

**METROPOLITAN YOUNG MEN'S CHRISTIAN  
ASSOCIATION OF THE ORANGES, INC.**

**COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022  
(With Independent Auditors' Report)**

**METROPOLITAN YOUNG MEN'S CHRISTIAN  
ASSOCIATION OF THE ORANGES, INC.**

DECEMBER 31, 2023 AND 2022

**TABLE OF CONTENTS**

	<b>Page</b>
Independent Auditors' Report	1 - 3
Financial Statements:	
Combined Statements of Financial Position	4
Combined Statements of Activities	5
Combined Statements of Functional Expenses	6
Combined Statements of Cash Flows	7
Notes to Combined Financial Statements	8 - 27
Supplementary Information:	
Combined Schedule of Expenditures of Federal and State Awards and Notes to Combined Schedule of Expenditures of Federal and State Awards	28 - 29
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Of Financial Statements Performed in Accordance with Government Auditing Standards	30 - 31
Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey Circular Letter 15-08 OMB Single Audit Policy for Recipients of Federal Grants, State Grants And State Aid	32 - 34
Schedule of Findings and Questioned Costs	35
Summary Schedule of Prior Year's Audit Findings	36

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
The Metropolitan Young Men's Christian Association of the Oranges, Inc.  
304 S Livingston Avenue  
Livingston, New Jersey 07039

### Opinion

We have audited the accompanying combined financial statements of The Metropolitan Young Men's Christian Association of the Oranges, Inc. (a nonprofit organization), which comprise the combined statements of financial position as of December 31, 2023, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Metropolitan Young Men's Christian Association of the Oranges, Inc. as of December 31, 2023, 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 Combined financial statements section of our report. We are required to be independent of The Metropolitan Young Men's Christian Association of the Oranges, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Combined financial statements

Management is responsible for the preparation and fair presentation of the Combined 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 Combined financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of the Combined financial statements

Our objectives are to obtain reasonable assurance about whether the Combined 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 Combined 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 combined 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 combined 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 Metropolitan Young Men's Christian Association of the Oranges, Inc.'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Metropolitan Young Men's Christian Association of the Oranges, Inc.'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.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey (NJ) Circular Letter 15-08 OMB Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the combined financial statements as a whole.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2024, on our consideration of The Metropolitan Young Men's Christian Association of the Oranges, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Metropolitan Young Men's Christian Association of the Oranges, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Metropolitan Young Men's Christian Association of the Oranges, Inc.'s internal control over financial reporting and compliance.

**Report on Summarized Comparative Information**

We have previously audited The Metropolitan Young Men's Christian Association of the Oranges, Inc.'s 2022 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated April 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

*Bederson LLP*

Fairfield, New Jersey  
June 3, 2024



**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.****COMBINED STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2023 AND 2022****ASSETS**

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 11,054,524	\$ 6,337,037
Cash designated by board for future projects	294,055	685,243
Cash restricted for future projects	-	30,308
Accounts and other receivables - net	399,997	468,173
Contributions receivable	246,944	393,266
Inventories	56,834	58,931
Prepaid expenses and other assets	218,275	139,176
Investments	12,748,359	8,954,919
Security deposits and other assets	109,502	109,502
Right of use asset - operating lease	1,980,300	2,506,272
Land, buildings, and equipment-net	<u>26,685,716</u>	<u>27,609,501</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 53,794,506</u></b>	<b><u>\$ 47,292,328</u></b>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	\$ 2,618,302	\$ 2,452,989
Deferred program revenue and other	2,598,385	2,959,932
Member and customer credits	57,831	105,524
Charitable gift annuity liability	10,412	16,912
Operating lease liability	2,095,841	2,578,515
Notes payable	<u>1,821,357</u>	<u>2,190,695</u>
<b>TOTAL LIABILITIES</b>	<b><u>9,202,128</u></b>	<b><u>10,304,567</u></b>
<b>NET ASSETS</b>		
Without donor restrictions	39,799,443	32,663,444
With donor restrictions	<u>4,792,935</u>	<u>4,324,317</u>
<b>TOTAL NET ASSETS</b>	<b><u>44,592,378</u></b>	<b><u>36,987,761</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 53,794,506</u></b>	<b><u>\$ 47,292,328</u></b>

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

# METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

## COMBINED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

	Without Donor Restrictions			With Donor Restrictions	2023	2022
	General Operating	Designated	Total			
<b>REVENUES, GAINS AND SUPPORT</b>						
Program and Government Grant Revenue:						
Community groups	\$ 2,535,205	\$ -	\$ 2,535,205	\$ -	\$ 2,535,205	\$ 1,790,691
Camp	10,032,028	-	10,032,028	-	10,032,028	8,006,188
Youth activity	2,746,311	-	2,746,311	-	2,746,311	2,460,392
Child care	18,371,711	-	18,371,711	-	18,371,711	14,651,969
Administrative rentals and sales	641,774	-	641,774	-	641,774	525,171
 Total program and government grant revenue	 34,327,029	 -	 34,327,029	 -	 34,327,029	 27,434,411
Contributions	1,721,137	-	1,721,137	3,928,989	5,650,126	2,787,272
Contribution - ERTC	239,999	-	239,999	-	239,999	193,953
Contribution - PPP	-	-	-	-	-	4,549,769
Membership dues	5,706,312	-	5,706,312	-	5,706,312	5,074,178
Special events and projects	382,742	-	382,742	-	382,742	377,685
Investment income	(21,158)	387,532	366,374	166,086	532,460	1,159,749
Other revenue	106,781	10,242	117,023	-	117,023	71,092
Net assets released from restrictions for program activities	1,069,037	3,110,532	4,179,569	(4,179,569)	-	-
Net unrealized (losses) gains on long-term investments		1,290,595	1,290,595	553,112	1,843,707	(3,113,432)
Gain on disposal of property and equipment	-	(1,000)	(1,000)	-	(1,000)	723,481
 Total revenue, gains and support	 43,531,879	 4,797,901	 48,329,780	 468,618	 48,798,398	 39,258,158
<b>EXPENSES</b>						
Program services	33,452,591	1,470,805	34,923,396	-	34,923,396	34,385,758
Supporting services	5,559,766	710,619	6,270,385	-	6,270,385	5,980,847
 Total expenses	 39,012,357	 2,181,424	 41,193,781	 -	 41,193,781	 40,366,605
Change in net assets before transfers	4,519,522	2,616,477	7,135,999	468,618	7,604,617	(1,108,447)
Transfers	(491,285)	491,285	-	-	-	-
 Change in net assets	 4,028,237	 3,107,762	 7,135,999	 468,618	 7,604,617	 (1,108,447)
Net assets beginning of year	18,725,907	13,937,537	32,663,444	4,324,317	36,987,761	38,096,208
 Net assets end of year	 \$ 22,754,144	 \$ 17,045,299	 \$ 39,799,443	 \$ 4,792,935	 \$ 44,592,378	 \$ 36,987,761

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

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2023 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)**

	Program Services						Supporting Services					
	Membership Activities	Community Wellness	Camp	Youth Activities	Child Care	Property Management	Total program services	General Administration	Fundraising	Total Supporting Activities	2023	2022
Salaries and wages	\$ 3,127,824	\$ 1,600,315	\$ 3,019,787	\$ 2,568,771	\$ 7,225,122	\$ 1,070,543	\$ 18,612,362	\$ 2,169,429	\$ 714,874	\$ 2,884,303	\$ 21,496,665	\$ 20,702,295
Employee benefits	446,198	171,972	108,882	194,348	1,077,073	166,068	2,164,541	379,012	59,564	438,576	2,603,117	2,809,391
Payroll taxes	319,205	172,561	308,992	290,406	774,124	109,370	1,974,658	211,271	70,934	282,205	2,256,863	1,985,545
Contractual services	694,819	127,371	450,023	165,285	515,805	163,805	2,117,108	673,690	2,581	676,271	2,793,379	2,721,857
Supplies	109,672	112,884	667,940	211,691	425,863	224,199	1,752,249	94,791	128,167	222,958	1,975,207	1,808,608
Telephone	70,296	13,150	5,117	1,152	37,726	38,349	165,790	72,428	1,450	73,878	239,668	234,157
Postage and shipping	5,516	932	534	58	533	932	8,505	5,580	23,795	29,375	37,880	39,398
Occupancy/space costs	202,116	46,003	299,119	86,189	699,866	2,555,030	3,888,323	211,056	280	211,336	4,099,659	4,194,235
Equipment costs	66,310	177,060	68,622	9,973	15,593	40,067	377,625	69,412	713	70,125	447,750	844,707
Insurance	390,556	68,347	976	10	39,056	68,347	567,292	409,098	-	409,098	976,390	860,858
Promotion and advertising	168,978	28,149	27,781	3,055	18,565	27,784	274,312	166,307	7,148	173,455	447,767	614,670
Travel and employee expense	84,201	17,125	261,458	24,166	81,023	23,954	491,927	85,806	17,506	103,312	595,239	527,409
Conference, meetings and dues	236,139	70,469	88,803	23,810	3,157	41,148	463,526	246,263	30,309	276,572	740,098	521,274
Credit loss expense (recovery)	(11,819)	(2,068)	(30)	-	(1,182)	(1,804)	(16,903)	(12,380)	-	(12,380)	(29,283)	44,785
Interest expense	31,929	5,588	80	1	3,193	5,587	46,378	33,445	-	33,445	79,823	91,337
Credit card and bank fees	378,425	66,224	946	10,435	37,843	66,225	560,098	396,391	-	396,391	956,489	806,192
Other expenses	413	72	1	4,200	41	73	4,800	433	1,032	1,465	6,265	23,094
Subtotal	6,320,778	2,676,154	5,309,031	3,593,550	10,953,401	4,599,677	33,452,591	5,212,032	1,058,353	6,270,385	39,722,976	38,829,812
Depreciation and amortization	-	-	-	-	-	1,470,805	1,470,805	-	-	-	1,470,805	1,536,793
Total expenses included in the expense section of the statement of activities	6,320,778	2,676,154	5,309,031	3,593,550	10,953,401	6,070,482	34,923,396	5,212,032	1,058,353	6,270,385	41,193,781	40,366,605
Add expenses netted to revenue	-	-	-	-	-	-	-	53,267	-	53,267	53,267	49,850
Investment expenses	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES BY FUNCTION	6,320,778	2,676,154	5,309,031	3,593,550	10,953,401	6,070,482	34,923,396	5,265,299	1,058,353	6,323,652	\$ 41,247,048	\$ 40,416,455
TOTAL EXPENSES 2022	\$ 6,155,435	\$ 2,367,344	\$ 4,962,328	\$ 3,349,869	\$ 11,787,633	\$ 5,763,149	\$ 34,385,758	\$ 5,181,585	\$ 849,112	\$ 6,030,697	\$ 40,416,455	

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

# METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

## COMBINED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 7,604,617	\$ (1,108,447)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,470,805	1,536,793
(Gain) loss on disposal of property and equipment	1,000	(701,821)
Write off of property and equipment	19,498	-
Right of use asset - amortization	43,298	72,243
Credit loss (recovery)	(29,283)	44,785
Net unrealized (gains) losses on long-term investments	(1,843,707)	3,113,432
Changes in assets and liabilities:		
Accounts and other receivables - net	(23,051)	123,511
Other receivables - ERTC	-	4,202,341
Contributions receivable	146,322	14,685
Prepaid expenses	(79,099)	430,567
Inventories	2,097	(13,189)
Deferred program revenue and other	(361,547)	1,953,957
Accounts payable and accrued expenses	285,823	(187,879)
Refundable advance - PPP	-	(4,549,769)
Member and customer credits	(47,693)	(528,400)
Liability for charitable gift annuity	(6,500)	(6,500)
Net cash provided by operating activities	<u>6,785,345</u>	<u>3,309,142</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	1,763,110	3,546,524
Purchase of investments	(3,315,608)	(3,090,984)
Proceeds from disposal of property and equipment	-	1,184,900
Acquisition of property and equipment	(567,518)	(1,997,089)
Net cash used in investing activities	<u>(2,120,016)</u>	<u>(356,649)</u>
<b>CASH FLOWS USED BY FINANCING ACTIVITIES</b>		
Payments on borrowings	(369,338)	(243,935)
Net increase in cash and cash equivalents	4,295,991	2,708,558
Cash and cash equivalents, restricted and designated cash at beginning of year	<u>7,052,588</u>	<u>4,344,030</u>
Cash and cash equivalents, restricted and designated cash at end of year	<u>\$ 11,348,579</u>	<u>\$ 7,052,588</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for:		
Interest	<u>\$ 73,824</u>	<u>\$ 84,679</u>

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

# **METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**

## **NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

### **NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **Nature of Organization**

The Metropolitan Young Men's Christian Association of the Oranges, Inc. ("YMCA") is a New Jersey not-for-profit corporation operating seven local branches and a central association office. Revenue is generated in numerous ways, including program activities, memberships, and grants from governmental and private sources, fees and donations.

The YMCA has an agreement with The Young Men's and Young Women's Hebrew Association of North Jersey ("YM-YWHA") located in Wayne, New Jersey, so that it can be operated as a branch of the YMCA. The agreement provides that all facilities of the YM-YWHA are leased to and operated by the YMCA (see Note 10). The YMCA does not control the separate YM-YWHA not-for-profit entity and therefore, the interest in the YM-YWHA is not included in the combined financial statements.

#### **Mission Statement**

The YMCA's mission is to strengthen community through youth development, healthy living, and social responsibility.

#### **Program Activities**

The major program activities are described as follows:

**a. Membership Activities**

Members use the YMCA facilities and the many programs for personal activities.

**b. Community Wellness**

Extensive programs are sponsored daily for children between ages of 3 through 17 throughout our community to engage youth in healthy, safe, recreational and enrichment activities. Health and wellness activities are available for community members of all ages. The YMCA also delivers community-building programs for all community members and mental health programs in its community services.

**c. Camp**

Children between the ages of 8 and 15 spend up to 8 weeks at our three residential camps, enjoying sponsored outdoor activities. Children between the ages of 3 and 17 spend up to 10 weeks at our various day camps.

**d. Youth Activity**

Youth under the age of 18 enjoy a range of activities designed to promote and support their social, emotional and physical development.

**e. Child Care**

Childcare centers have been established for infants, toddlers and preschoolers during the normal working day. School age child care is provided before and after school.

**f. Property Management**

Property management is to operate and maintain all facilities, including but not limited to, pools, gymnasiums, cabins, buildings, dining halls and kitchens.

# METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Principles of Combination

The accompanying combined financial statements have been prepared using the accrual basis of accounting and include accounts representing all Branches as follows: Association Services, East Orange, Fairview Lake YMCA Camps, South Mountain, Sussex County, West Essex, Wayne and Greater Bergen. All significant inter-branch and inter-association transactions and balances have been eliminated in combination.

#### Comparative Financial information

The YMCA's combined financial statements are prepared in accordance with the provisions of ASC Topic 958 *"Financial Statements of Not-for-Profit Organizations."* ASC Topic 958 establishes standards for general purpose, external financial statements of financial position, activities, cash flows and functional expenses. It also requires that an organization's net assets and its revenues, expenses, gains and losses be classified based on the existence or absence of donor-imposed restrictions.

The combined financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organizations financial statements for the year ended December 31, 2022, from which the summarized information was derived.

#### Cash and Cash Equivalents

We consider all cash and highly liquid instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. All cash with and without restrictions on the statement of financial position are included as cash for cash flow statement purposes.

The following table provides a reconciliation of cash, cash equivalents, and designated cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 11,054,524	\$ 6,337,037
Cash designated by board for future projects	294,055	685,243
Cash restricted for future projects	<u>-</u>	<u>30,308</u>
	<u>\$ 11,348,579</u>	<u>\$ 7,052,588</u>

#### Inventories

Inventories consisting of merchandise, supplies and food are carried at the lower of cost or market on a first-in first-out basis.

#### Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due from YMCA members and participants in accordance with the respective agreements established by the YMCA. The YMCA determines the allowance for uncollectable accounts receivable based on the amount management expects to collect from outstanding balances. Customer account balances with invoices dated over 30 days old are considered delinquent.

# **METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**

## **NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

### **NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Receivables and Credit Policies (continued)**

In addition, the YMCA considers the historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Management provides for uncollectible accounts through a provision for credit loss expense. In accordance with our policies, the carrying amount of accounts receivable is reduced by a valuation allowance. The allowance for uncollectible accounts amounted to \$117,144 and \$146,427 at December 31, 2023 and 2022, respectively. Credit loss expense (recovery) in 2023 and 2022 amounted to \$(29,283) and \$44,785, respectively.

#### **Investments**

The YMCA records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

The YMCA has debt and equity securities which are subject to market activities and fluctuations. Investments in funds are subject to risk conditions of the individual fund objectives, stock market fluctuations, interest rates, economic conditions and world affairs. The realization is dependent upon economic stability of the securities and issuing entities. At various times throughout the year, the YMCA maintain investment balances at financial institutions which may exceed insured limits.

The YMCA maintains an investment portfolio advisor to oversee its investment portfolio.

The YMCA policy is to sell donated securities immediately, and accordingly, for purposes of the accompanying statement cash flows, donated securities received and sold in the same year are reported in the change in net assets shown in operating activities.

#### **Debt Issuance Costs**

The YMCA follow the requirements in FASB ASC 835-30 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs is reported as interest expense in the statements of activities and functional expenses.

#### **Land, Buildings and Equipment**

The YMCA records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. The costs of all routine recurring computer equipment are directly expensed. Depreciation is computed using the straight-line method over the estimated useful lives as follows: buildings and improvements - 10 to 60 years; machinery and equipment, furniture and fixtures and transportation equipment - 5 years. Land is not depreciated. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts and any resulting gain or loss is included in the statements of activities.

#### **Split Interest Agreement**

The YMCA has entered into an irrevocable agreement with a donor whereby in exchange for the gift from the donor, the YMCA is obligated to make payments to the donor for a specific number of years.

# METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Split Interest Agreement (continued)**

A liability is recognized for the estimated present value of the annuity obligation and the assets are recorded at their gross market value for agreements. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in Internal Revenue Service guidelines and actuarial tables.

#### **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 that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

#### **Basis of Presentation**

The financial statements of the YMCA have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report information regarding its financial position and activities into the following net asset classifications:

#### **Net Assets without Donor Restrictions**

Net assets available for use in general operations and not subject to donor (or certain granter) restrictions. The governing board (the "Board") has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

#### **Net Assets with Donor Restrictions**

Net assets subject to donor (or certain granter) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### **Reclassifications**

Certain amounts reported for 2022 have been reclassified to conform to the 2023 presentation. Such reclassifications had no effect on the previously reported 2022 decrease in net assets.

#### **Revenue and Support Recognition**

The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees. Contributions are recorded as revenue when an unconditional promise to give has been made. Contributions are recorded as with donor restrictions or without donor restriction, depending on donor intent.

Because the YMCA's performance obligations relate to contracts with a duration of less than one year, the YMCA has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), Revenue from Contracts with Customers, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

# **METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**

## **NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

### **NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Revenue and Support Recognition (Continued)**

Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs. Members join for varying lengths of time. Memberships provide use of the recreation facilities, access to free classes, programs and activities, and discounts to fee-based programs. The YMCA offers a variety of programs including family, child care, day camp, resident camp, teen, scholastic, fitness, aquatics, and health programs. Program fees for short duration programs of two months or less, are typically paid in advance at the time of registration. Program fees for longer duration programs, such as fee-based childcare, are usually paid monthly in advance. Cancellation provisions vary by program, but most transactions are cancellable with 30 days' notice. Financial assistance is available to members and program participants. Such financial assistance is reflected as a reduction of gross membership dues and program fees.

Membership dues and program fees paid to the YMCA in advance represent contract liabilities and are recorded as other deferred revenue. Amounts billed but unpaid are contract assets and recorded as accounts receivables.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. In the absence of donor restrictions, contributions and bequests are considered to be available for unrestricted use and are recorded as without restrictions at their fair market value.

#### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to our program service, administration, and fundraising and development activities. Contributed goods are recorded at fair value at the date of donation. The YMCA reviewed the rate at which the services were valued and updated the rate based on published rate data. Contributed services from unpaid volunteers in the amount of \$574,411 and \$479,785 have been recognized in the accompanying 2023 and 2022 combined statement of activities, respectively, because the criteria for recognition of such volunteer efforts has been satisfied. In addition, during 2023 and 2022, the YMCA received in-kind contributions in the amount of \$3,101 and \$11,709, respectively.

#### **Endowment**

The YMCA's endowment consists of both donor-restricted and board designated funds. The purpose of the donor-restricted funds is to sustain the YMCA's mission in the community. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### **Interpretation of Relevant Law**

The Board of Directors has determined that the New Jersey Prudent Management of Institutional Funds Act (NJ-PMIFA), an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), applies to the YMCA's endowment fund. UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organization, and UPMIFA imposes additional duties on those who manage and invest charitable funds. These duties provide additional protections for charities and also protect the interest of donors who want to see their contributions used wisely.

# **METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**

## **NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

### **NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Endowment (Continued)**

##### **Investment Policy Statement**

The fundamental investment objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investments and achieve optimal new investment returns subject to the risk tolerance, investment objectives and policy constraints. The YMCA's objective is to distribute the income earned during the reporting period.

##### **Spending Policy Statement**

In making expenditures from endowment funds, the Board of Directors complies first with any restrictions or requirements in the gift instrument as to purpose and amount. Except as otherwise provided by the gift instrument, in making expenditures from endowment funds, the Board takes into account all relevant considerations including, but not limited to, the long and short-term needs of the YMCA in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. The Board conducts annual analysis of the historic dollar value of the endowment funds and relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The YMCA has a policy of appropriating for distribution each year its endowment fund's average interest and dividend income over the prior 3 years through the calendar year-end preceding the year in which the distribution is planned. In 2022, the Board approved the release of \$252,816 as per the approved operating budget. In 2023, there were no Board approved releases from the endowment fund.

#### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, CEO, COO, and marketing. The occupancy allocations are based on programmatic square footage. The CEO, COO and marketing allocations are based on time and effort, earned revenue, and program participation.

#### **Income Taxes**

The YMCA is organized as a New Jersey nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The YMCA is annually required to file a Return of Organization Exempt from Income tax (Form 990) with the IRS. In addition, the YMCA is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The YMCA has determined that the YMCA is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The YMCA's Forms 990, Return of Organization Exempt from Income Tax are subject to examination by the IRS, generally for three years after the date they were filed. Also, the YMCA's New Jersey Form CRI-300R is subject to examination by the State, generally for four years after they were filed.

# METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Fair Value Hierarchy**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 - Fair Value Measurements establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, corporate-debt securities and alternative investments.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

#### **Impairment of Long-Lived Assets**

The YMCA reviews long lived assets for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. Impairment losses are recognized if expected future cash flows of the related assets are less than their carrying values. There is no current indication that the company's long-lived assets are not recoverable.

#### **Financial Instruments and Credit Risk**

We manage deposit concentration risk by placing cash money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date we have not experienced losses in any of these accounts.

# METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Financial Instruments and Credit Risk (continued)**

Credit risk associated with accounts receivable and promises to give is limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the YMCA.

#### **Accounting Pronouncements**

##### **Leasing Accounting Standards**

As of January 1, 2022, the YMCA changed its accounting method for leases as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, Leases using the modified retrospective transition method. There was no cumulative effect adjustment to the YMCA's statement of financial position as of January 1, 2022.

The new lease guidance requires the recognition of a right of use asset and a lease liability for operating leases. The YMCA elected the package of practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases. The YMCA has not elected the hindsight practical expedient.

##### **Current Expected Credit Losses Standards**

Effective January 1, 2023, the YMCA adopted ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The YMCA adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the YMCA that are subject to ASU 2016-13 include trade accounts receivable. The adoption of this ASU did not have a material impact on the YMCA's financial statements but did change how the allowance for credit losses is determined.

#### **Leases**

The YMCA calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

#### **Subsequent Events**

The YMCA has evaluated subsequent events through June 3, 2024, which is the date the financial statements were available to be issued.

# METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

### NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the YMCA's financial assets at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 11,054,524	\$ 6,337,037
Accounts receivable and other receivables - net	399,997	468,173
Cash designated by board for future projects	294,055	685,243
Cash restricted for future projects	-	30,308
Investments	12,748,359	8,954,919
Contribution receivable	<u>246,944</u>	<u>393,266</u>
Total financial assets	\$ 24,743,879	\$ 16,868,946
Less those unavailable for general expenditures		
Within one year, due to:		
Donor restricted endowment	(3,960,175)	(3,287,893)
Donor restricted for capital projects	(608,245)	(584,566)
Donor restricted for other programs	(224,515)	(451,858)
Security deposits	-	(4,553)
Board designations:		
Designated endowment	<u>(8,024,707)</u>	<u>(6,346,578)</u>
Total	\$(12,817,642)	\$(10,675,448)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 11,926,237</u>	<u>\$ 6,193,498</u>

Our endowment funds consist of donor-restricted and board-designated endowments. Income from donor-restricted endowments are available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment is not donor-restricted, and therefore could be made available for general expenditure or other purposes with board approval.

As part of our liquidity plan cash in excess of daily requirements are invested in money markets and certificates of deposit. Annually the YMCA appropriates amounts from endowments based on average income which is included above.

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 3 – LAND, BUILDINGS AND EQUIPMENT**

A summary of the cost of such assets is as follows

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Furniture and Fixtures</u>	<u>Assets not placed in service</u>	<u>Totals 2023</u>	<u>Totals 2022</u>
Association Services	\$ -	\$ 64,416	\$ 292,498	\$ 28,627	\$ -	\$ 385,541	\$ 340,271
Greater Bergen	2,470,636	3,325,700	29,424	-	-	5,825,760	5,850,882
East Orange	122,373	1,640,719	15,164	-	-	1,778,256	1,789,256
Fairview Lake Camps	473,305	5,882,636	341,130	13,189	94,466	6,804,726	6,849,797
Sussex County	980,544	12,785,169	166,165	-	28,703	13,960,581	14,057,360
West Essex	3,605,906	2,909,223	114,628	53,048	1,592,289	8,275,094	8,831,211
South Mountain	401,579	2,532,563	9,301	-	-	2,943,443	2,969,849
Wayne	-	1,157,227	151,237	29,304	16,428	1,354,196	1,462,889
	<u>8,054,343</u>	<u>30,297,653</u>	<u>1,119,547</u>	<u>124,168</u>	<u>1,731,886</u>	<u>41,327,597</u>	<u>42,151,515</u>
Less: Accumulated Depreciation	<u>-</u>	<u>13,804,659</u>	<u>743,068</u>	<u>94,154</u>	<u>-</u>	<u>14,641,881</u>	<u>14,542,014</u>
Totals	<u>\$ 8,054,343</u>	<u>\$ 16,492,994</u>	<u>\$ 376,479</u>	<u>\$ 30,014</u>	<u>\$ 1,731,886</u>	<u>\$ 26,685,716</u>	<u>\$ 27,609,501</u>

Depreciation expense for 2023 and 2022 amounted to \$1,470,805 and \$1,536,793, respectively.

**NOTE 4 - INVESTMENTS**

At December 31, 2023 and 2022, investments are as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income	\$ 3,059,952	\$ 2,977,259	\$ 2,650,673	\$ 2,460,015
Equities	4,392,065	8,737,908	3,856,537	6,466,638
Certificate of deposits	1,000,000	1,000,000	-	-
Pooled funds	23,271	33,192	23,271	28,266
	<u>\$ 8,475,288</u>	<u>\$ 12,748,359</u>	<u>\$ 6,530,481</u>	<u>\$ 8,954,919</u>

The fixed income and equity securities are included as part of the Endowment Funds.

# METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

### NOTE 5 – FAIR VALUE MEASUREMENTS

The YMCA's investments are reported at fair value in the accompanying statements of financial position. Fair values of assets measured on a recurring basis at December 31, 2023 and 2022 are as follows:

<u>December 31, 2023</u>	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Fixed Income Securities:</b>				
Corporate Bonds	\$ 428,882	\$ -	\$ 428,882	\$ -
Preferred Bond	251,020	-	251,020	-
Securitized - Mortgage Backed	477,780	-	477,780	-
United States Treasuries	<u>1,819,577</u>	<u>-</u>	<u>1,819,577</u>	<u>-</u>
Total Fixed Income Securities	2,977,259	-	2,977,259	-
<b>Equity Securities:</b>				
Communication Services	1,539,065	1,539,065	-	-
Consumer Discretionary Equities	1,334,622	1,334,622	-	-
Consumer Staples	575,186	575,186	-	-
Financials Equities	1,212,379	1,212,379	-	-
Health Care Equities	1,074,102	1,074,102	-	-
Industrials Equities	804,780	804,780	-	-
Information Technology Equities	1,839,986	1,839,986	-	-
Materials Equities	173,863	173,863	-	-
Real Estate	<u>183,925</u>	<u>183,925</u>	<u>-</u>	<u>-</u>
Total Equity Securities	8,737,908	8,737,908	-	-
Certificate of Deposit	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Other	<u>33,192</u>	<u>33,192</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 12,748,359</u>	<u>\$ 9,771,100</u>	<u>\$ 2,977,259</u>	<u>\$ -</u>

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 5 – FAIR VALUE MEASUREMENTS (continued)**

<u>December 31, 2022</u>	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed Income Securities:				
United States Treasuries	\$ 1,333,054	\$ -	\$ 1,333,054	\$ -
Corporate Bonds	376,701	-	376,701	-
Securitized - Mortgage Backed	507,754	-	507,754	-
Preferred Bond	<u>242,506</u>	<u>-</u>	<u>242,506</u>	<u>-</u>
Total Fixed Income Securities	2,460,015	-	2,460,015	-
Equity Securities:				
Materials Equities	222,715	222,715	-	-
Industrials Equities	597,772	597,772	-	-
Consumer Discretionary Equities	1,132,986	1,132,986	-	-
Consumer Staples	292,300	292,300	-	-
Health Care Equities	987,038	987,038	-	-
Financials Equities	741,205	741,205	-	-
Information Technology Equities	1,535,443	1,535,443	-	-
Communication Servies	<u>957,179</u>	<u>957,179</u>	<u>-</u>	<u>-</u>
Total Equity Securities	6,466,638	6,466,638	-	-
Other	<u>28,266</u>	<u>28,266</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 8,954,919</u>	<u>\$ 6,494,904</u>	<u>\$ 2,460,015</u>	<u>\$ -</u>

**NOTE 6 – OPERATING LEASE LIABILITY**

The YMCA entered into various non-cancelable operating lease agreements for program and childcare facilities. Certain operating leases contain escalation clauses for the prorate share of operating costs, property taxes, repairs (inclusive of structural repairs) and insurance.

In connection with the "Integration Agreement" with the YM-YWHA, the YMCA entered into an initial five (5) year lease agreement with the YM- YWHA, with an option to renew for four five (5) year periods. The renewal periods automatically renew for another five-year period, unless the YMCA decides to give written notice otherwise. The second five (5) year lease term expires August 31, 2026. The monthly base rent is equal to the amounts required by the lending institution to routinely liquidate the landlord's mortgage and credit line indebtedness. On May 1, 2020, the lending institution agreed to defer the principal and interest on the mortgage indebtedness for the period May 1, 2020 through July 1, 2020, thus giving the YMCA a three-month rent deferral. Once the mortgage and credit line are paid in full, the annual base rent through the remainder of the term shall be \$300,000 per annum, payable in monthly installments of \$25,000.

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 6 – OPERATING LEASE LIABILITY (continued)**

The YMCA has the following leases:

Facility used for one of its childcare programs at an annual rental of \$7,500, expiring April 30, 2023, with an option to renew for a five (5) year period at an increased annual rent of \$10,000.

Facility used for one of its programs at an annual rental currently at \$69,000, with annual increases, expiring June 2031.

Facility used for one of its programs at an annual rental currently at \$145,392, expiring November 2024.

The YMCA entered into an agreement to use a facility for one of its childcare programs. The agreement expires on December 2024, with increasing monthly rents. The annual rental is currently at \$88,000.

Three (3), ten (10) year operating lease agreements for camp facilities at Harriman State Park with the Palisades Interstate Park Commission. The current leases require aggregate annual payments of \$22,788 which can be reduced by up to 25% each year for any capital improvements made to the camp facilities by the YMCA. The YMCA was granted a 50% reduction in annual payments for 2020 due to COVID-19 and the inability to run its camp programs. These leases expire in 2027.

On January 24, 2022, the YMCA entered into an initial five (5) year lease agreement for a new location for the GBY branch, with a five year option to renew. The annual rental is currently at \$153,747, with annual increases, expiring December 31, 2026.

On February 3, 2023, the YMCA entered into an initial five (5) year lease agreement for location in Livingston, New Jersey. The annual rental is currently at \$33,750, with annual increases, expiring February 28, 2028.

The following summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2023:

Operating lease right-of-use assets	<u>\$1,980,300</u>
Operating lease liabilities	<u>\$2,095,841</u>

Right of use asset obtained in exchange for new operating lease liability during 2023 amounted to \$153,874.

The weighted average lease terms and discount rates as of December 31, 2023 were as follows:

Weighted-average remaining lease term in years	.92 to 7.67 years
Weighted-average discount rate	4.81%

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 6 – OPERATING LEASE LIABILITY (continued)**

The component of operating lease expense that is included in rent expense in the statement of functional expense for 2023 and 2022 is \$688,425 and \$558,670, respectively.

The maturities are as follows:

2024	\$ 705,063
2025	422,501
2026	453,203
2027	153,413
2028	96,457
Thereafter	<u>\$ 279,000</u>
Total undiscounted cash flows	2,109,637
Less: present value discount	<u>(13,796)</u>
Total lease liability	\$2,095,841

**NOTE 7 – NOTES PAYABLE**

Borrowing agreement is comprised as follows:

	<u>2023</u>	<u>2022</u>
Mortgage payable to Lakeland Bank in monthly payments of \$32,600, including interest at 3.50% due February 28, 2025. (a)	\$1,048,530	\$1,391,513
Less: unamortized debt issuance costs.	<u>(3,277)</u> 1,045,253	<u>(6,085)</u> 1,385,428
Mortgage payable to Lakeland Bank in monthly payments of \$4,267 with interest at 3.75% due May 1, 2025. (b)	638,904	665,267
SBA Economic Injury Disaster Loan, due September 30, 2025. (c)	<u>137,200</u>	<u>140,000</u>
Total Long-Term debt	<u>\$1,821,357</u>	<u>\$2,190,695</u>

- (a) The mortgage payable to Lakeland Bank is collateralized by a first lien on the Sussex County property, all fixtures and tangible personal property therein, and all leases or other agreements related to the use or occupancy of the property. The loan was received based on an EDA Bond Financing Agreement which specifies the purpose for the expenditure of the loan proceeds. A loan modification agreement reduced the rate to 3.5% until it was reset in May 2017 at the same rate. The interest rate reset in May of 2022. On July 28, 2020, the lending institution agreed to defer the payments of principal and interest for the months of July 28, 2020 through September 28, 2020. These deferred payments will be added to the outstanding principal amount on the loan and payable at the end of the loan. Interest will continue to accrue on the unpaid amounts during the deferral period.

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 7 – NOTES PAYABLE (continued)**

- (a) The significant provisions of the YMCA's borrowing agreement, as included in the EDA Bond Financing Agreement and the lending institution mortgage documents, are as follows: The YMCA will not sell, transfer, dispose of, pledge, mortgage or otherwise encumber any or all of the property. The YMCA shall not do anything which would cause the bonds to lose their tax-free status or become arbitrage bonds. The YMCA shall not become contingently liable for debts of others. The YMCA shall meet certain financial covenants as required by the agreement.

On December 28, 2020, the lending institution agreed to a sixteen (16) month deferment of the payments of principal only for the months of January 28, 2021 through April 28, 2022. These deferred payments will be added to the outstanding principal amount on the loan and payable at the end of the loan. Interest continued to accrue and was paid on the unpaid amounts during the deferral period.

- (b) The loan issued by Lakeland Bank on March 20, 2015 to the former Young Men's Christian Association of Greater Bergen County was assumed by the YMCA on January 17, 2018 with the bank's approval. The loan has a fixed interest rate of 3.75% and is secured by a first lien on the property located at 360 Main Street, Hackensack, NJ. In March 2020, the lending institution agreed to defer the payments of principal and interest for the months of April 1, 2020 through June 1, 2020. These deferred payments will be added to the outstanding principal amount on the loan and payable at the end of the loan.
- (c) On September 1, 2020, the YMCA applied for and received an SBA Economic Injury Disaster Loan in the amount of \$150,000, which includes a \$10,000 advance with the loan application to cover hardship. The \$10,000 advance was subsequently forgiven when the loan was approved. The total SBA loan to be repaid amounted to \$140,000. Monthly installment payments of \$598, including principal and interest at 2.75% per annum, will begin twelve (12) months from the date of the loan. The proceeds of this loan are solely to be used as working capital to alleviate economic injury caused by the COVID-19 pandemic. The note is collateralized by all assets of the YMCA. The payments were subsequently deferred until March 2023.

The aggregate maturities of long-term debt over the next five (5) years are as follows:

Year Ending  
December 31,

2024	\$ 383,437
2025	1,311,028
2026	3,663
2027	3,765
2028	3,870
Thereafter	\$ 118,871

Interest expense amounted to \$79,823 in 2023 and \$91,337 in 2022.

# METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

### NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	<u>2023</u>	<u>2022</u>
General Operating Net Assets	\$ 22,754,144	\$ 18,725,907
Net Assets Designated by Board:		
Future Projects and Periods	\$ 9,024,706	\$ 7,346,578
Property	<u>8,020,593</u>	<u>6,590,959</u>
	17,045,299	13,937,537
Total Net Assets without Donor Restrictions	<u>\$ 39,799,443</u>	<u>\$ 32,663,444</u>

### NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following:

	<u>2023</u>	<u>2022</u>
Perpetual in Nature:		
Endowment	\$3,558,286	\$2,886,004
Saffin Endowment	<u>401,889</u>	<u>401,889</u>
	3,960,175	3,287,893
Restricted for Future Projects and Programs:		
Conference center	\$ 20,100	\$ 20,100
Capital projects / capital campaign	588,145	564,466
Other projects and programs	<u>224,515</u>	<u>451,858</u>
	832,760	1,036,424
Total Net Assets with Donor Restrictions	<u>\$4,792,935</u>	<u>\$4,324,317</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the State Prudent Management of Institutional Funds Act requires entities to retain as a fund of perpetual duration. No deficiencies of this nature exist at December 31, 2023.

During the year, net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors consisted of the following:

	<u>2023</u>	<u>2022</u>
Purpose Restrictions Accomplished:		
Program support and scholarships	\$ 4,132,654	\$ 628,956
Endowment income program support and scholarships	<u>46,915</u>	<u>37,583</u>
	<u>\$ 4,179,569</u>	<u>\$ 666,539</u>

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 10 – ENDOWMENTS**

Composition of the Endowment Funds by Net Asset Class as of December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,960,175	\$ 3,960,175
Board-designated endowment funds	<u>8,024,707</u>	<u>-</u>	<u>8,024,707</u>
Total funds	<u>\$ 8,024,707</u>	<u>\$ 3,960,175</u>	<u>\$ 11,984,882</u>

Changes in the Endowment Funds by Net Assets Class for the year ended December 31, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - beginning of year	\$ 6,346,578	\$ 3,287,893	\$ 9,634,471
Investment return:			
Investment income	109,468	46,915	156,383
Net unrealized and realized depreciation	<u>1,568,661</u>	<u>672,282</u>	<u>2,240,943</u>
Total Investment return	1,678,129	719,197	2,397,326
Contributions	-	-	-
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(46,915)</u>	<u>(46,915)</u>
Endowment Funds - end of year	<u>\$ 8,024,707</u>	<u>\$ 3,960,175</u>	<u>\$ 11,984,882</u>

Composition of the Endowment Funds by Net Asset Class as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,287,893	\$ 3,287,893
Board-designated endowment funds	<u>6,346,578</u>	<u>-</u>	<u>6,346,578</u>
Total funds	<u>\$ 6,346,578</u>	<u>\$ 3,287,893</u>	<u>\$ 9,634,471</u>

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 10 – ENDOWMENTS (Continued)**

Changes in the Endowment Funds by Net Assets Class for the year ended December 31, 2022, are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment Funds - beginning of year	\$ 7,930,086	\$ 3,895,772	\$ 11,825,858
Investment return:			
Investment income	87,693	37,583	125,276
Net unrealized and realized depreciation	<u>(1,418,385)</u>	<u>(607,879)</u>	<u>(2,026,264)</u>
Total Investment return	(1,330,692)	(570,296)	(1,900,988)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	<u>(252,816)</u>	<u>(37,583)</u>	<u>(290,399)</u>
Endowment Funds - end of year	<u>\$ 6,346,578</u>	<u>\$ 3,287,893</u>	<u>\$ 9,634,471</u>

**NOTE 11 – PAYCHECK PROTECTION PROGRAM LOAN**

On March 22, 2021, the YMCA applied for and received loan proceeds for a PPP loan from an authorized SBA lender in the amount of \$4,515,900, pursuant to the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES), which was enacted on March 27, 2020. The covered period for the loan begins on March 22, 2021 and ends on September 7, 2021. If the financial institution determines the criteria for forgiveness has not been met, the unforgivable portion of the loan is payable over five years, at a 1% interest rate per annum, maturing on March 22, 2026. The balance of the loan including accrued interest of \$33,869 amounted to \$4,549,769 as of December 31, 2021.

The YMCA met the requirements and the loan was forgiven 100% by the Small Business Administration in September of 2022 after an audit of the forgiveness application was completed by the SBA. The amount of \$4,549,769 was included as contributions on the statement of activities in 2022.

**NOTE 12 – EMPLOYEE RETENTION TAX CREDIT**

Enacted by CARES Act was the Employee Retention Tax Credits ("ERTC") which provides businesses, including certain not-for-profits, the ability to retain their workforces and avoid layoffs during the coronavirus pandemic. It provides a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid to employees. Laws and regulations concerning government programs, including the ERTC established by CARES Act, are complex and are subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the YMCA's claim to the ERTC, and it is not possible to determine the impact (if any) this would have upon the YMCA. The YMCA believes there is no issue with receiving the credit.

# METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

### NOTE 12 – EMPLOYEE RETENTION TAX CREDIT (continued)

Under the terms of the ERTC, employers who meet certain requirements can apply for refundable payroll tax credits claimed quarterly, and it can provide reductions to payroll taxes or cash refunds. The YMCA, applied for the tax credits when filing their 941 forms, either originally or amending the quarters for which they became retroactively eligible. The credits were recorded as grant revenue when eligible wages were expended, and the amounts were calculated at the time the requirements were substantially met.

The revenue from the ERTC was included on the statement of activities in the contributions - ERTC in the amount of \$5,827,978 for the year ended December 31, 2021. The ERTC credits for the amended quarters were not received by December 31, 2021. As a result, \$4,202,341 was included in Other Receivables - ERTC on the statement of financial position as of December 31, 2021.

As of December 31, 2022 the ERTC receivable was not yet received, however the payroll company filing the amended 941 forms provided an advancement of the funds. The advancement agreement terms was considered a "right of setoff" under FASB ASC 210-20-05-1, which allowed the ERTC receivable and advancement to be offset. As of December 31, 2022 there was no ERTC receivable or advancement presented on the statement of financial position.

During 2023 the YMCA received the ERTC receivable amount and the advancement from the payroll company was paid in full.

Additionally, during 2023 and 2022 the YMCA received \$239,999 and \$193,953, respectively of additional ERTC credits, which was included on the statement of activities.

### NOTE 13 – CONTRIBUTION RECEIVABLE

Included in "Contributions Receivable" are the following unconditional promises to give at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Sussex branch capital campaign	\$ 259,500	\$ 402,500
Less: Allowance for uncollectible		
Present value discount at one (1) percent	<u>12,556</u>	<u>9,234</u>
	<u>\$ 246,944</u>	<u>\$ 393,266</u>
Within one year	\$ 1,000	\$ 132,178
Within more than one year	<u>245,954</u>	<u>261,088</u>
	\$ 246,944	\$ 393,266

### NOTE 14 – SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAMS

The YMCA's financial assistance programs during 2023 and 2022 were made possible through the YMCA's Annual Support Campaign and awarded or supported more than 4,216 and 4,539 children, families, and individuals, respectively. In 2023 and 2022, recipients received approximately \$2,469,887 and \$3,091,474 in financial assistance and program subsidies, respectively.

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 15 – EMPLOYEE BENEFIT PLANS**

The YMCA participates in the YMCA Retirement Fund 403(B) which is a mandatory national contributory defined contribution plan for the benefit of all eligible professional and support staff employees who qualify under applicable participation requirements. The YMCA contributes 12% of compensation for eligible employees. Employees may choose to contribute additional funds under a 403(b) plan up to a maximum established by the IRS. Under the plan all contributions are remitted monthly to a trustee. Upon retirement, participants' vested benefit will generally be used to purchase a retirement annuity contract. Forfeitures are used to offset future contributions.

In accordance with the agreement with the YMCA Retirement Fund, the YMCA can choose a contribution rate and within that contribution rate the YMCA can choose if the employees will need to contribute to the plan. The YMCA's contribution rate percentage for 2023 and 2022 is 12%. Contributions made by the YMCA to the plan amounted to \$1,416,317 in 2023 and \$1,612,754 in 2022.

The YMCA established a Non-Qualified Supplemental Executive Retirement Plan for the Chief Executive Officer. Contributions made by the YMCA to the plan amounted to \$23,422 in 2023 and \$19,716 in 2022.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

**Unemployment**

Based on laws passed and signed into law by the federal government through the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") and by the State of New Jersey during the COVID public health emergency, the YMCA was not responsible for any COVID-related unemployment expenses starting in March, 2020 until June 4, 2021 with increases in percentage paid from June 4, 2021 to December 31, 2021. An estimate for the amounts owed for these periods and for the year ended 2022 and 2023 has been recorded as no bills have been received from the State of New Jersey for the last three (3) quarters of 2022 and for all four (4) quarters of 2023.

**NOTE 17 - CONCENTRATIONS AND CREDIT RISK**

**Cash and Cash Equivalents**

The YMCA maintains bank accounts with financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023, cash balances exceeded the insured limits by approximately \$5,021,000. The YMCA has not experienced any loss on such amount.

## **SUPPLEMENTAL INFORMATION**

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**

COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2023

<u>Federal and State Grantor/Program Title</u>	<u>Contract or Grant Number</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Award</u>	<u>Received in Current year</u>	<u>Expended in Current year</u>
<b><u>FEDERAL AWARDS:</u></b>						
U.S. Department of Health and Human Services: Congressional Directives	1H79FG000970-01	93.493	9/30/23 to 9/29/24	\$ 337,000	\$ -	\$ 58,880
TOTAL FEDERAL AWARDS				<u>\$ 337,000</u>	<u>\$ -</u>	<u>\$ 58,880</u>
<b><u>STATE AWARDS:</u></b>						
<b><u>State of New Jersey</u></b>						
Office of the Secretary of Higher Education Workforce Development Partnership Fund: Career Accelerator Internship Grant	-	N/A	5/26/23-8/31/23	\$ 18,000	\$ 18,000	\$ 17,951
Department of Education:						
East Orange School District/Early Childhood Education Program	-	N/A	7/1/22-6/30/23	876,565	493,497	493,497
East Orange School District/Early Childhood Education Program	-	N/A	7/1/23-6/30/24	<u>905,415</u>	<u>352,526</u>	<u>348,328</u>
Total East Orange School District / Early Childhood Education Program				1,781,980	846,023	841,825
West Orange Public Schools / WO BOE UPK	-	N/A	9/1/23-6/30/24	659,222	263,689	170,363
Department of Children & Families:						
Family Friendly SACC Grant	23RTGP	N/A	7/1/22-6/30/23	48,119	23,416	29,056
Family Friendly SACC Grant	MF0114	N/A	7/1/23-6/30/24	<u>52,973</u>	<u>24,822</u>	<u>27,158</u>
Total Family Friendly SACC Grants				101,092	48,238	56,214
Department of State:						
Office of Faith Based Initiatives	OFBI-23SP-050	N/A	7/1/22 to 6/30/2023	15,000	2,250	11,989
Department of Human Services:						
NJCCIS Thriving by Three Act Grant	-	N/A	6/15/23 - 06/15/24	48,000	48,000	16,392
NJCCIS Hiring & Retention Grants	-	N/A	1/1/23-12/31/23	58,135	48,465	90,468
NJ ARP Stabilization Grants	-	N/A	9/1/2021-12/31/23	<u>4,040,000</u>	<u>1,485,000</u>	<u>2,379,895</u>
TOTAL STATE AWARDS				<u>\$ 6,721,429</u>	<u>\$ 2,759,665</u>	<u>\$ 3,585,097</u>
TOTAL FEDERAL AND STATE AWARDS				<u>\$ 7,058,429</u>	<u>\$ 2,759,665</u>	<u>\$ 3,643,977</u>

See Accompanying notes to the Schedules of Expenditures of Federal and State Awards

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**  
**NOTES TO COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AND**  
**STATE AWARDS**  
**DECEMBER 31, 2023**

**1. Basis of Presentation**

The accompanying combined schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of The Metropolitan Young Men's Christian Association of the Oranges, Inc. under programs of the federal and state government for the year ended December 31, 2023, and is presented on the accrual basis of accounting. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and *New Jersey (NJ) Circular Letter 15-08 OMB Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the Schedule presents only a selected portion of the operations of The Metropolitan Young Men's Christian Association of the Oranges, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Metropolitan Young Men's Christian Association of the Oranges, Inc.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance and in the New Jersey (NJ) Circular Letter 15-08 OMB Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Metropolitan Young Men's Christian Association of the Oranges, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. Relationship to Basic Consolidated Financial Statements**

Federal and state expenditures are reported in the basic consolidated financial statements as Program Activities. The expenditures reported in the basic consolidated financial statements may differ from the expenditures reported in the Schedule of Federal and State Awards due to program expenditures exceeding grant or contract budget limitations or matching or in-kind contributions which are not included as Federal and State Awards.

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

The Board of Directors  
The Metropolitan Young Men's Christian Association of the Oranges, Inc.  
304 S Livingston Avenue  
Livingston, New Jersey 07039

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Metropolitan Young Men's Christian Association of the Oranges, Inc. which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 3, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*Bederson LLP*

Fairfield, New Jersey  
June 3, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY CIRCULAR 15-08 OMB SINGLE AUDIT POLICY FOR RECIPIENTS OF FEDERAL GRANTS, STATE GRANTS AND STATE AID**

The Board of Directors  
The Metropolitan Young Men's Christian Association of the Oranges, Inc.  
304 S Livingston Avenue  
Livingston, New Jersey 07039

**Report on Compliance for Each Major Federal and State Program**

**Opinion on Each Major Federal and State Program**

We have audited Metropolitan Young Men's Christian Association of the Oranges, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and *New Jersey (NJ) Circular Letter 15-08 OMB Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* that could have a direct and material effect on each of Metropolitan Young Men's Christian Association of the Oranges, Inc.'s major federal and state programs for the year ended December 31, 2023. Metropolitan Young Men's Christian Association of the Oranges, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Metropolitan Young Men's Christian Association of the Oranges, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2023.

**Basis for Opinion on Each Major Federal and State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and *New Jersey (NJ) Circular Letter 15-08 OMB Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards and the Uniform Guidance and NJ Circular Letter 15-08 OMB are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Metropolitan Young Men's Christian Association of the Oranges, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Metropolitan Young Men's Christian Association of the Oranges, Inc.'s compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Metropolitan Young Men's Christian Association of the Oranges, Inc.'s federal and state programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Metropolitan Young Men's Christian Association of the Oranges, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance and NJ Circular Letter 15-08 OMB will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Metropolitan Young Men's Christian Association of the Oranges, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and NJ Circular Letter 15-08 OMB, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Metropolitan Young Men's Christian Association of the Oranges, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Metropolitan Young Men's Christian Association of the Oranges, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ Circular Letter 15-08 OMB, but not for the purpose of expressing an opinion on the effectiveness of Metropolitan Young Men's Christian Association of the Oranges, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJ Circular Letter 15-08 OMB. Accordingly, this report is not suitable for any other purpose.

*Bederson LLP*

Fairfield, New Jersey  
June 3, 2024



# METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2023

### Section I – SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(s) identified that are not considered to be material weaknesses?

   yes ✓ no

   yes ✓ none reported

Noncompliance material to financial statements noted?

   yes ✓ no

#### Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(s) identified that are not considered to be material weakness(es)?

   yes ✓ no

   yes ✓ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) or NJ Circular Letter 15-08 OMB?

   yes ✓ no

Identification of major programs:

#### CDFA Number(s)

N/A

#### Name of Federal Program or Cluster

N/A

#### State Grant Award Number(s)

N/A

#### Name of State Program or Cluster

State of New Jersey Department of Human Services NJ ARP Stabilization

N/A

East Orange School District / Early Childhood Education Program

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

   yes ✓ no

### Section II – FINANCIAL STATEMENT FINDINGS

None

### Section III - Federal and State Awards, Findings and Questioned Costs:

None

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**DECEMBER 31, 2023**

NONE