



Financial Statements

General Convention of Sioux YMCAs

Dupree, South Dakota

For the years ended December 31, 2021 (Audited) and 2020 (Reviewed)



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General Convention of Sioux YMCAs
Table of Contents
December 31, 2021 (Audited) and 2020 (Reviewed)

	<u>Page No.</u>
Independent Accountant's Review Report	3
Financial Statements	
Statements of Financial Position	6
Statements of Activities	7
Statements of Functional Expenses	9
Statements of Cash Flows	11
Notes to the Financial Statements	12

INDEPENDENT AUDITOR'S REPORT

Board of Directors
General Convention of Sioux YMCAs
Dupree, South Dakota

Opinion

We have audited the accompanying financial statements of General Convention of Sioux YMCAs (the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Organization'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 Organization'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.

Prior Period Financial Statements

The financial statements of the Organization as of December 31, 2020 were reviewed by us with a report dated March 24, 2021.



Abdo
Minneapolis, Minnesota
June 21, 2022



FINANCIAL STATEMENTS

General Convention of Sioux YMCAs
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u> <u>(Audited)</u>	<u>2020</u> <u>(Reviewed)</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 434,280	\$ 344,739
Certificates of deposit and short-term investments	519,574	517,607
Pledges and grants receivable	188,503	45,726
Inventory	<u>8,633</u>	<u>8,328</u>
Total Current Assets	<u>1,150,990</u>	<u>916,400</u>
Property and Equipment		
Furniture and equipment	292,525	252,900
Buildings and improvements	1,368,202	1,342,493
Land	14,920	14,920
Construction in progress	<u>7,015</u>	<u>-</u>
Total Property and Equipment, Cost	<u>1,682,662</u>	<u>1,610,313</u>
Accumulated Depreciation	<u>(477,519)</u>	<u>(425,078)</u>
Total Property and Equipment, Net	<u>1,205,143</u>	<u>1,185,235</u>
Other Assets		
Beneficial interest in assets held at SD Community Foundation	384,246	360,571
Investments	<u>516,928</u>	<u>388,122</u>
Total Other Assets	<u>901,174</u>	<u>748,693</u>
Total Assets	<u>\$ 3,257,307</u>	<u>\$ 2,850,328</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 37,880	\$ 10,645
Other accrued liabilities	36,922	14,546
Refundable advance	-	54,752
Total Current Liabilities	<u>74,802</u>	<u>79,943</u>
Net Assets		
With donor restrictions	<u>1,489,552</u>	<u>1,333,125</u>
Without donor restrictions		
Designated by the Board	31,095	31,002
Undesignated	<u>1,661,858</u>	<u>1,406,258</u>
Total Without Donor Restrictions	<u>1,692,953</u>	<u>1,437,260</u>
Total Net Assets	<u>3,182,505</u>	<u>2,770,385</u>
Total Liabilities and Net Assets	<u>\$ 3,257,307</u>	<u>\$ 2,850,328</u>

See Independent Accountant's Review Report and Notes to the Financial Statements.

General Convention of Sioux YMCAs
Statements of Activities
For the Year Ended December 31, 2021 (Audited)

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Contributions	\$ 348,727	\$ -	\$ 348,727
In-kind donations	6,400	-	6,400
Payroll Protection Program loan forgiveness	54,752	-	54,752
Employee Retention Credit	94,226	-	94,226
Grants	536,479	91,361	627,840
Total Support	<u>1,040,584</u>	<u>91,361</u>	<u>1,131,945</u>
Revenue			
Program revenue	7,321	-	7,321
Investment income	840	154,743	155,583
Other income	13,044	-	13,044
Memberships	50	-	50
Total Revenue	<u>21,255</u>	<u>154,743</u>	<u>175,998</u>
Net Assets Released from Restrictions	<u>89,677</u>	<u>(89,677)</u>	<u>-</u>
Total Support and Revenue	<u>1,151,516</u>	<u>156,427</u>	<u>1,307,943</u>
Expenses			
Program services	717,864	-	717,864
Supporting services			
Management and general	159,897	-	159,897
Fundraising	18,062	-	18,062
Total Supporting Services	<u>177,959</u>	<u>-</u>	<u>177,959</u>
Total Expenses	<u>895,823</u>	<u>-</u>	<u>895,823</u>
Change in Net Assets	255,693	156,427	412,120
Net Assets, Beginning of Year	<u>1,437,260</u>	<u>1,333,125</u>	<u>2,770,385</u>
Net Assets, End of Year	<u>\$ 1,692,953</u>	<u>\$ 1,489,552</u>	<u>\$ 3,182,505</u>

See Independent Accountant's Review Report and Notes to the Financial Statements.

General Convention of Sioux YMCAs
 Statements of Activities (Continued)
 For the Year Ended December 31, 2020 (Reviewed)

	Without Donor Restriction	With Donor Restriction	Total
Support			
Contributions	\$ 303,996	\$ 73,051	\$ 377,047
Grants	203,721	156,500	360,221
Total Support	507,717	229,551	737,268
Revenue			
Program revenue	6,800	-	6,800
Interest income	4,372	-	4,372
Investment income	35,154	101,601	136,755
Other income	46,149	-	46,149
Memberships	283	-	283
Total Revenue	92,758	101,601	194,359
Net Assets Released from Restrictions	102,929	(102,929)	-
Total Support and Revenue	703,404	228,223	931,627
Expenses			
Program services	470,927	-	470,927
Supporting services			
Management and general	191,739	-	191,739
Fundraising	9,027	-	9,027
Total Supporting Services	200,766	-	200,766
Total Expenses	671,693	-	671,693
Change in Net Assets	31,711	228,223	259,934
Net Assets, Beginning of Year	1,405,549	1,104,902	2,510,451
Net Assets, End of Year	\$ 1,437,260	\$ 1,333,125	\$ 2,770,385

See Independent Accountant's Review Report and Notes to the Financial Statements.

General Convention of Sioux YMCAs
 Statements of Functional Expenses
 For the Year Ended December 31, 2021 (Audited)

	Program Services				Total Program Services	Management and General	Fundraising and Development	Total
	After School Program	Youth Program	Camp Program	Other Programs				
Expenses								
Salaries and wages	\$ 190,574	\$ -	\$ 111,211	\$ 30,462	\$ 332,247	\$ 30,618	\$ -	\$ 362,865
Employee benefits	6,191	-	4,801	905	11,897	12,195	-	24,092
Payroll taxes and worker's compensation	12,945	-	8,508	2,330	23,783	3,976	-	27,759
Total Salaries and Related Expenses	<u>209,710</u>	<u>-</u>	<u>124,520</u>	<u>33,697</u>	<u>367,927</u>	<u>46,789</u>	<u>-</u>	<u>414,716</u>
Repairs and maintenance	1,654	78	6,107	2,186	10,025	12,764	-	22,789
Supplies	136,841	1,553	38,012	25,188	201,594	6,769	1,494	209,857
Postage	219	-	774	-	993	156	19	1,168
Occupancy	15,404	-	6,435	4,152	25,991	8,105	-	34,096
Insurance	8,542	-	8,541	8,542	25,625	-	-	25,625
Promotion and publishing	28	-	-	786	814	2,067	972	3,853
Travel and employee expenses	16,268	-	10,371	455	27,094	3,659	18	30,771
Payments to affiliates	-	-	-	-	-	12,762	-	12,762
Professional fees	171	-	6,392	183	6,746	46,078	2,359	55,183
Contract labor	-	-	8,450	390	8,840	1,453	13,200	23,493
Miscellaneous	-	-	44	-	44	9,025	-	9,069
Total Expenses Before Depreciation	<u>388,837</u>	<u>1,631</u>	<u>209,646</u>	<u>75,579</u>	<u>675,693</u>	<u>149,627</u>	<u>18,062</u>	<u>843,382</u>
Depreciation	<u>12,919</u>	<u>12,919</u>	<u>14,488</u>	<u>1,845</u>	<u>42,171</u>	<u>10,270</u>	<u>-</u>	<u>52,441</u>
Total Expenses	<u>\$ 401,756</u>	<u>\$ 14,550</u>	<u>\$ 224,134</u>	<u>\$ 77,424</u>	<u>\$ 717,864</u>	<u>\$ 159,897</u>	<u>\$ 18,062</u>	<u>\$ 895,823</u>

See Independent Accountant's Review Report and Notes to the Financial Statements.

General Convention of Sioux YMCAs
Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2020 (Reviewed)

	Program Services					Management and General	Fundraising and Development	Total
	After School Program	Youth Program	Camp Program	Other Programs	Total Program Services			
Expenses								
Salaries and wages	\$ 141,112	\$ 7,978	\$ 38,241	\$ -	\$ 187,331	\$ 58,839	\$ -	\$ 246,170
Employee benefits	5,748	-	797	-	6,545	8,760	-	15,305
Payroll taxes and worker's compensation	10,795	610	2,925	-	14,330	4,501	-	18,831
Total Salaries and Related Expenses	<u>157,655</u>	<u>8,588</u>	<u>41,963</u>	<u>-</u>	<u>208,206</u>	<u>72,100</u>	<u>-</u>	<u>280,306</u>
Repairs and maintenance	1,138	-	2,924	365	4,427	4,134	2,160	10,721
Supplies	122,629	342	2,514	9,946	135,431	1,056	467	136,954
Postage	-	-	2,531	14	2,545	2,972	-	5,517
Occupancy	13,358	-	4,582	4,519	22,459	9,533	-	31,992
Insurance	8,051	-	7,719	7,719	23,489	-	-	23,489
Promotion and publishing	134	-	781	-	915	55	-	970
Travel and employee expenses	6,287	-	5,324	1,339	12,950	6,747	2,563	22,260
Payments to affiliates	-	-	-	-	-	19,163	-	19,163
Professional fees	-	714	-	-	714	67,021	-	67,735
Contract labor	850	-	3,200	5,472	9,522	14	3,837	13,373
Miscellaneous	469	-	2,380	661	3,510	2,563	-	6,073
Total Expenses Before Depreciation	<u>310,571</u>	<u>9,644</u>	<u>73,918</u>	<u>30,035</u>	<u>424,168</u>	<u>185,358</u>	<u>9,027</u>	<u>618,553</u>
Depreciation	<u>14,754</u>	<u>14,754</u>	<u>15,143</u>	<u>2,108</u>	<u>46,759</u>	<u>6,381</u>	<u>-</u>	<u>53,140</u>
Total Expenses	<u>\$ 325,325</u>	<u>\$ 24,398</u>	<u>\$ 89,061</u>	<u>\$ 32,143</u>	<u>\$ 470,927</u>	<u>\$ 191,739</u>	<u>\$ 9,027</u>	<u>\$ 671,693</u>

See Independent Accountant's Review Report and Notes to the Financial Statements.

General Convention of Sioux YMCAs
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u> <u>(Audited)</u>	<u>2020</u> <u>(Reviewed)</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 412,120	\$ 259,934
Adjustment to reconcile change in net assets to net cash provided by operations:		
Realized and unrealized gain on investments	(123,608)	(59,393)
Depreciation	52,441	53,140
Change in beneficial interest in assets held by others	(23,675)	(67,493)
Forgiveness of Payroll Protection Program loan	(54,752)	-
Change in operating assets and liabilities:		
Pledges and grants receivable	(142,777)	17,692
Inventory	(305)	(2,796)
Accounts payable	27,235	3,585
Accrued expenses	22,376	(29,987)
Net Cash Provided by Operating Activities	<u>169,055</u>	<u>174,682</u>
Cash Flows from Investing Activities		
Purchases of fixed assets	(72,349)	(6,251)
Reinvested interest and dividends	(7,165)	-
Purchase of investments	-	(36,560)
Sales of investments	-	30,000
Net Cash Used by Investing Activities	<u>(79,514)</u>	<u>(12,811)</u>
Cash Flows from Financing Activities		
Proceeds from refundable advances	<u>-</u>	<u>54,752</u>
Change in Cash and Cash Equivalents	89,541	216,623
Beginning Cash and Cash Equivalents	<u>344,739</u>	<u>128,116</u>
Ending Cash and Cash Equivalents	<u>\$ 434,280</u>	<u>\$ 344,739</u>

See Independent Accountant's Review Report and Notes to the Financial Statements.

General Convention of Sioux YMCAs
Notes to the Financial Statements
December 31, 2021 (Audited) and 2020 (Reviewed)

Note 1: Summary of Significant Accounting Policies

A. Nature of Organization

The General Convention of Sioux YMCAs (the Organization) purpose is to provide services and activities that improve the quality of life for individuals and families in the various communities on the Cheyenne River Reservation. Activities provided include, but are not limited to: summer camp, specialty camps, field trips, after school programs, and health programs, including mental health, diabetes, obesity, lung and heart disease. Funding for the activities is primarily supported from donations by private individuals and other YMCAs.

Program Activities:

Youth Development - The Organization is committed to nurturing the potential of every child and teen. The Organization believes that all kids deserve the opportunity to discover who they are and what they can achieve. The Organization helps young people cultivate the values, skills and relationships that lead to positive behaviors, better health and educational achievement. The Organization's programs, such as afterschool, day camp, and summer camp, offer a range of experiences that enrich social, physical, and emotional growth.

Healthy Living - The Organization is a leading voice on health and well-being. It brings families closer together, encourages good health and fosters connections through after school programs, day camps, summer camps, and participating in local community events. As a result, people in the community are receiving the support, guidance, and resources they need to achieve greater health. This is particularly important as our nation struggles with an obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment.

Social Responsibility - The Organization believes in giving back and supporting the community. The Organization purchases local artists' work and sells the artwork at the YMCA location. The pieces are only marked up enough to cover expenses. This is a way in which the Organization helps those within the community thrive as well as shares the Native American culture. The Organization also houses various teen and college volunteer groups. These groups help with various projects at our main location and at camp. During their time of volunteer work, these groups are educated about Native American culture. The Organization has a continued goal to engage the community, staff, and volunteers in activities that strengthen the community and pave the way for future generations to thrive.

The Organization's programs are accessible, free, and open to all faiths, backgrounds, abilities and income levels.

B. Basis of Presentation

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

Without Donor Restrictions - Resources over which the Board of Directors has discretionary control. Designated amounts represent revenue which the Board of Directors has set aside for a particular purpose.

With Donor Restrictions - Resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to support with donor restrictions at the time of receipt and as net assets released from restrictions. Some resources are subject to the donor-imposed restriction that they be maintained permanently by the Organization.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers savings and cash accounts having maturities less than three months as cash and cash equivalents.

General Convention of Sioux YMCAs
Notes to the Financial Statements
December 31, 2021 (Audited) and 2020 (Reviewed)

Note 1: Summary of Significant Accounting Policies (Continued)

D. Certificates of Deposit

The Organization's certificates of deposit are stated at cost and have original maturities of 24 months or less.

E. Pledges and Grants Receivable

Unconditional promises to give are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Promises to give without donor restrictions to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without restriction when received unless the donor's intention is to support current-period activities.

Management individually reviews all past due promises to give balances and estimates the portion, if any, of the balance that will not be collected. At December 31, 2021 and 2020, management has determined that all pledges receivable are fully collectible, therefore, no allowance for uncollectible accounts is recorded.

F. Inventories

Inventory, which primarily consists of art and craft projects purchased from local artists, is stated at the lower of cost or market value. Cost is determined on the first-in, first-out method. Donated items are recorded at estimated fair value at the date of donation.

G. Property and Equipment

The Organization capitalizes all expenditures for property and equipment of \$500 or more, while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased equipment is carried at cost. Donated equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets as follows:

	<u>Estimated Useful Lives</u>
Buildings and Improvements	15 - 40 years
Furniture and Equipment	5 - 7 years

Depreciation expense was \$52,441 and \$53,140 for the years ended December 31, 2021 and 2020, respectively.

H. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

General Convention of Sioux YMCAs
Notes to the Financial Statements
December 31, 2021 (Audited) and 2020 (Reviewed)

Note 1: Summary of Significant Accounting Policies (Continued)

I. Revenue Recognition

Contributions received are recorded as net assets with donor restriction or net assets without donor restriction, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Program revenue is recognized in the year in which services are performed. Performance obligations for services are met when services are rendered. Revenues received prior to satisfaction of performance obligations are recorded as deferred revenue until those performance obligations are met.

J. Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses allocated include salaries and benefits, which are allocated on the basis of time and effort. All other costs are allocated among program and support services benefited using an analysis of time spent in each area.

K. Tax Status

The Organization is a tax-exempt organization under IRS Code Section 501(c) (3) and consequently records no provision for income taxes to the Internal Revenue Service or the state of South Dakota.

L. Advertising

The YMCA of the USA advertises the Organization's mission and programs among the community it serves. The production costs of advertising are expensed as incurred. Advertising costs for the ended December 31, 2021 and 2020 were \$3,853 and \$970 respectively.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

N. New Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, Leases, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for non-public entities with annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for the Organization in 2022. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its financial statements at this time.

General Convention of Sioux YMCAs
Notes to the Financial Statements
December 31, 2021 (Audited) and 2020 (Reviewed)

Note 1: Summary of Significant Accounting Policies (Continued)

N. New Accounting Pronouncements (Continued)

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact this standard will have on its financial statements.

O. Reclassifications

Certain amounts in the prior year have been reclassified to conform with presentation in the current year financial statements.

P. Subsequent Events

The Organization has evaluated subsequent events for recognition and/or disclosure through June 21, 2022, the date these financial statements were available to be issued.

Note 2: Pledges and Grants Receivables

All pledges are expected to be collected within one year. Pledges to give consisted of \$33,550 and \$38,800 as of December 31, 2021 and 2020, respectively. Grants receivable consisted of \$154,953 and \$6,926 as of December 31, 2021 and 2020, respectively.

Note 3: Investments

Investments were comprised of mutual funds, stocks and beneficial interest in assets held at South Dakota Community Foundation as stated in Note 4. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the Statements of Financial Position.

Investment income was comprised of the following for the year ended December 31:

	2021 (Audited)	2020 (Reviewed)
Unrealized Gains	\$ 147,283	\$ 144,269
Realized Loss	-	(17,383)
Interest and Dividends	11,676	11,284
Investment Management Fees	(3,376)	(1,415)
Total Investment Income	\$ 155,583	\$ 136,755

General Convention of Sioux YMCAs
Notes to the Financial Statements
December 31, 2021 (Audited) and 2020 (Reviewed)

Note 4: Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. The framework provides a fair value 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 Organization 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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of valuation methodologies used for assets measured at fair value:

The Beneficial Interest in Assets Held at the SD Community Foundation (the Foundation) has been valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which include private placements and other securities for which prices are not readily available, are determined by the management of the Foundation based on allocations of their total investment portfolio and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The beneficial interest in assets held at the SD Community Foundation is not redeemable by the Organization as described in Note 10.

Mutual Funds and Stocks: Valued at the net asset value per share on a daily basis.

General Convention of Sioux YMCAs
Notes to the Financial Statements
December 31, 2021 (Audited) and 2020 (Reviewed)

Note 4: Fair Value Measurements (Continued)

The following table presents the balances of assets measured at fair value on a recurring basis by level within the fair value hierarchy at December 31:

	2021 (Audited)			Total
	Level 1	Level 2	Level 3	
Mutual Funds	\$ 390,945	\$ -	\$ -	\$ 390,945
Stocks	125,983	-	-	125,983
Beneficial Interest in Assets Held by Others	-	-	384,246	384,246
Total	\$ 516,928	\$ -	\$ 384,246	\$ 901,174

	2020 (Reviewed)			Total
	Level 1	Level 2	Level 3	
Mutual Funds	\$ 341,645	\$ -	\$ -	\$ 341,645
Stocks	46,477	-	-	46,477
Beneficial Interest in Assets Held by Others	-	-	360,571	360,571
Total	\$ 388,122	\$ -	\$ 360,571	\$ 748,693

The following table presents changes in net assets measured at fair value using level 3 inputs on a recurring basis:

Balance at December 31, 2019 (Reviewed)	\$ 293,078
Contributions	34,991
Investment income, net of fees of \$2,992	44,283
Appropriated for expenditure	(11,781)
Balance at December 31, 2020 (Reviewed)	360,571
Investment income, net of fees of \$3,376	24,860
Appropriated for expenditure	(1,185)
Balance at December 31, 2021 (Audited)	<u>\$ 384,246</u>

Note 5: Beneficial Interest in Assets Held by SD Community Foundation

The Organization has transferred assets to the SD Community Foundation (the Foundation) to hold as an endowed component fund (the Fund) for the benefit of the Organization. The Organization has granted the Foundation variance power, giving the Foundation's Board of Trustees the power to use the Fund for other purposes in certain limited circumstances. The Fund is subject to the Foundation's investment and spending policies, which currently result in a distribution to the Organization of up to 5 percent of the average quarterly value over the previous 16 quarters or actual quarter. The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held at the SD Community Foundation in the Statement of Financial Position and reports distributions received as investment income. Changes in the value of the Fund are reported as gains or losses in the Statement of Activities and Changes in Net Assets.

General Convention of Sioux YMCAs
Notes to the Financial Statements
December 31, 2021 (Audited) and 2020 (Reviewed)

Note 6: Payroll Protection Program

In April, 2020, the Organization entered into a promissory note agreement with 1st Financial Bank in the amount of \$54,752 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature March 2025. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). In June 2021, the loan was forgiven 100 percent and recognized as revenue.

Note 7: Employee Retention Credit

In September 2021, the Organization applied for the Employee Retention Credit (ERC) in the amount of \$94,226. Of this amount recorded as revenue at December 31, 2021, the Organization is still expecting to collect \$49,112. This receivable is recorded within grants receivable. The ERC was created by the Coronavirus Aid Relief Economic Security (CARES) Act to encourage organizations to keep employees on their payroll. For 2020, the fully refundable tax credit is 50% of the first \$10,000 of qualified wages paid per employee with a maximum of \$5,000 for the year per employee. For 2021, the fully refundable tax credit is 70% of the first \$10,000 of qualified wages paid per employee each qualifying quarter with a maximum of \$28,000 for the year per employee.

Note 8: Retirement Plan

The YMCA participates in the YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended. The Plan is sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit tax example pension fund incorporated in the state of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The Plan is operated as church pension plan. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, there is no unfunded benefit obligation.

Pension benefits for substantially all employees meeting certain eligibility requirements are provided through participation in the National YMCA Retirement Fund, a multi-employer defined contribution pension plan. The YMCA makes contributions to the plan each year equal to 12% of eligible participant's compensation.

The Organization participates in the YMCA retirement fund, which is a multi-employer defined contribution plan. The Organization contributes 12 percent of compensation to the fund for all eligible employees (i.e. those employed at least two years). The amount of contributions for the years ended December 31, 2021 and 2020 were \$20,674 and \$10,534, respectively.

Note 9: Board-designated Net Assets

Board-designated net assets consist of the following as of December 31:

	2021 (Audited)	2020 (Reviewed)
Camp	\$ 26,772	\$ 26,679
Unemployment payments	4,323	4,323
Total Board-designated Net Assets	\$ 31,095	\$ 31,002

General Convention of Sioux YMCAs
Notes to the Financial Statements
December 31, 2021 (Audited) and 2020 (Reviewed)

Note 10: Restricted Net Assets

Donor-restricted net assets are restricted for the following purposes or periods:

	2021 (Audited)	2020 (Reviewed)
Endowment	\$ 1,168,913	\$ 1,015,355
TECA	229,278	238,770
YMCA of the USA	91,361	77,500
Donation-Global Indigenious Youth Summit	-	1,500
	<u> </u>	<u> </u>
Total Donor-restricted Net Assets	<u>\$ 1,489,552</u>	<u>\$ 1,333,125</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended December 31, 2021 and 2020:

	2021 (Audited)	2020 (Reviewed)
YMCA of the USA	\$ 77,500	\$ 79,000
TECA	9,492	12,148
Donation-Global Indigenious Youth Summit	1,500	-
Endowment - General Operations	1,185	11,781
	<u> </u>	<u> </u>
Total Net Assets Released From Restriction	<u>\$ 89,677</u>	<u>\$ 102,929</u>

Donor-restricted net assets for endowment at December 31, 2021 and 2020 totaled \$1,168,913 and \$1,015,355, respectively, and represent contributions which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity with only the income utilized for the purpose for an establishment of an endowment fund to support the programs of the Organization (Note 14).

Note 11: Concentration of Credit Risk

The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At certain times during the year, cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Note 12: Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses that may be disallowed by the grantor cannot be determined at this time, although the YMCA expects such amounts, if any, to be immaterial.

General Convention of Sioux YMCAs
Notes to the Financial Statements
December 31, 2021 (Audited) and 2020 (Reviewed)

Note 13: COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2021 and 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

Note 14: Endowment

The Board of Directors of the Foundation have interpreted the South Dakota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies certain net assets with donor restriction as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is now classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by state law.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable growth for its endowment. Investment income and realized gains/losses are allocated to temporarily restricted net assets while unrealized gains/losses are allocated to permanently restricted net assets. The current long-term return objective is to achieve a moderate rate of return; however, actual returns in any given year may vary. The Organization considers the following factors in determining whether to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation 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 Foundation
- (7) The investment policies of the Foundation

The following represents endowment net asset composition by type of fund as of December 31, 2021 and 2020:

<u>December 31, 2021 (Audited):</u>	<u>With Donor Restriction</u>
Endowment	<u>\$ 1,168,913</u>
<u>December 31, 2020 (Reviewed):</u>	<u>With Donor Restriction</u>
Endowment	<u>\$ 1,015,355</u>

General Convention of Sioux YMCAs
Notes to the Financial Statements
December 31, 2021 (Audited) and 2020 (Reviewed)

Note 14: Endowment (Continued)

The summary of changes in endowment net assets by type of fund for the years ended December 31, 2021 and 2020 are as follows:

Balance Donor-restricted 12/31/19 (Reviewed)	\$ 853,984
Additions	71,551
Expenditures	(11,781)
Earnings	<u>101,601</u>
Balance Donor-restricted 12/31/20 (Reviewed)	1,015,355
Expenditures	(1,185)
Earnings	<u>154,743</u>
Balance Donor-restricted 12/31/21 (Audited)	<u><u>\$ 1,168,913</u></u>

Note 15: Liquidity and Availability of Financial Assets

Financial assets consist of the Organization's cash and cash equivalents, restricted cash, investments, net accounts receivable, and net pledge receivables. The following represents the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use within one year of December 31, 2021 and 2020 because of contractual, donor or board restrictions.

	2021 (Audited)	2020 (Reviewed)
Cash	\$ 434,280	\$ 344,739
Certificates of deposit and short-term investments	519,574	517,607
Pledges and grants receivable	188,503	45,726
Investments	516,928	388,122
Beneficial interest in assets held at SD Community Foundation	384,246	360,571
Total Financial Assets	<u>2,043,531</u>	<u>1,656,765</u>
Less: amounts unavailable for general expenditures within one year, due to:		
Endowment	(1,168,913)	(1,015,355)
Donor-restricted for TECA	(229,278)	(238,770)
Donor-restricted for YMCA of the USA	(91,361)	(77,500)
Donor-restricted for Global Indigenious Youth Summitt	-	(1,500)
Total Financial Assets Unavailable Within One Year	<u>(1,489,552)</u>	<u>(1,333,125)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 553,979</u></u>	<u><u>\$ 323,640</u></u>

Management routinely monitors liquidity and cash for funding operations and program service delivery in accordance with board established policies. Additionally, liquidity measures are tracked, provided and discussed with board of directors as part of regular reporting cycles. Average monthly expenditures over the past twelve months ended December 31, 2021 and 2020, excluding depreciation was about \$70,000 and \$52,000, respectively, for the Organization.