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

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021
(With Independent Auditors' Report)

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

DECEMBER 31, 2022 AND 2021

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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 statement of financial position as of December 31, 2022, and the related 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, 2022, 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 Auditors' 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.

Prior Period Summarized Comparative Information
The comparative information of The Metropolitan Young Men's Christian Association of the Oranges, Inc. as of December 31, 2021, were audited by other auditors whose report dated May 16, 2022, expressed an unmodified opinion on the comparative information.

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.

Auditors' 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.

Bederson LLP

Fairfield, New Jersey
April 28, 2023

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

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Cash and cash equivalents	$ 6,337,037	$ 3,943,211
Cash designated by board for future projects	685,243	362,222
Cash restricted for future projects	30,308	38,597
Accounts and other receivables - net	347,663	515,959
Other receivables - ERTC	-	4,202,341
Contributions receivable	393,266	407,951
Inventories	58,931	45,742
Prepaid expenses and other assets	139,176	569,743
Investments	8,954,919	11,436,724
Security deposits and other assets	109,502	109,501
Right of use asset - operating lease	2,506,272	-
Land, buildings, and equipment-net	27,609,501	27,632,284
TOTAL ASSETS	$ 47,171,818	$ 49,264,275

LIABILITIES AND NET ASSETS

	2022	2021
Accounts payable and accrued expenses	$ 2,332,479	$ 2,520,357
Deferred program revenue and other	2,959,932	1,005,975
Refundable advance - PPP	-	4,549,769
Member and customer credits	105,524	633,924
Charitable gift annuity liability	16,912	23,412
Operating lease liability	2,578,515	-
Notes payable	2,190,695	2,434,630
TOTAL LIABILITIES	10,184,057	11,168,067
NET ASSETS		
Without donor restrictions	32,663,444	33,399,863
With donor restrictions	4,324,317	4,696,345
TOTAL NET ASSETS	36,987,761	38,096,208
TOTAL LIABILITIES AND NET ASSETS	$ 47,171,818	$ 49,264,275

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, 2022 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	Without Donor Restrictions					
	General Operating	Designated	Total	With Donor Restrictions	2022	2021
REVENUES, GAINS AND SUPPORT						
Program Receipts:						
Community Groups	$ 1,790,691	$ -	$ 1,790,691	$ -	$ 1,790,691	$ 653,979
Camp	8,006,188	-	8,006,188	-	8,006,188	5,130,176
Youth activity	2,460,392	-	2,460,392	-	2,460,392	1,915,329
Child Care	13,807,656	-	13,807,656	-	13,807,656	9,183,708
Administrative rentals and sales	525,171	-	525,171	-	525,171	511,065
Total program receipts	26,590,098	-	26,590,098	-	26,590,098	17,394,257
Contributions	1,980,711	20,000	2,000,711	786,561	2,787,272	2,471,915
Contribution - ERTC	193,953	-	193,953	-	193,953	5,827,978
Contribution - PPP	4,549,769	-	4,549,769	-	4,549,769	-
Government grants, contracts and other grants	844,313	-	844,313	-	844,313	898,189
Membership dues	5,074,178	-	5,074,178	-	5,074,178	3,588,599
Special events and projects	377,685	-	377,685	-	377,685	296,592
Investment income	(52,694)	848,710	796,016	363,733	1,159,749	2,258,140
Other revenue	71,092	-	71,092	-	71,092	25,903
Net assets released from restrictions for program activities	919,355	(252,816)	666,539	(666,539)	-	-
Net unrealized (losses) gains on long-term investments		(2,179,404)	(2,179,404)	(934,028)	(3,113,432)	(547,540)
Gain on disposal of property and equipment	-	723,481	723,481	-	723,481	-
Total revenue, gains and support	40,548,460	(840,029)	39,708,431	(450,273)	39,258,158	32,214,033
EXPENSES						
Program services	32,848,965	1,536,793	34,385,758	-	34,385,758	26,110,239
Supporting services	4,782,005	1,198,842	5,980,847	-	5,980,847	5,573,258
Total expenses	37,630,970	2,735,635	40,366,605	-	40,366,605	31,683,497
Change in net assets before transfers	2,917,490	(3,575,664)	(658,174)	(450,273)	(1,108,447)	530,536
Transfers	(1,517,150)	1,438,905	(78,245)	78,245	-	-
Change in net assets	1,400,340	(2,136,759)	(736,419)	(372,028)	(1,108,447)	530,536
Net assets beginning of year	17,325,567	16,074,296	33,399,863	4,696,345	38,096,208	37,565,672
Net assets end of year	$ 18,725,907	$ 13,937,537	$ 32,663,444	$ 4,324,317	$ 36,987,761	$ 38,096,208

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, 2022 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	Program Services							Supporting Services				
	Membership Activities	Community Wellness	Camp	Youth Activities	Child Care	Property Management	Total program services	General Administration	Fundraising	Total Supporting Activities	2022	2021
Salaries and wages	$ 2,649,333	$ 1,362,299	$ 2,607,087	$ 2,247,244	$ 7,247,405	$ 1,136,614	$ 17,249,982	$ 2,886,740	$ 565,573	$ 3,452,313	$ 20,702,295	$ 16,133,942
Employee benefits	302,659	161,738	312,552	248,418	1,191,045	139,191	2,355,603	424,407	29,381	453,788	2,809,391	2,766,815
Payroll taxes	268,529	140,117	244,078	225,129	684,791	112,115	1,674,759	259,595	51,191	310,786	1,985,545	1,468,514
Contractual services	491,033	530	396,075	123,529	563,649	55,179	1,629,995	1,083,753	8,109	1,091,862	2,721,857	2,335,182
Supplies	191,820	76,878	430,051	210,413	517,945	120,903	1,548,010	127,522	133,076	260,598	1,808,608	1,312,956
Telephone	64,382	3,956	15,822	6,640	36,580	16,172	143,552	89,355	1,250	90,605	234,157	234,921
Postage and shipping	7,349	538	-	777	-	-	8,664	11,444	19,290	30,734	39,398	19,587
Occupancy/space costs	467,502	25,350	396,314	81,250	1,158,762	2,030,716	4,159,894	34,341	-	34,341	4,194,235	2,948,390
Equipment costs	151,936	469,988	30,296	9,826	104,694	31,326	798,066	42,613	4,028	46,641	844,707	444,309
Insurance	313,726	1,634	-	33,305	-	466,504	815,169	45,689	-	45,689	860,858	625,971
Promotion & Advertising	332,813	17,018	150,789	21,874	82,245	-	604,739	4,815	5,116	9,931	614,670	506,015
Travel and employee expense	130,146	4,735	194,724	35,449	50,470	13,864	429,388	87,544	10,477	98,021	527,409	223,555
Conference, meetings and dues	144,835	25,466	154,273	18,834	122,328	-	465,736	33,917	21,621	55,538	521,274	337,368
Bad debt expense	-	30,258	-	14,527	-	-	44,785	-	-	-	44,785	27,104
Interest expense	-	-	-	-	-	91,337	91,337	-	-	-	91,337	124,527
Credit card and bank fees	635,097	46,839	26,552	71,704	26,000	-	806,192	-	-	-	806,192	562,401
Other expenses	4,275	-	3,715	950	1,719	12,435	23,094	-	-	-	23,094	26,910
Subtotal	6,155,435	2,367,344	4,962,328	3,349,869	11,787,633	4,226,356	32,848,965	5,131,735	849,112	5,980,847	38,829,812	30,098,467
Depreciation and amortization	-	-	-	-	-	1,536,793	1,536,793	-	-	-	1,536,793	1,585,030
Total expenses included in the expense section of the statement of activities	6,155,435	2,367,344	4,962,328	3,349,869	11,787,633	5,763,149	34,385,758	5,131,735	849,112	5,980,847	40,366,605	31,683,497
Add expenses netted to revenue Investment expenses	-	-	-	-	-	-	-	49,850	-	49,850	49,850	59,668
TOTAL EXPENSES BY FUNCTION	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	$ 31,743,165
TOTAL EXPENSES 2021	$ 5,074,631	$ 2,087,558	$ 2,531,411	$ 2,095,108	$ 8,662,789	$ 5,658,742	$ 26,110,239	$ 5,188,996	$ 443,930	$ 5,632,926	$ 31,743,165	

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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,108,447)	$ 530,536
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,536,793	1,585,030
(Gain) Loss on disposal of property and equipment	(701,821)	-
Right of use asset - amortization	72,243	-
Bad Debts	44,785	27,104
Net unrealized losses on long-term investments	3,113,432	547,540
Net realized gains on sales of long-term investments	(1,087,167)	(2,159,465)
Changes in assets and liabilities:		
Accounts and other receivables - net	123,511	(133,656)
Other receivables - ERTC	4,202,341	(4,202,341)
Contributions receivable	14,685	141,587
Prepaid expenses	430,567	(126,371)
Inventories	(13,189)	6,258
Deferred program revenue and other	1,953,957	334,632
Accounts payable and accrued expenses	(187,879)	1,163,401
Refundable advance - PPP	(4,549,769)	4,549,769
Member and customer credits	(528,400)	(283,079)
Liability for charitable gift annuity	(6,500)	(6,572)
Net cash provided by (used in) operating activities	3,309,142	1,974,373
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in security deposits and other assets	-	(1,625)
Proceeds from sales of investments	3,546,524	4,669,819
Purchase of investments	(3,090,984)	(1,512,298)
Proceeds from disposal of property and equipment	1,184,900	-
Acquisition of property and equipment	(1,997,089)	(3,856,230)
Net cash (used in) provided by investing activities	(356,649)	(700,334)
CASH FLOWS USED BY FINANCING ACTIVITIES		
Payments on borrowings	(243,935)	(31,627)
Net increase (decrease) in cash and cash equivalents	2,708,558	1,242,412
Cash and cash equivalents, restricted and designated cash at beginning of year	4,344,030	3,101,618
Cash and cash equivalents, restricted and designated cash at end of year	$ 7,052,588	$ 4,344,030
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ 84,679	$ 83,999

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

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.

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.

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, 2021, 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:

	2022	2021
Cash and cash equivalents	$ 6,337,037	$ 3,943,211
Cash designated by board for future projects	685,243	362,222
Cash restricted for future projects	30,308	38,597
	$ 7,052,588	$ 4,344,030

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.

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Credit Policies (continued)

Management provides for uncollectible accounts through a provision for bad debt expense based on all customer account balances over 30 days old. In accordance with our policies, the carrying amount of accounts receivable is reduced by a valuation allowance that reflects these delinquent accounts. The allowance for uncollectible accounts amounted to $146,427 and $149,941 at December 31, 2022 and 2021, respectively. Bad debt expense in 2022 and 2021 amounted to $44,785 and $27,104, 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.

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 that 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 restrictions 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 2021 have been reclassified to conform to the 2022 presentation. Such reclassifications had no effect on the previously reported 2021 increase 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.

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 $479,785 and $426,722 have been recognized in the accompanying 2022 and 2021 combined statement of activities, respectively, because the criteria for recognition of such volunteer efforts has been satisfied. In addition, during 2022 and 2021, the YMCA received in-kind contributions in the amount of $11,709 and $59,948, 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.

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 2021, the Board approved the release of $3,441,037 for a West Essex branch building purchase in addition to this policy. In 2022, the Board approved the release of $252,816 as per the approved operating budget.

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.

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.

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.

New accounting guidance implementation
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.

As of January 1, 2022, $3,064,941 in operating lease right-of-use assets and corresponding lease liabilities were recognized. Adoption of the new guidance did not have a significant impact to the statement of activities or cash flows for the year ended December 31, 2022.

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 April 28, 2023, which is the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the YMCA's financial assets at December 31, 2022 and 2021:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 6,337,037	$ 3,943,211
Accounts receivable and other receivables - net	337,737	515,959
Other receivables - ERTC	-	4,202,341
Cash designated by board for future projects	685,243	362,222
Cash restricted for future projects	30,308	38,597
Investments	8,954,919	11,436,724
Contribution receivable	393,266	407,951
Total financial assets	$ 16,738,510	$ 20,907,005
Less those unavailable for general expenditures		
Within one year, due to:		
Donor restricted endowment	(3,287,893)	(3,895,772)
Donor restricted for capital projects	(584,566)	(529,251)
Donor restricted for other programs	(451,858)	(271,322)
Security deposits	(4,553)	(12,850)
Board designations:		
Designated endowment	(6,346,578)	(7,930,086)
Total	$(10,675,448)	$(12,639,281)
Financial assets available to meet general expenditures over the next twelve months	$ 6,063,062	$ 8,267,724

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, 2022 AND 2021

NOTE 3 – LAND, BUIDLINGS AND EQUIPMENT

A summary of the cost of such assets is as follows

	Land	Buildings and Improvements	Machinery and Equipment	Furniture and Fixtures	Assets not placed in service	Totals 2022	Totals 2021
Association Services	$ -	$ 64,416	$ 275,855	$ -	$ -	$ 340,271	$ 1,220,381
Greater Bergen	2,470,636	3,325,700	54,546	-	-	5,850,882	5,610,216
East Orange	122,373	1,640,719	26,164	-	-	1,789,256	1,798,991
Fairview Lake Camps	473,305	6,012,273	351,030	13,189	-	6,849,797	6,728,837
Sussex County	980,545	12,797,169	249,563	-	30,083	14,057,360	13,863,824
West Essex	3,605,906	3,503,057	139,775	53,048	1,529,425	8,831,211	7,723,336
South Mountain	401,579	2,551,334	9,301	7,635	-	2,969,849	3,189,440
Wayne	-	1,188,704	228,453	29,304	16,428	1,462,889	1,582,930
	8,054,344	31,083,372	1,334,687	103,176	1,575,936	42,151,515	41,717,955
Less: Accumulated Depreciation	-	13,674,994	782,660	84,360	-	14,542,014	14,085,671
Totals	$ 8,054,344	$ 17,408,378	$ 552,027	$ 18,816	$ 1,575,936	$ 27,609,501	$ 27,632,284

Depreciation expense for 2022 and 2021 amounted to $1,536,793 and $1,585,030, respectively.

NOTE 4 - INVESTMENTS

At December 31, 2022 and 2021, investments are as follows:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Fixed income	$ 2,650,673	$ 2,460,015	$ 2,257,600	$ 2,316,237
Equities	3,856,537	6,466,638	3,613,004	9,087,241
Pooled funds	23,271	28,266	22,917	33,246
	$ 6,530,481	$ 8,954,919	$ 5,893,521	$ 11,436,724

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

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, 2022 and 2021 are as follows:

December 31, 2022	Total Fair Value	Level 1	Level 2	Level 3
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	242,506	-	242,506	-
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	957,179	957,179	-	-
Total Equity Securities	6,466,638	6,466,638	-	-
Other	28,266	28,266	-	-
Totals	$ 8,954,919	$ 6,494,904	$ 2,460,015	$ -

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

December 31, 2021	Total Fair Value	Level 1	Level 2	Level 3
Fixed Income Securities:				
United States Treasuries	$ 1,317,211	$ -	$ 1,317,211	$ -
Corporate Bonds	256,545	-	256,545	-
Securitized - Mortgage Backed	575,056	-	575,056	-
Preferred Bond	167,425	-	167,425	-
Total Fixed Income Securities	2,316,237	-	2,316,237	-
Equity Securities:				
Materials Equities	293,587	293,587	-	-
Industrials Equities	933,411	933,411	-	-
Consumer Discretionary Equities	1,649,652	1,649,652	-	-
Consumer Staples	532,599	532,599	-	-
Health Care Equities	1,244,414	1,244,414	-	-
Financials Equities	776,912	776,912	-	-
Information Technology Equities	2,115,242	2,115,242	-	-
Communication Servies	1,541,424	1,541,424	-	-
Total Equity Securities	9,087,241	9,087,241	-	-
Other	33,246	33,246	-	-
Totals	$ 11,436,724	$ 9,120,487	$ 2,316,237	$ -

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.

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. The lease expires 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.

The following summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2022:

Operating lease right-of-use assets	$2,506,272
Operating lease liabilities	$2,578,515

The component of operating lease expense that is included in rent expense in the statement of functional expense is $558,670.

The maturities are as follows:

2023	$ 617,002
2024	670,688
2025	387,376
2026	417,328
2027	116,788
Thereafter	$ 369,333

NOTE 7 – NOTES PAYABLE

Borrowing agreement is comprised as follows:

	2022	2021
Mortgage payable to Lakeland Bank in monthly payments of $32,600, including interest at 3.50% due February 28, 2025. (a)	$1,391,513	$1,612,877
Less: unamortized debt issuance costs.	(6,085)	(8,894)
	1,385,428	1,603,983
Mortgage payable to Lakeland Bank in monthly payments of $4,267 with interest at 3.75% due May 1, 2025. (b)	665,267	690,647
SBA Economic Injury Disaster Loan, due September 30, 2025. (c)	140,000	140,000
Total Long-Term debt	$2,190,695	$2,434,630

(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. 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.

NOTE 7 – NOTES PAYABLE (continued)

(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 a SBA Economic Injury Disaster Loan in the amount of $150,000. 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,	
2023	$ 370,067
2024	383,437
2025	1,313,125
2026	3,663
2027	3,765
Thereafter	$ 122,723

Interest expense amounted to $91,337 in 2022 and $86,808 in 2021.

NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	2022	2021
General Operating Net Assets	$18,725,907	$ 17,325,567
Net Assets Designated by Board:		
Future Projects and Periods	$ 7,346,578	$ 8,929,989
Property	6,590,959	7,144,307
	13,937,537	16,074,296
Total Net Assets without Donor Restrictions	$ 32,663,444	$33,399,863

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following:

	2022	2021
Perpetual in Nature:		
Endowment	$2,886,004	$3,493,883
Saffin Endowment	401,889	401,889
	3,287,893	3,895,772
Restricted for Future Projects and Programs:		
Conference center	$ 20,100	$ 20,100
Capital projects / capital campaign	564,466	509,151
Other projects and programs	451,858	271,322
	1,036,424	800,573
Total Net Assets with Donor Restrictions	$4,324,317	$4,696,345

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, 2022

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:

	2022	2021
Purpose Restrictions Accomplished:		
Childcare	$ -	$ 904,303
Program support and scholarships	628,956	558,164
Endowment income program support and scholarships	37,583	694,415
Purchased of property and equipment	-	179,000
	$ 666,539	$2,335,882

NOTE 10 – ENDOWMENTS

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	6,346,578	-	6,346,578
Total funds	$ 6,346,578	$ 3,287,893	$ 9,634,471

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 Restrictions	With Donor Restrictions	Total
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	(1,418,385)	(607,879)	(2,026,264)
Total Investment return	(1,330,692)	(570,296)	(1,900,988)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(252,816)	(37,583)	(290,399)
Endowment Funds - end of year	$ 6,346,578	$ 3,287,893	$ 9,634,471

Composition of the Endowment Funds by Net Asset Class as of December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 3,895,772	$ 3,895,772
Board-designated endowment funds	7,930,086	-	7,930,086
Total funds	$ 7,930,086	$ 3,895,772	$ 11,825,858

Changes in the Endowment Funds by Net Assets Class for the year ended December 31, 2021, are as follows

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - beginning of year	$ 9,689,743	$ 4,060,381	$ 13,750,124
Investment return:			
Investment income	1,620,303	694,415	2,314,718
Net unrealized and realized depreciation	(384,086)	(164,609)	(548,695)
Total Investment return	1,236,217	529,806	1,766,023
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(2,995,874)	(694,415)	(3,690,289)
Endowment Funds - end of year	$ 7,930,086	$ 3,895,772	$ 11,825,858

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.

As of December 31, 2021 the YMCA believed the loan proceeds would meet the conditions of forgiveness of the loan, assurance could not be provided that actions would not be taken that could cause the YMCA to be ineligible for forgiveness, in whole or in part. As the YMCA has accounted for the loan as a conditional contribution, the amount has been recorded as a refundable advance until all conditions are substantially met. The balance of the loan including accrued interest of $33,869 amounted to $4,549,769 as of December 31, 2021.

The YMCA has 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.

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

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.

NOTE 12 – EMPLOYEE RETENTION TAX CREDIT (continued)

Additionally, during 2022 the YMCA received $193,953 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, 2022 and 2021:-

	2022	2021
Sussex branch capital campaign	$ 402,500	$ 417,224
Less: Allowance for uncollectible		
Present value discount at one (1) percent	9,234	9,273
	$ 393,266	$ 407,951
Within one year	$ 132,178	$ 152,201
Within more than one year	261,088	255,750
	$ 393,266	$ 407,951

NOTE 14 – SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAMS

The YMCA's financial assistance programs during 2022 and 2021 were made possible through the YMCA's Annual Support Campaign and awarded or supported more than 4,539 and 2,782 children, families, and individuals, respectively. In 2022 and 2021, recipients received approximately $3,091,474 and $1,814,900 in financial assistance and program subsidies, respectively.

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 an additional 13% up to a maximum established by the IRS. Under the plan all contributions are remitted monthly to a trustee based upon a percentage of the participants' annual salaries. Upon retirement, participants' vested benefit will generally be used to purchase a retirement annuity contract. Forfeitures are used to offset future contributions. Due to the impact of COVID-19 on individual YMCA operations, on March 23, 2020, the National YMCA Retirement Fund allowed participating YMCAs to reduce their employer-paid contribution to the fund to a minimum of 1% of base pay through September 30, 2020 (later extended through June 30, 2021), with the provision that the benefit would increase to a minimum of 4% by July 1, 2021.

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 changed its rate to 1% for June through June 30, 2021. On July 9, 2021, the rate was increased to 18% through the end of 2021. The YMCA changes its rate to 12% for 2022. Contributions made by the YMCA to the plan amounted to $1,612,754 in 2022 and $1,638,196 in 2021.

NOTE 15 – EMPLOYEE BENEFIT PLANS (continued)

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 $19,716 in 2022 and $15,036 in 2021.

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 has been recorded as no bills have been received from the State of New Jersey for 2021 and 2022.

NOTE 14 - 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, 2022, cash balances at one (1) financial institution exceeded the insured limits by approximately $5,491,000. The YMCA has not experienced any loss on such amount.