with donor restrictions are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of the Association (purpose restrictions). Net assets with donor restrictions may also be imposed by donors who require that the principal of these classes of net assets be invested in perpetuity and only the investment income be expended.

Use of Estimates

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

Cash Equivalents

Cash and cash equivalents are comprised of petty cash, cash in banks and money market funds. Money market funds are recorded at cost, which approximates fair value based on quoted market prices.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable

Accounts receivable consisting of program fees are reported at net realizable value, which is the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history of individuals having outstanding balances and taking into consideration the age of past due accounts, an assessment of the ability to pay, as well as current relationships, management has identified receivables that may not be collectible and accordingly has provided for these receivables in an allowance for doubtful accounts in the amount of approximately $9,000 and $16,000 at August 31, 2019 and August 31, 2018, respectively.

Investments

Investments consist of marketable securities that are stated at fair value based on quoted market prices. Unrealized gains or losses on such securities are based on the change in fair value of the assets from the beginning to the end of the fiscal year. Realized gains or losses are based on the change in fair value of the assets from the beginning of the fiscal year to the date of sale.

Investments are exposed to risks in the market. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect the Association and the amounts reported in the consolidated statements of activities.

Derivative Financial Instruments

The FASB Codification related to derivatives and hedging establishes accounting and reporting standards for derivative instruments. The standard requires an entity to recognize all derivatives as either assets or liabilities, and measure those instruments at fair value. Derivatives that do not qualify as a hedge must be adjusted to fair value in earnings. If a derivative does qualify as a hedge under the standards, changes in the fair value will either be offset against the change in fair value of the hedged assets or liabilities, or recognized in the consolidated statements of activities.

Property and Equipment

The Association capitalizes property and equipment purchases of $2,000 or more with an estimated useful life of two years or more. Depreciation and amortization, including assets under capital lease, are calculated using the straight-line method over the estimated useful lives of the assets or life of the lease. Major renewals and betterments, which extend the useful life of an asset, are capitalized while routine maintenance and repairs are expensed as incurred.

Gains or losses on dispositions of property and equipment are included in the consolidated statements of activities.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment - Continued

Description	Years
Building and building improvements	40
Vehicles, furniture and equipment	5 - 8
Computer hardware	3
Fitness equipment under capital lease	3 - 4
Computer software	3

Public Support and Pledges Receivable

Public support consists of cash and securities received from donors. Securities and other assets received as contributions are recorded at fair value at the date of gift.

Unconditional promises to give contributions are recorded as revenue when the promises are received. These pledges receivable have been discounted to their estimated present values. Management assesses the collectability of pledges receivable based on historical experience and has established an allowance for uncollectible pledges accordingly. When amounts are determined to be uncollectible they are written off and charged to bad debt loss, whereas a reduction of the allowance for uncollectible pledges is reflected as bad debt recapture.

In-Kind Support

The Association recognizes in-kind contributions as revenue in the period in which they are received if the fair market value is estimable. In addition, a significant amount of donated services are contributed to the Association by various individuals who volunteer their time and perform a variety of tasks that assist the Association with specific programs and various committee assignments. The Association estimates to have received more than 12,000 volunteer hours during 2019 and 10,000 during 2018 from approximately 700 volunteers in 2019 and 900 volunteers in 2018. The value of these services is not reflected in these consolidated financial statements because the criteria for recognition have not been satisfied.

Program Fees, Grants and Deferred Revenue

Program fees and grant revenues are recognized as revenue when earned. Certain organizations involved in exchange transactions may specify monies be used in a specific future period and, as such, they are initially recorded as deferred revenue, and are then recognized in the period for which they were designated.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Expenses are charged to programs and supporting services based on both the direct assignment of costs and allocation of costs based on reasonable methods such as square footage and full-time equivalent. Certain costs have been allocated among program services and supporting services, as determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Employee parking	Full time equivalent and usage
Building services	Square footage
Information technology	Full time equivalent and usage

Income Taxes

The Association is a nonprofit organization that has been granted an exemption from federal income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code for all business income related to its tax-exempt purpose. The Association had no unrelated business income during 2019 or 2018. The Association is similarly classified by the State of Illinois.

The Association files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Illinois.

Evaluation of Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of August 31, 2019 and 2018, the Association had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Concentration of Credit Risk

The Association maintains cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

Effects of Recently Issued Accounting Standards

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America when it becomes effective. In July 2015, the FASB approved a one year deferral of this standard, with a revised effective date for fiscal years beginning after December 15, 2018. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. Management is currently evaluating the impact this change in accounting standards will have on the consolidated financial statements and related disclosures and has not yet selected a transition method.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. In October 2019, the FASB approved a one year deferral of this standard for non-public entities, with a revised effective date for fiscal years beginning after December 15, 2020. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the consolidated financial statements and related disclosures.

In August 2016, the Financial Accounting Standards Board (FASB) issued new rules for nonprofit organizations under Accounting Standards Update (ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (NFP). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of its consolidated financial statements accordingly, applying the changes retrospectively to the comparative period presented, as appropriate. The new standards change the following aspects of the Association's consolidated financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.

- Temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Effect of Recently Issued Accounting Standards - Continued

- The consolidated financial statements include a new disclosure about liquidity and availability of resources. See Note 2.

- The Association is required to present an analysis of expenses by both function and natural classification which is presented on the statement of functional expenses in the accompanying consolidated financial statements. As a result of the implementation, certain adjustments were made to the classification and allocation of expenses, including marketing expense, on the consolidated statement of activities and consolidated statement of functional expenses which resulted in a lack of comparability in the periods presented.

In June 2018, the FASB completed its project on revenue recognition of grants and contracts by not-for-profit entities by issuing ASU 2018-08 "*Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*." The amendments provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

Specifically, the amendments:

- Clarify how an NFP determines whether a resource provider is participating in an exchange transaction or a contribution.

- Help an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (a) a barrier that must be overcome and (b) a right of return or release of obligation.

- Modify the simultaneous release option currently in accounting principles generally accepted in the Unites States of America, which allows an NFP to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

ASU 2018-08 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods beginning after December 15, 2019. Early adoption of the amendments in this update is permitted. Management is currently evaluating the impact these changes in accounting standards will have on the Association's consolidated financial statements and related disclosures.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reclassifications

Certain reclassifications were made to the August 31, 2018 consolidated financial statements in order to more accurately reflect expenses on a functional basis and conform with the presentation of the August 31, 2019 consolidated financial statements. These reclassifications had no impact on total program services, total supporting services or total expenses.

Subsequent Events

The Association has evaluated subsequent events for potential recognition and/or disclosures through December 3, 2019, the date the consolidated financial statements were available to be issued.

2. LIQUIDITY

The Association has $2,397,311 of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures. The Association includes in financial assets available for general expenditures, board designated net assets of $639,512 which are subject to self-imposed limits by action of the governing board, and would require approval to be used for general expenditure. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year from the statement of financial position.

The table below presents financial assets available for general expenditure, within one year at August 31, 2019:

Financial assets at year end:	
Cash and cash equivalents	$1,264,534
Short-term investments	759,397
Accounts receivable	248,733
Pledges receivable - without donor restrictions due within one year	117,862
Distributions from beneficial assets held by others due within one year	6,785
Financial Assets Available to Meet General Expenditures Within One Year	$2,397,311

2. LIQUIDITY - Continued

The Association's goal is to maintain financial assets consisting of cash and short-term investments on hand to meet sixty days of operating expenditures. On average, sixty days of operating expenditures is approximately $2,395,000. Also, the Association strives to achieve YMCA of the USA benchmark standards for liquidity as measured by the months of cash and cash equivalents available metric, and the current ratio. The months of cash available ratio indicates how long the Association can operate with the existing cash at current expense levels. The Association had on average 1.7 months of cash available to meet current expenditures which is slightly below the YMCA of the USA benchmark of 2.0 months of cash. The current ratio indicates the short-term solvency of the Association, or how easily the Association can pay its bills. A current ratio of 1.0 indicates that current asset balances are adequate to cover all of the Association's short-term obligations. The Association had a current ratio of 1.3 indicating that current assets were 1.3 times larger than current liabilities at August 31, 2019, which is slightly below the YMCA of the USA benchmark of 1.5.

The Association structures its financial assets to be available for general expenditures, liabilities and other obligations due. In addition, as part of its liquidity management, the Association invests cash in excess of requirements in money market and investment accounts.

3. INVESTMENTS

Investments consist of the following at August 31:

	2019	2018
Equity index mutual funds		
Total international stock index-Admiral	$ 675,121	$ 577,091
Total stock market index-Admiral	1,639,899	1,545,486
Fixed income funds		
Inter-term invest - Gr Admiral	460,954	409,486
Short-term invest - Gr Admiral	298,419	265,162
Total international bond index-Admiral	386,955	347,077
Total bond market index-Admiral	772,997	682,018
	$ 4,234,345	$ 3,826,320

4. PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give.

4. PLEDGES RECEIVABLE - Continued

Pledges at August 31, consist of items receivable in:

	2019	2018
Less than one year	$ 515,121	$ 570,229
One to five years	206,000	278,291
	721,121	848,520
Less: Discount to net present value	19,788	29,162
Less: Allowance for uncollectible pledges	36,057	42,426
Net pledges receivable	$ 665,276	$ 776,932

The discount rate used in determining the net present value of pledges receivable is 4%.

5. CHARITABLE REMAINDER TRUST

The Association was named as a beneficiary of a charitable remainder trust that began in 2001. The charitable remainder trust provided for the payment of distributions to the designated beneficiary over the designated beneficiary's lifetime. At the end of the trust's term, one-third of the remaining assets became available for the Association's use. The charitable remainder trust was liquidated during the fourteen months ended August 31, 2018 and the Association received their share of the proceeds in the amount of $186,363.

6. CHARITABLE LEAD TRUST

During 2011, a donor established a charitable lead trust naming the Association as a lead beneficiary. Under the terms of the agreement, the Association began receiving $7,142 per year for 19 years commencing in the year ended June 30, 2012, $5,142 of which is considered board designated for the Strengthening Community Fund. The present value of the future payments to be received are estimated to be $58,925 at August 31, 2019, and $63,033 at August 31, 2018, using a 4% discount rate and are restricted for time. The discount was $15,705 at August 31, 2019 and $18,385 at August 31, 2018, and the allowance for the doubtful account was $3,928 and $4,285, respectively.

7. FAIR VALUE MEASUREMENTS

The FASB Codification provides a framework for measuring fair value using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2019 and 2018.

Level 1 Fair Value Measurements

The fair values of equity mutual funds, preferred and fixed rate securities, corporate bonds and municipal bonds are available are based on quoted market prices, when available.

Level 2 Fair Value Measurements

The beneficial interest in a charitable remainder trust and the charitable lead trust are not actively traded. The fair value of the beneficial interest in the charitable lead trust is determined by discounting the related cash flows based on current yields of similar instruments with comparable durations. The fair value of the interest rate cap derivative is provided to the Association by the bank and is based on the bank's internal proprietary pricing models and estimates, certain assumptions, and available market data.

7. FAIR VALUE MEASUREMENTS - Continued

Fair values of assets measured on a recurring basis at August 31, 2019 are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments	$ 4,234,345	$ 4,234,345	$ -
Beneficial interest in charitable lead trust	58,925		58,925
Interest rate cap derivative	352		352
Total Assets	$ 4,293,622	$ 4,234,345	$ 59,277

Fair values of assets measured on a recurring basis at August 31, 2018 are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments	$ 3,826,320	$ 3,826,320	$ -
Beneficial interest in charitable lead trust	63,033		63,033
Interest rate cap derivative	4,754		4,754
Total Assets	$ 3,894,107	$ 3,826,320	$ 67,787

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31:

	2019	2018
Land	$ 1,142,512	$ 1,142,512
Building	2,610,099	2,610,099
Building improvements	21,761,839	21,570,544
Furniture and equipment	4,236,537	4,503,503
Computer hardware	299,531	249,663
Computer software	362,647	433,814
Vehicles	238,243	343,441
Construction in progress	540,657	408,585
	31,192,065	31,262,161
Accumulated depreciation and amortization	16,553,129	16,081,819
Net Property and Equipment	$14,638,936	$15,180,342
Depreciation and Amortization Expense	$ 1,077,237	$ 1,301,639
Loss on abandonment of property and equipment	$ 57,627	$ -

During 2019, the Association abandoned a website development project in the amount of $57,627 which is included in promotion and advertising expense in the consolidated statement of functional expense.

9. MORTGAGE PAYABLE

On May 29, 2014 the Association entered into two 7 year mortgages with a bank totaling $5,600,000, at 1.3% over the variable rate index (LIBOR Rate), secured by the Association owned real property in Evanston, Illinois. The amounts borrowed under these promissory notes were $4,592,000 and $1,008,000. The first required principal payments on these notes totaling $100,000 was paid in June, 2014. Per an agreement dated July 22, 2014, the terms of the original mortgage were slightly modified and annual principal payments of $400,000 are due on June 15 commencing June 15, 2015 and ending with a balloon payment of $3,097,109 on June 15, 2021. Interest payments are due monthly. The interest rates at August 31, 2019 and 2018 were 3.4120%, and 3.3749%, respectively. The loan agreements require a financial ratio be maintained. As of August 31, 2019, the Association was in compliance with this requirement.

9. MORTGAGE PAYABLE - Continued

Mandatory payments (if not paid earlier) on the above debt are:

Year Ending August 31	Amount
2020	$ 400,000
2021	3,097,109
Total	$ 3,497,109

In November 2010, the Association entered into an interest rate cap agreement (Cap) with a notional principal amount of $5,000,000 maturing in November 2023. The Association has a variable mortgage rate of LIBOR plus 1.3 percentage points over the index. The interest rate swap agreement caps the borrower's LIBOR rate at 4.28% (3% CAP rate with 70% floating rate option). The one-time payment of $188,000 for the Cap agreement was recorded as an asset on the consolidated statements of financial position during the year ended June 30, 2011. The Association's objective for using this instrument is to protect its cash flows from fluctuations in interest rates. This asset is subsequently measured at fair value with the resulting changes in fair value of the derivative, as provided by the bank, recorded to bond/mortgage interest, amortization and maintenance costs on the consolidated statement of functional expense. The decrease in fair value of the Cap for the year ended August 31, 2019 was $4,402 and the decrease in value of the Cap for the fourteen months ended August 31, 2018 was $1,435.

10. CAPITAL LEASES

The Association has financed equipment under various capital lease agreements. The asset and liability accounts for the capital leases are recorded at the fair value of the assets. The debt obligation represents the present value of the balance due in the future years for the leases.

The Association acquired $385,396 and $48,912 of property and equipment through the assumption of a capital lease during the year ended August 31, 2019 and the fourteen months ended August 31, 2018. These transactions have been treated as noncash financing and investing activities in the consolidated statement of cash flows.

10. CAPITAL LEASES – Continued

The following is the schedule of the future minimum lease payments under the capital leases, by years, and the present value of those payments:

Year Ending August 31,	Amount
2020	$ 173,176
2021	146,838
2022	128,758
2023	9,572
Total minimum lease payments	458,344
Less: Amount representing interest	30,668
Present value of minimum lease payments	427,676
Less: Portion due within one year	173,176
Amounts Due Subsequent to One Year	$ 254,500

The composition of the net book value of assets financed under capital leases was as follows at August 31, 2019.

	Amount
Computer hardware	$ 119,655
Furniture and equipment	286,896
Building improvements	189,470
Vehicles	3,855
Construction in progress	71,871
	671,747
Less accumulated depreciation	255,705
Net Book Value	$ 416,042

11. NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions at August 31 include the following board designated amounts:

	2019	2018
Burning Triangle Fund for Camp Echo general projects	$ 2,000	$ 2,000
Farley charitable lead trust - Strengthening Community Fund	41,140	35,997
Ken Eckholt Testamentary Gift for Camp Echo scholarships	96,750	96,750
Strengthening Community Fund	376,873	376,873
Tom Hebbard Memorial Fund for residence program	83,499	83,499
W.F.G. Fund for youth programs	39,250	39,250
Total Board Designated Net Assets	$ 639,512	$ 634,369

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at August 31 include the following:

	2019	2018
Time restricted:		
Pledges receivable	$ 273,955	$ 314,960
Farley charitable lead trust - Contribution receivable without donor restrictions	16,502	17,652
Purpose restricted:		
Accumulated endowment earnings	131,985	125,563
Camp Echo	996,277	700,816
Carlyle E. and Elizabeth W. Anderson Fund, general purpose	18,956	18,956
Farley charitable lead trust - Strenthening Community Fund	42,424	45,381
MetaMedia Sports/Court Renovation Project	23,999	
Residence Renovation Project	176,644	76,033
Robert Ingram Leitch Memorial Fund for Camp Echo scholarships, membership and youth programs	50,000	50,000
Restricted in Perpetuity:		
Brenner Runs Through It Scholarship Endowment Fund for Camp Echo	55,840	55,840
Davee Foundation Endowment Fund for Camp Echo scholarships	1,000,000	1,000,000
Davee Foundation Endowment Fund for Camp Echo equipment	100,000	
Davee Foundation Endowment Fund for residence scholarship	1,000,000	1,000,000
Dennis Newton Endowment Fund for Camp Echo scholarships	61,067	61,067
James D. Vail Endowment Fund for youth programs	147,000	147,000
Kristin Kent Nature Trail Fund for Camp Echo trail maintenance	25,200	25,200
Richard C. Romano Endowment Fund for youth and family programs	102,016	102,016
Roth Holtz Fund for youth programs	9,425	9,425
Total Net Assets With Donor Restrictions	$4,231,290	$3,749,909

12. NET ASSETS WITH DONOR RESTRICTIONS - Continued

The principal of $50,000 for the Robert Ingram Leitch Memorial Fund was donated on October 13, 1972. The principal is restricted for 50 years under the terms of Mr. Leitch's will. Investment earnings will be distributed to support youth programs annually.

Certain pledges receivable are restricted for specific purposes by the donors and the remaining are time restricted. Camp Echo amounts are restricted for capital expenditures and for scholarship purposes.

13. DONOR DESIGNATED ENDOWMENT

The Association adopted the Codification standards for "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds". The Codification provides guidance as well as additional disclosures that are required for an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

As the State of Illinois enacted UPMIFA effective June 30, 2009, the provisions of which apply to endowment funds existing on or established after that date, the Board of Directors determined that the majority of the Association's net assets restricted in perpetuity meet the definition of endowment funds under UPMIFA. Based on the Association's interpretation of UPMIFA, Association management reviewed all of its endowment funds, and created a document stating the "purpose" for each fund and the board reviewed and approved all fund designations.

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

1. The duration and preservation of the fund;
2. The purpose of the Association and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Association; and
7. The investment policies of the Association.

13. DONOR DESIGNATED ENDOWMENT - Continued

Endowment Investment and Spending Policies

The Association has adopted investment and spending polices, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Association's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 4%, net of investment fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places an emphasis on U.S. Government bonds, corporate bonds, money market, and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Association's various endowed funds to support the mission of the Association. The current policy is to transfer to the Operating account an annual average of 4% of funds invested in the Association's investment account. The investment account includes both endowed and non-endowed funds. For each fiscal year's budget, the Board shall authorize for the following fiscal year a fund payout within the range of 0% to 5% based on a March 31st evaluation. The portion of this income related to donor designated endowment assets are allocated directly to fund specified program activities each year. Over the long-term, the Association expects its current spending policy to allow its investment assets to grow. This is consistent with the Association's objective to maintain the purchasing power of investment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of August 31 are as follows:

	2019	2018
Donor-Restricted Endowment Funds	$ 2,632,533	$ 2,526,111

13. DONOR DESIGNATED ENDOWMENT - Continued

Changes in endowment net assets for the year ended August 31, 2019 and the fourteen months ended August 31, 2018 are as follows:

	2019	2018
Endowment Net Assets, Beginning of Period	$ 2,526,111	$ 432,262
Contributions	100,000	2,000,425
Investment income	53,992	40,210
Net apppreciation	48,452	109,236
Amounts appropriated for expenditure	(96,022)	(56,022)
Endowment Net Assets, End of Period	$ 2,632,533	$ 2,526,111

14. CONCENTRATION OF CONTRIBUTIONS

During 2019 there were no concentration of contributions. During 2018, approximately 40% of the total contribution and grant revenue was contributed by one foundation.

15. FEE ASSISTANCE

Fee assistance by program consists of the following:

	2019	2018
Membership and program fees	$ 738,176	$ 894,501
Children's center fees	694,688	1,129,202
Camp Echo fees	309,177	508,963
Residence fees	64,193	65,454
Total Fee Assistance	$ 1,806,234	$ 2,598,120

16. LEASED FACILITIES

The Association leases space for day care/child care center, recreational programs and office and meeting space at St. Mary's Parish in Evanston. The initial annual base rent of the lease was $180,000 with a 1% annual increase over the prior year. The lease was extended through July 31, 2015 at an annual base rent of $216,000 commencing June 1, 2010, with an annual escalation of 2% and $7,200 annually for designated parking spots with a $600 annual escalation. On July 30, 2015, the Association and the Catholic Bishop of Chicago signed the First Amendment to the lease agreement extending the lease for another five year period ending July 31, 2020.

The Association has a three year and two month lease agreement for office space with Family Focus with an annual escalation clause expiring on June 30, 2020. Monthly rental payments range over the life of the lease from $3,508 to $4,035.

During the fourteen months ended August 31, 2018 the Association recognized $54,880 as in-kind donation for parking lot space donated by the King Home. In August of 2018, the Association entered into a month-to-month lease contract with CH Ventures, LLC to utilize the parking lot beginning September 1, 2018, for $3,920/month. Rent expense incurred during the year ended August 31, 2019 was $47,040.

Future minimum lease payments on the multi-year leases with St. Mary's Parish and Family Focus are $295,511 for the year ending August 31, 2020. Rent expense was $381,935 for the year ended August 31, 2019 and $428,060 for the fourteen months ended August 31, 2018.

17. RETIREMENT PLAN

The Association participates in the YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in section 403(b)(9) of the code. Both Plans are sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs through-out the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

17. RETIREMENT PLAN - Continued

In accordance with the current agreement, contributions for the YMCA Retirement Fund Retirement Plan is ten percent of the participating employees' salary. These amounts are paid by the Association. Total contributions charged to retirement costs aggregated $424,755 and $562,391 for the year ended August 31, 2019 and the fourteen months ended August 31, 2018, respectively, of which $22,170 and $23,153 was unpaid at August 31, 2019 and 2018, respectively.

18. RELATED PARTY

The Association pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the year ended August 31, 2019 and the fourteen months ended August 31, 2018 were $223,012 and $212,986, respectively.

The Association received contributions from management and board members for the year ended August 31, 2019 and the fourteen months ended August 31, 2018 in the amounts of $49,192 and $49,427, respectively.