Young Men’s Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Financial Statements

Years Ended December 31, 2022 and 2021

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Contents

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Independent Auditor's Report

To the Board of Trustees and Management of
Young Men's Christian Association
of South Palm Beach County, Inc. and Affiliate

Opinion

We have audited the consolidated financial statements of Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate (the YMCA) (a Florida corporation), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the YMCA as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the YMCA 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 Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 YMCA'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the YMCA'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.

BDO USA, LLP

Boca Raton, FL
June 29, 2023

Consolidated Financial Statements

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Statements of Financial Position

December 31,	2022	2021
Assets		
Cash and cash equivalents	**$ 4,284,538**	$ 3,958,325
Investments at fair value	**4,655,450**	1,187,384
Receivables:		
Due from estate	-	2,800,000
Contributions receivable, net	**1,069,467**	655,644
Membership and other program related fees receivable, net	**158,011**	218,251
Employee Retention Tax Credit receivable	**519,003**	1,052,984
Beneficial interest in irrevocable trusts, net	**1,940,000**	1,664,837
Prepaid expenses	**253,244**	254,045
Interest rate swap	**122,069**	-
Operating lease right-of-use assets, net	**92,321**	-
Property and equipment, net	**12,171,300**	12,049,181
Total Assets	**$ 25,265,403**	$ 23,840,651
Liabilities		
Accounts payable and accrued expenses	**1,232,654**	$ 484,375
Deferred revenue	**980,921**	1,029,500
Bonds payable (net of bond financing costs totaling $56,153 and $64,792 as of December 2022 and 2021, respectively)	**3,690,633**	4,254,701
Interest rate swap	**-**	128,350
Operating lease liabilities	**86,441**	-
Finance lease liabilities	**21,662**	71,296
Total Liabilities	**6,012,311**	5,968,222
Contingencies (Note 21)		
Net Assets		
Without Donor Restrictions:		
Undesignated	**12,848,558**	11,954,613
Board designated	**697,014**	425,647
Total net assets without donor restrictions	**13,545,572**	12,380,260
With Donor Restrictions	**5,707,520**	5,492,169
Total Net Assets	**19,253,092**	17,872,429
Total Liabilities And Net Assets	**$ 25,265,403**	$ 23,840,651

See accompanying notes to consolidated financial statements.

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Statements of Activities

Year ended December 31,	2022			2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Contributions, net	$ 1,445,491	$ 329,445	$ 1,774,936	$ 1,734,526	$ 3,051,418	$ 4,785,944
Paycheck Protection Program	-	-	-	1,388,299	-	1,388,299
Employee Retention Tax Credit	-	-	-	1,052,984	-	1,052,984
Special events, net of expenses of $550,379 and $141,244 for the years ended December 31, 2022 and 2021, respectively	1,671,166	-	1,671,166	256,069	-	256,069
Government and other grants	380,727	-	380,727	385,053	-	385,053
Membership dues, net	4,240,656	-	4,240,656	3,599,462	-	3,599,462
Program and service fees, net	5,416,026	-	5,416,026	4,589,385	-	4,589,385
Investment (loss) income, net	(63,926)	(105,094)	(169,020)	45,367	71,697	117,064
Contributed nonfinancial goods	79,630	-	79,630	48,400	-	48,400
Net assets released from restrictions	9,000	(9,000)	-	9,000	(9,000)	-
Total Revenues and Other Support	13,178,770	215,351	13,394,121	13,108,545	3,114,115	16,222,660
Expenses						
Program Services:						
Membership and program services	4,570,038	-	4,570,038	4,258,805	-	4,258,805
Youth development	5,988,595	-	5,988,595	4,937,061	-	4,937,061
Total Program Services	10,558,633	-	10,558,633	9,195,866	-	9,195,866
Support Services:						
Management and general	1,427,323	-	1,427,323	1,139,078	-	1,139,078
Fundraising	268,381	-	268,381	280,925	-	280,925
Total Support Services	1,695,704	-	1,695,704	1,420,003	-	1,420,003
Total Expenses	12,254,337	-	12,254,337	10,615,869	-	10,615,869
Change In Net Assets Before Change In Fair Value of Interest Rate Swap and Loss on Sale of Property and Equipment	924,433	215,351	1,139,784	2,492,676	3,114,115	5,606,791
Change in fair value of interest rate swap	250,419	-	250,419	141,573	-	141,573
Loss on sale of property and equipment	(9,540)	-	(9,540)	-	-	-
Change In Net Assets	1,165,312	215,351	1,380,663	2,634,249	3,114,115	5,748,364
Net Assets - beginning of year	12,380,260	5,492,169	17,872,429	9,746,011	2,378,054	12,124,065
Net Assets - end of year	$ 13,545,572	$ 5,707,520	$ 19,253,092	$ 12,380,260	$ 5,492,169	$ 17,872,429

See accompanying notes to consolidated financial statements.

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Statement of Functional Expenses

	Program Services			Support Services		
Year ended December 31, 2022	Membership and Program Services	Youth Development	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	$ 1,680,833	$ 3,183,042	$ 4,863,875	$ 755,513	$ 122,119	$ 5,741,507
Employee benefits and payroll taxes	371,847	665,096	1,036,943	180,486	35,377	1,252,806
Professional/contract service	187,381	369,156	556,537	122,605	7,549	686,691
Supplies	216,607	428,429	645,036	57,415	127	702,578
Telephone	38,940	24,185	63,125	5,392	5,018	73,535
Postage and shipping	10,217	2,378	12,595	2,286	1,367	16,248
Occupancy	699,417	440,587	1,140,004	520	-	1,140,524
Equipment repair and maintenance	32,508	9,211	41,719	2,145	-	43,864
Equipment rental	32,916	13,663	46,579	-	-	46,579
Media services and publications	132,825	24,065	156,890	5,683	15,156	177,729
Travel and transportation	4,327	157,229	161,556	73,108	353	235,017
Conference and meetings	20,631	58,795	79,426	42,699	1,685	123,810
Dues and subscriptions	856	2,320	3,176	24,398	-	27,574
Financing/bank charges	228,022	117,288	345,310	-	-	345,310
Liability insurance	250,115	152,024	402,139	5,914	-	408,053
Donated goods	-	-	-	-	79,630	79,630
National YMCA dues	103,540	53,258	156,798	-	-	156,798
Bad debt	-	-	-	121,814	-	121,814
Depreciation and amortization	559,056	287,869	846,925	27,345	-	874,270
Total Expenses	**$ 4,570,038**	**$ 5,988,595**	**$ 10,558,633**	**$ 1,427,323**	**$ 268,381**	**$ 12,254,337**

See accompanying notes to consolidated financial statements.

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year ended December 31, 2021	Program Services: Membership and Program Services	Program Services: Youth Development	Program Services: Total Program Services	Support Services: Management and General	Support Services: Fundraising	Total Expenses
Salaries	$ 1,619,411	$ 2,696,497	$ 4,315,908	$ 681,408	$ 157,481	$ 5,154,797
Employee benefits and payroll taxes	379,904	607,061	986,965	163,947	48,089	1,199,001
Professional/contract service	185,855	284,949	470,804	95,813	5,787	572,404
Supplies	161,423	280,326	441,749	49,760	161	491,670
Telephone	35,555	18,602	54,157	4,899	4,517	63,573
Postage and shipping	14,288	3,299	17,587	3,883	1,900	23,370
Occupancy	505,318	296,083	801,401	709	-	802,110
Equipment repair and maintenance	21,736	5,043	26,779	-	-	26,779
Equipment rental	36,361	23,726	60,087	5,505	-	65,592
Media services and publications	119,961	29,633	149,594	4,583	12,719	166,896
Travel and transportation	9,634	139,087	148,721	34,981	908	184,610
Conference and meetings	11,472	19,796	31,268	52,353	963	84,584
Dues and subscriptions	42	2,538	2,580	10,386	-	12,966
Financing/bank charges	203,812	95,026	298,838	-	-	298,838
Liability insurance	221,415	116,025	337,440	4,966	-	342,406
Donated goods	-	-	-	-	48,400	48,400
National YMCA dues	84,117	36,743	120,860	-	-	120,860
Bad debt	45,821	22,934	68,755	-	-	68,755
Depreciation and amortization	602,680	259,693	862,373	25,885	-	888,258
Total Expenses	**$ 4,258,805**	**$ 4,937,061**	**$ 9,195,866**	**$ 1,139,078**	**$ 280,925**	**$ 10,615,869**

See accompanying notes to consolidated financial statements.

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Statements of Cash Flows

Year ended December 31,	**2022**	2021
Cash Flows from Operating Activities:		
Changes in net assets	**$ 1,380,663**	$ 5,748,364
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**874,269**	888,258
Gain on forgiveness of Paycheck Protection Program Loan	**-**	(1,388,299)
Amortization of bond financing cost	**8,639**	8,411
Bad debt	**121,814**	68,755
Loss on sale of property and equipment	**9,540**	-
Present value discount adjustment on beneficial interests in irrevocable trusts	**275,163**	(19,474)
Change in fair value of interest rate swap	**(250,419)**	(141,573)
Non cash lease expense	**103,618**	-
Net realized/unrealized losses (gains) on investments	**190,604**	(112,391)
Decrease (Increase) in assets:		
Due from estate	**2,800,000**	(2,800,000)
Contributions receivable	**(1,085,963)**	(471,816)
Grant receivables and other receivables	**60,240**	(54,140)
Employee Retention Tax Credit receivable	**533,981**	(1,052,984)
Prepaid expenses	**(5,079)**	(106,586)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**748,279**	76,403
Operating lease liabilities	**(103,618)**	-
Deferred revenue	**(48,579)**	205,215
Net Cash Provided by Operating Activities	**5,613,152**	848,143
Cash Flows from Investing Activities:		
Purchases of property and equipment	**(1,006,384)**	(220,889)
Proceeds from sale of property and equipment	**14,759**	-
Purchases of investments	**(7,570,652)**	(139,348)
Proceeds from sale of investments	**3,911,982**	138,863
Net Cash Used in Investing Activities	**(4,650,295)**	(221,374)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Year ended December 31,	**2022**	2021
Cash Flows from Financing Activities:		
Repayments of Economic Injury Disaster Loan	**-**	(150,000)
Proceeds from Paycheck Protection Program Loan	**-**	1,388,299
Repayments of bonds payable	**(572,707)**	(553,362)
Repayments of finance lease obligations	**(63,937)**	(69,038)
Net Cash (Used in) Provided by Financing Activities	**(636,644)**	615,899
Net Increase in Cash and Cash Equivalents	**326,213**	1,242,668
Cash and Cash Equivalents - *beginning of year*	**3,958,325**	2,715,657
Cash and Cash Equivalents - *end of year*	**$ 4,284,538**	$ 3,958,325
Supplemental Disclosure of Cash Flow Information:		
Interest paid	**$ 134,505**	$ 149,736
Supplemental Disclosure of Non-cash Investing Activities:		
Right-of-use assets acquired under operating leases	**$ 190,059**	$ -
Supplemental Disclosure of Non-cash Financing Activities:		
Right-of-use assets acquired under finance leases	**$ 106,904**	$ -

See accompanying notes to consolidated financial statements.

1. Nature of Organization

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate (the YMCA) is comprised of Young Men's Christian Association of South Palm Beach County, Inc. (the YMCA SPBC) and its affiliate YMCA Foundation of South Palm Beach County, Inc (the YMCA Foundation).

The YMCA SPBC is a not-for-profit corporation organized under the laws of the State of Florida since 1972. The YMCA SPBC is a cause driven organization that is for youth development, for healthy living and for social responsibility. The YMCA SPBC is a member of the Young Men's Christian Association of the USA, a world-wide organization. Each member of the YMCA of the USA is autonomous.

In 2004, the YMCA Foundation was formed. The YMCA Foundation was established to provide a permanent source of funding, allowing the YMCA SPBC to meet critical community needs now and in the future. Earnings, from the YMCA Foundation, support existing program areas, provide flexibility in developing programs to respond to changing community needs, fund improvements to keep buildings up to code, safe and welcoming, and provide a safety net in times of crisis or economic uncertainty.

The YMCA serves as a community anchor in Palm Beach County by enriching lives and strengthening community through youth development, healthy living, and social responsibility.

The YMCA provides many programs and services to people of all ages. Some of the programs and services are:

Summer camp

Early childhood development program

Preschool

Social and recreational programs for safety youths and adults with disabilities

Diabetes prevention and Livestrong

Senior health and wellness programs

Family development programs

Youth and adult sport leagues

Youth and adult aquatic instruction, water and drowning prevention

Teen leadership programs

Revenues are derived primarily from program and service fees, membership dues and contributions.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the YMCA SPBC and the YMCA Foundation, which are under common control. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. The YMCA Foundation was established to provide a permanent source of funding for the YMCA SPBC, allowing the YMCA SPBC to meet critical community needs now and in the future.

The consolidated financial statements of the YMCA have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets and revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the YMCA, the environment in which the YMCA operates and the purposes specified in the YMCA's articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions could be perpetual in nature (NOTE 17).

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those estimates may be material.

Investments and Investment Return

Investments are stated at fair value (NOTES 4 and 15). Realized and unrealized gains and losses are included in the accompanying Consolidated Statements of Activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Realized gains and losses are reported at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are reported for the change in fair value between reporting periods. Interest and dividend income are reported when earned.

Due from Estate

Due from estate represents a balance due from an estate. The YMCA records contribution revenue when the donor passes away, and the will is declared valid based upon the estimated amount it anticipates collecting. During the year ended December 31, 2021, the YMCA recorded contribution revenue and a receivable in the amount of $2.8 million related to a gift which was from one donor. The balance due from estate was collected in February 2022, and was donor restricted for the purpose of special needs programming and is included in net assets with donor restrictions (NOTE 16).

Contributions Receivable, Net

All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future years or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same year in which the contribution is received, the YMCA reports the support as net assets without donor restrictions.

Contributions receivable are initially recorded at fair value when received. Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of future collections. Conditional contributions receivable are recognized when the conditions have been substantially met.

The YMCA estimates an allowance for uncollectible contributions receivable based on the creditworthiness of its donors, aging of the individual balances receivable, recent payment history, contractual terms, and other qualitative factors such as the status of the relationship with the donor. Contributions receivable are written off when all collection procedures have been exhausted and the potential for recovery is considered remote.

Membership and Other Program Related Fees Receivable, Net

Membership and other program related fees consist of grants, membership, and other program related fees. Management reviews its receivable balances for uncollectible accounts on a monthly basis and either directly writes them off or creates an allowance for doubtful accounts (NOTE 6). The allowance for doubtful accounts is determined taking into account the financial condition of the YMCA's customers, current general economic conditions, and the age of certain balances due to the YMCA. Receivables are charged off after all means of collection have been exhausted.

Beneficial Interest in Irrevocable Trusts, Net

The YMCA has been named as a remainder beneficiary of various charitable remainder annuity and unitrusts. Trust assets are stated at fair market value. The YMCA's beneficial interest was determined using Internal Revenue Service (IRS) actuarial assumptions, discounted using the applicable federal rate in effect at the date of the gift. The YMCA used a present value discount rate of approximately 4%.

A contribution is recorded at the fair value of the assets received less a present value discount. The assets related to these trusts are separately identified in the accompanying Consolidated Statements of Financial Position as "Beneficial interest in irrevocable trusts, net." Changes in fair value for the period are reported in the Consolidated Statements of Activities within the caption "Contributions, net".

Property and Equipment, Net

The YMCA capitalizes all expenditures in excess of $1,000 for property and equipment. Property and equipment are recorded at cost if purchased and at their estimated fair value if donated. Property and equipment donations are reported as net assets without donor restrictions unless the donor has restricted the use of the asset for a specific purpose. Contributions of cash, other assets and unconditional contributions receivable which are restricted for the purpose of acquiring property and equipment are reported as net assets with donor restrictions. When there are no explicit donor stipulations about how long those long-lived assets must be maintained, the YMCA reports expirations of donor restrictions when the acquired long-lived assets are placed in service. These expirations of donor restrictions are reported as releases to net assets without donor restrictions.

Property and equipment are depreciated and amortized using the straight-line method over the estimated useful lives of the respective assets as follows:

	Useful Life
Youth learning center	39 years
Buildings and improvements - Boca Raton	5-39 years
Buildings and improvements - Boynton Beach	5-39 years
Sports field	5-15 years
Equipment	2-10 years
Vehicles	3-7 years

Long-Lived Assets

The YMCA reviews its long-lived assets for possible impairment at least annually, and more frequently if circumstances warrant. Impairment is determined to exist when estimated amounts recoverable through future cash flows from operations on an undiscounted basis are less than the long-lived asset carrying values. If a long-lived asset is determined to be impaired, it is written down to its estimated fair value to the extent that the carrying amount exceeds the fair value of the long-lived asset. No write-downs for impairment of long-lived assets were recorded for the years ended December 31, 2022 and 2021.

Leases

On January 1, 2022, the YMCA adopted Accounting Standards Update (ASU) No. 2016-02, Leases, and the subsequent amendments to the initial guidance collectively refer to as Topic 842, using the alternative transition method. Therefore, results for reporting periods beginning after January 1, 2022, are presented under Topic 842, while comparative information has not been restated and continues to be reported under ASC Topic 840, *Leases*.

Lessee

The YMCA enters into lease arrangements as a lessee primarily for vehicles and equipment. At its inception, the YMCA determines whether an arrangement is or contains a lease, which includes classifying the lease as an operating or finance lease. A lease exists when a contract conveys to the customer the right to control the use of identified property or equipment for a period of time in exchange for consideration. The definition of a lease embodies two conditions: (i) there is an identified asset in the contract that is land or a depreciable asset (i.e., property and equipment), and (ii) the customer has the right to control the use of the identified asset. The YMCA recognizes a right-of-use (ROU) asset and lease liability on the Consolidated Statements of Financial Position for all leases with a term longer than 12 months, including renewals options reasonably certain to be exercised. ROU assets represent the YMCA's right to use an underlying asset for the lease term. Lease liabilities represent the YMCA's obligation to make lease payments arising from the lease. ROU assets and liabilities are classified and recognized at the commencement date.

ROU lease liabilities are measured based on the present value of fixed lease payments over the lease term, discounted at the appropriate rate. The YMCA has made an accounting policy to apply a risk-free rate as the discount rate used to measure lease liabilities and ROU assets at commencement of a lease. ROU assets consist of (i) initial measurement of the lease liability; (ii) lease payments made to the lessor at or before the commencement date less any lease incentives received; and (iii) initial direct costs incurred by the YMCA.

The ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Key estimates and judgments included in the initial measurement of ROU assets and liabilities include (I) the discount rate used to discount the unpaid lease payments to present value, (II) lease term and (III) lease payments.

I. The risk-free discount rate for the lease determined using a period comparable with that of a lease term.

II. The lease term for leases includes the noncancellable period of the lease plus any additional periods covered by either a lessee option to extend (or not to terminate) the lease that the lessee is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

III. Lease payments included in the measurement of the lease asset or liability comprise the following: (i) fixed payments (including in-substance fixed payments), (ii) variable payments that depend on index or rate based on the index or rate at lease commencement, (iii) the exercise price of a lessee option to purchase the underlying asset if the lessee is reasonably certain to exercise, (iv) payments for penalties for terminating the lease if the lessee is reasonably certain to exercise, and (v) amounts probable of being owed under residual value guarantees.

Variable lease payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate) are included in the measurement of ROU assets and lease liabilities using the index or rate at the commencement date. Variable lease payments that do not depend on an index or a rate are excluded from the measurement of ROU assets and lease liabilities and are recognized in the period in which the event, activity, or circumstance in the lease agreement on which those payments are assessed occur. Variable lease payments related to the YMCA's operating leases include costs such as property taxes, insurance, and common area maintenance and are recognized in the captions "Equipment rental" and "Travel and transportation" in the Consolidated Statement of Functional Expenses in the period in which the obligation for those payments is incurred.

The YMCA monitors events or changes in circumstances that require a reassessment of a lease. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in the captions "Equipment rental" and "Travel and transportation" in the Consolidated Statement of Functional Expenses.

Lessor

The YMCA leases office space to a third party to operate two wellness centers. Refer to NOTE 19 for further details.

The YMCA classifies its leases at inception as operating, direct financing or sales-type leases. A lease is classified as a sales-type lease if at least one of the following criteria is met: (1) the lease transfers ownership of the underlying asset to the lessee, (2) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise, (3) the lease term is for a major part of the remaining economic life of the underlying asset, (4) the present value of the sum of the lease payments equals or exceeds substantially all of the fair value of the underlying assets or (5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. When none of the above criteria is met, a lease is classified as a direct financing lease if both of the following criteria are met: (1) the present value of the of the sum of the lease payments and any residual value guaranteed by the lessee, that is not already reflected in the lease payments, equals or exceeds the fair value of the underlying asset and (2) it is probable that the lessor will collect the lease payments plus any amount necessary to satisfy a residual value guarantee. A lease is classified as an operating lease if it does not qualify as a sales-type or direct financing lease.

Certain lease arrangements contain both lease and non-lease components, primarily for maintenance services related to the leased asset. In such circumstances, the YMCA allocates the consideration in the contract to the lease and non-lease components based on the readily determinable stand-alone selling price for each component.

Key estimates and judgments included in lessor arrangements include (i) the rate implicit in the lease, which is used to determine the present value of unpaid lease payments, (ii) lease term, which includes the noncancellable period of the lease plus any additional periods covered by either a lessee option to extend (or not to terminate) the lease that the lessee is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor, (iii) lease payments which includes fixed payments, variable payments that depend on index or rate based on the index or rate at lease commencement, and the exercise price of a lessee option to purchase the underlying asset, and (iv) the fair value and remaining economic life of the underlying asset, all of which can impact the classification and accounting for the related lease as either operating, direct financing, or sales-type.

Bond Financing Costs, Net

The YMCA amortizes costs incurred in obtaining debt financing over the terms of the debt instruments. Accordingly, costs incurred to obtain the bonds payable, as described in NOTE 12, are being amortized over the terms of the debt instruments utilizing the effective interest method. The original bond financing costs were approximately $130,000. The balance of the YMCA's unamortized bond financing costs as of December 31, 2022 and 2021 was approximately $56,000 and $65,000, respectively, and are netted against the "Bonds payable" balance on the Consolidated Statements of Financial Position. Amortization expense was approximately $9,000 and 8,000 for the years ended December 31, 2022 and 2021 respectively, and is included within the caption "Financing/bank charges" in the accompanying Consolidated Statements of Functional Expenses.

Revenue Recognition - Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the YMCA fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The YMCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as "Net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

Contributed services and the related expenses are recognized at their fair value in the period of use. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and (c) would otherwise have been purchased. Such support is only recognized when the underlying value of the services can be determined on a measurable and objective basis. Many individuals have donated time and services to advance the YMCA's programs and objectives. The value of these services has not been recorded in the accompanying consolidated financial statements because they do not meet the criteria to be recorded in the consolidated financial statements under U.S. GAAP. Contributed assets are recognized as revenue at its fair value on the date of the contribution. During the years ended December 31, 2022 and 2021, the YMCA received donated goods valued at $79,630 and $48,400, respectively, which included items primarily related to fundraising and is included within the caption "Contributed nonfinancial goods" in the Consolidated Statements of Activities (NOTE 20).

The YMCA receives grants from a number of sources including federal, state, and local governments, private foundations, and other donors. Grant revenue is recognized when the expenses subject to reimbursement by the grantor are incurred, or when the services subject to reimbursement by the grantor have been performed. Grants are evaluated as to whether they qualify as exchange transactions or contributions as defined by U.S. GAAP. Grants that primarily provide commensurate value to the general public are reported as contributions.

Revenue Recognition – Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The YMCA applies Revenue from Contracts with Customers (Topic 606) to exchange transactions in which it receives consideration from individuals for membership and other program services offered. Under U.S. GAAP, these arrangements are exchange transactions between the YMCA and the individuals participating in the YMCA's programs.

Membership Dues and Program Services Revenue

The YMCA's revenue from contracts with customers is from performance obligations satisfied over time and from contracts with an initial expected duration of less than one year. Prices are specific to distinct performance obligations and do not consist of multiple transactions.

Revenue related to membership is recognized on a pro-rata basis over the periods to which the fees relate. Members are provided with monthly access to the YMCA's facilities and a variety of services which is accounted for as a single performance obligation. Membership fees are billed monthly, and payment is due prior to the month of membership. Fees collected in advance of the membership period start date are recognized as deferred revenue.

Program and service fees revenue is recognized over time on a pro-rata basis as the program/session is completed and is reported at the amount that reflects the consideration to which the YMCA expects to be entitled in exchange for providing services to their program participants. Program fees are typically due prior to the start of the program and are generally billed per session, usually weekly or monthly, depending on the program. Program fees collected in advance for those sessions not completed at the end of the reporting period are recognized as deferred revenue.

Deferred revenue from contracts was approximately $816,000 and $836,000 as of December 31, 2022 and 2021, respectively, and is included in the Consolidated Statements of Financial Position within the caption "Deferred revenue." Accounts receivable for revenue from contracts was approximately $158,000 and $218,000 as of December 31, 2022 and 2021, respectively, and is included in the Consolidated Statements of Financial Position within the caption "Membership and other program related fees receivable, net."

The YMCA's reciprocal revenue sources shown in disaggregated form, are as follows:

Year ended December 31,	**2022**	2021
Membership dues, net	$ **4,240,656**	$ 3,599,462
Preschool, net	**1,758,474**	1,719,658
Family life, net	**882,640**	736,996
Aquatics, net	**826,750**	655,108
Sports, net	**575,514**	491,331
Summer, net	**671,243**	409,442
Other programs, net	**701,405**	576,850
Revenue subject to ASC 606	$ **9,656,682**	$ 8,188,847

Special Events Revenue

Topic 606 applies to the portion of the YMCA's special events income that is determined to be an exchange transaction. The YMCA conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the YMCA. The direct costs of the special events which ultimately benefit the donor rather than the YMCA are recorded as exchange transaction revenue and exchange transaction expense and amounted to approximately $551,000 and $141,000 for the years ended December 31, 2022 and

2021, respectively and are included in the caption "Special events, net" on the Consolidated Statements of Activities.

CARES Act and Paycheck Protection Program (PPP)

On March 16, 2021, the YMCA received a loan of $1,388,299 under the PPP. The loan was set to begin accruing interest at a rate of 1.00% on the effective date. Payments of principal and interest were set to be due in equal monthly installments commencing July 16. 2021. The loan was scheduled to mature on March 16, 2026, at which time all unpaid principal and accrued interest would have been due. On December 20, 2021 the YMCA was granted forgiveness for this loan, and recorded it as grant income, included within the caption "Paycheck Protection Program" on the accompanying Consolidated Statements of Activities for the year ended December 31, 2021.

Employee Retention Tax Credit

The Employee Retention Tax Credit (ERTC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before September 30, 2021. During the year ended December 31, 2021, the YMCA applied for the ERTC for the fiscal quarters ending September 30, 2020, December 31, 2020, and March 31, 2021. In March 2022, the YMCA received payment in the amount $622,370 from the IRS for the refundable credit for the Quarter ending December 31, 2020. The YMCA also received notice that it would receive the credit for the quarters ending September 30, 2020 and March 31, 2021. For all filed ERTC credits, the YMCA reflected a receivable at December 31, 2021, and a contribution in the amount of approximately $1,053,000 for the year ended December 31, 2021. At December 31, 2022, the YMCA reflected a receivable of approximately $519,000 which represented ERTC credits for quarters ended September 30, 2020 and March 31, 2021.

Derivative Financial Instruments

The YMCA adopted the provision of an accounting standard for utilizing derivative instruments and hedging activities. The standard requires that all derivative financial instruments, such as interest rate swap contracts and foreign exchange contracts, be recognized in the consolidated financial statements and measured at fair value regardless of the purpose or intent for holding them. If the derivative is a hedge, depending on the nature of the hedge, a change in fair value of the derivative will either be offset against the change in the fair value of a hedge asset or liability through earnings.

The YMCA utilizes interest rate swaps to manage interest rate costs and to hedge against risks associated with changing interest rates. The YMCA designates interest rate swaps as hedges of specific debt instruments and accounts for them using the short-cut method, as described in the accounting standard. Interest differentials on interest rate swaps are recognized as adjustments to interest incurred on the related debt instruments (NOTE 13).

Income Taxes

The YMCA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and Chapter 220.13 of the Florida Statutes. Accordingly, no provision for income taxes has been recorded. In addition, the YMCA has been determined by the IRS not to be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for each of the years ended December 31, 2022 and 2021.

The YMCA recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of the year. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively. There were no uncertain tax positions as of December 31, 2022 and 2021.

The YMCA is subject to routine audits by a taxing authority for three years. As of December 31, 2022 and 2021, the YMCA was not subject to any examination by a taxing authority.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and by natural classification in the Consolidated Statements of Functional Expenses. All program expenses, including salaries and related benefits, that are related to multiple programs are allocated to each program based on the total direct expenses for the program to total direct expenses for all programs.

Deferred Revenue

Deferred revenue consists of membership dues, various programs and rent received in advance on a multi-year lease (NOTE 10). Membership fees are due on a month to month basis and can be cancelled at any time by the member. Membership fees received in advance of the scheduled payment terms are recorded as deferred revenue. Additionally, program revenue received in advance of the program function is recorded as deferred revenue.

Advertising Costs

The YMCA uses advertising to promote its programs among the audiences its serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 was approximately $178,000 and $167,000, respectively, and is included within "Media services and publications" in the Consolidated Statements of Functional Expenses.

Recent Accounting Pronouncements - Adopted

<u>Lease Accounting</u>

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* and issued subsequent amendments to the initial guidance, (Topic 842). Topic 842 replaces the guidance in former ASC Topic 840, *Leases*. The new lease guidance increases transparency and comparability among organizations by requiring the recognition of the following for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee's future obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a ROU asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Topic 842 allows entities to adopt with one of two methods: the modified retrospective transition method or the alternative transition method.

On January 1, 2022, the YMCA adopted Topic 842 using the alternative transition method. Therefore, results for reporting periods beginning after January 1, 2022, are presented under Topic 842, while comparative information has not been restated and continues to be reported under ASC Topic 840, *Leases*.

In adopting the new guidance, the YMCA elected to apply the package of practical expedients permitted under the transition guidance which allows the YMCA not to reassess (1) whether any expired or existing contracts contain leases under the new definition of a lease; (2) the lease classification for any expired or existing leases; and (3) whether previously capitalized initial direct costs would qualify for capitalization under ASC 842. The YMCA has also elected the following practical expedients: (1) not to separate lease components from non-lease components, (2) not to assess at transition whether any expired or existing land easements are, or contain, leases if they were not previously accounted for as leases under Topic 840 and (3) as an accounting policy election, to apply the short-term lease exception, which does not require the capitalization of leases with terms of 12 months or less.

Upon adoption of Topic 842, the YMCA recognized ROU assets, net of prepaid lease payments and lease incentives, from operating and finance leases of approximately $171,000 and $93,000, respectively and corresponding operating and finance lease liabilities of $166,000 and $71,000, respectively on the Consolidated Statements of Financial Position related to operating and finance leases where the YMCA is the lessee.

Contributed Nonfinancial Assets

In September 2020, the FASB issued an ASU 2020-07 which amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The YMCA adopted this pronouncement on January 1, 2022. As a result of the adoption, the YMCA segregated "Contributed nonfinancial goods" on the Consolidated Statements of Activities and added a related disclosure in NOTE 20.

Recent Accounting Pronouncements - Not Yet Adopted

Reference Rate Reform

In March 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-04 to provide guidance related to recognizing the effects of reference rate reform on financial reporting. The update applies to all entities that have contracts, hedging relationships, or other transactions that references LIBOR or another reference rate expected to be discontinued. The update is effective for all entities as of December 31, 2022 through December 31, 2024. The YMCA is currently evaluating the potential accounting, transition, and disclosure effects the update will have on its consolidated financial statements.

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13 which will replace the current incurred loss impairment methodology in U.S. GAAP with a methodology that reflects the expected credit losses. The update is intended to provide financial statement users with more decision-useful information about expected credit losses. Also, the FASB has issued amendments to the update with transition relief intended to improve comparability of financial statement information for some entities, to decrease costs for some financial statement preparers, and to clarify some disclosures. This update is effective on a modified retrospective basis for financial statements issued for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018 including interim periods in those fiscal years. The YMCA is currently evaluating the effect the update will have on its consolidated financial statements.

Subsequent Events

The YMCA has evaluated subsequent events through June 29, 2023 which is the date the consolidated financial statements were available to be issued.

In January 2023, a donor who had established various irrevocable charitable trusts which totaled $1,940,000, passed away (NOTE 7).

3. Liquidity Management and Availability of Resources

The YMCA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The YMCA holds cash in various interest-bearing bank accounts with well-known financial institutions and has accounts receivable specialists who actively follow up and collect on open accounts receivable balances. Additionally, the YMCA has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of income to programs and operations supported by its endowments while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis.

The YMCA's financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditures are as follows:

December 31,	**2022**	2021
Cash and cash equivalents	**$ 4,284,538**	$ 3,958,325
Investments	**4,655,450**	1,187,384
Due from estate	**-**	2,800,000
Contributions receivable, net	**1,069,467**	655,644
Grant receivables and other receivables, net	**158,011**	218,251
Employee Retention Tax Credit receivable	**519,003**	1,052,984
Total financial assets available within one year	**10,686,469**	9,872,588
Less: amounts unavailable to management without Board approval or due to donor restrictions:		
Cash and cash equivalents	**107,651**	33,651
Due from estate	**-**	2,800,000
Contributions receivable, net	**203,226**	231,944
Investments (NOTE 4)	**3,456,643**	761,737
	3,767,520	3,827,332
Total financial assets available to management for general expenditures within one year	**$ 6,918,949**	$ 6,045,256

4. Investments at Fair Value

Investments at fair value consist of the following at December 31, 2022:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Money market funds	$ 41,025	$ 212,217	$ 253,242
Equity securities	525,139	2,715,632	3,240,771
Mutual funds	102,225	528,794	631,019
Fixed income	501,130	-	501,130
Investments held at Community Foundation of Palm Beach and Martin Counties (NOTE 15)	29,288	-	29,288
Total	**$ 1,198,807**	**$ 3,456,643**	**$ 4,655,450**

Investments at fair value consist of the following at December 31, 2021:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Money market funds	$ 5,882	$ 11,495	$ 17,377
Equity securities	174,974	341,944	516,918
Mutual funds	208,929	408,298	617,227
Investments held at Community Foundation of Palm Beach and Martin Counties (NOTE 15)	35,862	-	35,862
Total	**$ 425,647**	**$ 761,737**	**$ 1,187,384**

Investment income (loss), net consists of the following for the year ended December 31, 2022:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Interest income	$ 9,092	$ 24,175	$ 33,267
Net realized gains	5,795	12,192	17,987
Net unrealized losses	(74,913)	(133,678)	(208,591)
Fees	(3,900)	(7,783)	(11,683)
Total	**$ (63,926)**	**$ (105,094)**	**$ (169,020)**

Investment income, net consists of the following for the year ended December 31, 2021:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Interest income	$ 8,600	$ 8,622	$ 17,222
Net realized gains	6,695	13,084	19,779
Net unrealized gains	34,320	58,292	92,612
Fees	(4,248)	(8,301)	(12,549)
Total	**$ 45,367**	**$ 71,697**	**$ 117,064**

5. Contributions Receivable, Net

Contributions receivable, net consisted of the following at December 31, 2022:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Gross pledges receivable	$ 983,404	$ 217,000	$ 1,200,404
Less: allowance for doubtful accounts	(117,163)	-	(117,163)
Less: discount on long-term pledges	-	(13,774)	(13,774)
	$ 866,241	**$ 203,226**	**$ 1,069,467**

Contributions receivable, net consisted of the following at December 31, 2021:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Gross pledges receivable	$ 517,212	$ 250,000	$ 767,212
Less: allowance for doubtful accounts	(93,512)	-	(93,512)
Less: discount on long-term pledges	-	(18,056)	(18,056)
	$ 423,700	**$ 231,944**	**$ 655,644**

Pledges which are due within one year are reported at their net realizable value. Pledges which are due after one year, have been discounted using a rate of 4% for the year ended December 31, 2022 and 2021. For the year ended December 31, 2022 and 2021, there was bad debt expense related to unconditional promises to give of approximately $122,000 and $69,000, respectively, and is presented within the caption "Bad debt" in the Consolidated Statements of Functional Expenses. Payments due on contributions receivable are as follows:

December 31,	**2022**	2021
Less than one year	**$ 1,066,404**	$ 600,212
One to four years	**134,000**	167,000
	$ 1,200,404	$ 767,212

6. Membership and Other Program Related Fees Receivable, Net

Membership and other program related fees receivable, net consisted of the following:

December 31,	**2022**	2021
Membership and other program related fees	**$ 259,659**	$ 312,744
Less: allowance for doubtful accounts	**(101,648)**	(94,493)
	$ 158,011	$ 218,251

Total bad debt expense, net of recoveries, related to other receivables for the years ended December 31, 2022 and 2021 was approximately $49,000 and $114,000, respectively, and is included within "Membership dues, net", and "Program and service fees, net" on the Consolidated Statements of Activities.

7. Beneficial Interest in Irrevocable Trusts, Net

In 2009, the YMCA became aware that it was the beneficiary of three irrevocable charitable remainder trusts. A charitable remainder trust is an arrangement in which a donor establishes and funds a trust with specific distributions to be made to a beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the not-for-profit receives the assets remaining in the trust. These trusts are funded via single premium annuities and have a universal life component whereby the YMCA is a beneficiary. The YMCA's beneficial interest in irrevocable trusts is $1,940,000, which is funded through guaranteed universal life insurance policies in which the premiums are funded through the guaranteed single premium annuities.

In January 2023, the donor which funded the three irrevocable charitable remainder trusts passed away. The YMCA is awaiting payment from the life insurance in the lump sum of $1,940,000, which is expected to be paid subsequent to the date the consolidated financial statements were available to be issued (NOTE 2).

The discounted net present value of the beneficial interest in the irrevocable trusts totaled the following:

December 31,		**2022**		2021
Remainder in irrevocable trusts	**$**	**1,940,000**	$	1,940,000
Less: present value discount		**-**		(275,163)
	$	**1,940,000**	$	1,664,837

8. Operating Lease Right-Of-Use Assets, Net and Operating Lease Liabilities

The YMCA leases its equipment under operating leases with 3-to-5-year initial terms. Most leases include renewal options which can extend the lease term one additional year. The exercise of these renewal options is at the sole discretion of the YMCA, which is not certain as of this time. As such, the YMCA is only amortizing its equipment leases based on the remaining lease term.

The YMCA's operating leases are discounted at various rates ranging from 1.04% to 1.37%.

The following summarizes the line items in the Consolidated Statements of Financial Position which include amounts for operating leases:

December 31, 2022		
Assets		
Gross operating lease right-of-use assets	**$**	**190,059**
Less: accumulated amortization on operating lease right-of-use assets		**(97,738)**
Total operating lease right-of-use assets, net	**$**	**92,321**
Liabilities		
Current portion of operating lease liabilities	**$**	**60,554**
Operating lease liabilities, less current portion		**25,887**
Total operating lease liabilities	**$**	**86,441**

The components of operating lease expenses that are included in the captions "Equipment Rental" and "Travel and transportation" in the Consolidated Statement of Functional Expenses were as follows:

Year ended December 31,		**2022**
Operating lease cost	**$**	**97,738**
Short term lease cost		**14,431**
Variable lease cost		**-**
Total lease cost	**$**	**112,169**

The following summarizes the supplemental information related to operating leases for the year ended December 31, 2022:

Right-of-use assets obtained in exchange for new operating lease liabilities	**$ 190,059**
Operating cash flows from operating leases	**$ 103,618**
Weighted-average remaining lease term - operating leases	**1.82**
Weighted-average discount rate - operating leases	**1.10%**

The maturities of operating lease liabilities as of December 31, 2022, were as follows:

Year Ending December 31,	
2023	**$ 61,446**
2024	**16,226**
2025	**3,471**
2026	**3,519**
2027	**2,671**
Total minimum operating lease payments	**87,333**
Less: amount representing interest	**(892)**
Present value of future minimum operating lease payments	**$ 86,441**

The YMCA presented the comparative information for the year ended December 31, 2021, and continues to be reported under ASC Topic 840, Leases. The YMCA leased buses, fitness equipment, and office equipment under operating lease agreements expiring at various dates through June 2024.

Approximate minimum future rental payments under these non-cancellable lease agreements having initial or remaining terms in excess of one year as of December 31, 2021 are as follows:

Year Ending December 31,	
2022	$ 171,000
2023	53,000
2024	15,000
	$ 239,000

Total expense under these operating leases for the year ended December 31, 2021 was approximately $200,000 and is included within the captions "Travel and transportation" and "Occupancy" in the Consolidated Statement of Functional Expenses.

9. Property and Equipment, Net

Property and equipment, net consisted of the following at December 31:

December 31,	**2022**	2021
Land	**$ 2,516,500**	$ 2,516,500
Youth learning center	**307,266**	307,266
Buildings and improvements - Boca Raton	**12,225,407**	12,032,657
Buildings and improvements - Boynton Beach	**6,925,492**	6,325,107
Sports field	**231,380**	231,380
Equipment	**5,318,657**	5,156,719
Vehicles	**59,642**	34,642
Equipment under finance leases	**346,703**	369,168
	27,931,047	26,973,439
Less: accumulated depreciation and amortization (including accumulated amortization of approximately $308,000 and $277,000 for the years ended December 31, 2022 and 2021 respectively, related to finance leases.)	**(15,759,747)**	(14,924,258)
	$ 12,171,300	$ 12,049,181

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was approximately $874,000 and $888,000, respectively, (including amortization expense of approximately $65,000 and $84,000, respectively, related to finance leases) (NOTE 14). During the year ended December 31, 2022, the YMCA entered into a construction agreement with a third party for renovations which amounted to approximately $271,000.

10. Deferred Revenue

Deferred revenue consisted of the following at December 31,

December 31,	**2022**	2021
Membership dues, program fees and other	**$ 815,958**	$ 835,935
Rent (Note 19)	**164,963**	193,565
	$ 980,921	$ 1,029,500

11. Economic Injury Disaster Loan and Economic Injury Disaster Loan Advance

On June 3, 2020, the YMCA entered into an agreement with the Small Business Administration (SBA) for an Economic Injury Disaster Loan in the amount of $150,000. The loan accrued interest at 2.75% per annum on advanced funds. Installment payments, including principal and interest, of $641 monthly begin in June 2021. The balance of principal and interest was due in full on the loan's maturity date of June 2, 2050. The collateral included all assets of the YMCA. On April 1, 2021, the loan balance and all accrued interest was paid in full.

12. Bonds Payable, Net

On January 1, 1999, the YMCA entered into a loan agreement with Palm Beach County, Florida to borrow $6,700,000 from the issuance of the Palm Beach County, Florida Economic Development Revenue Bonds Series 1999 (YMCA Boynton Beach Project), to be used to acquire land, equipment and construct an approximately 58,000 square foot YMCA Family Social Service Center.

On November 1, 2003, the YMCA refunded these revenue bonds and entered into a new agreement with Palm Beach County, Florida to borrow $13,700,000 from the issuance of Palm Beach County, Florida Economic Development Refunding and Improvement Revenue Bonds Series 2003 (YMCA Project) for the purpose of refunding the existing bonds, to pay the issuance costs of the new bonds and to fund the construction of the redevelopment project (the Project) at the Boca Raton, FL facility.

On November 1, 2012, the YMCA refunded the series 2003 revenue bonds and entered into a new agreement on November 2, 2012 with Palm Beach County, Florida, the issuer and Branch Banking and Trust Company, the purchaser, to borrow $8,805,000 from the issuance of Palm Beach County, Florida Industrial Development Revenue Bonds Series 2012. The variable short-term rate as of December 31, 2022, and 2021 was 4.82% and 1.50%, respectively. The variable rate is calculated is based upon approximately 83% of 1 month LIBOR plus 1.42%. The YMCA fixed the variable interest rate on these bonds payable at 2.91% through an interest rate swap agreement (NOTE 13). The bonds are secured by the real and personal property of the YMCA. The YMCA must make monthly principal and interest payments. The bonds are due to mature on November 1, 2028.

At December 31, 2022 and 2021, the outstanding balance on the bonds payable, was $3,746,786 and $4,319,493, respectively. As of December 31, 2022 and 2021, there was $56,153 and $64,792 of unamortized deferred loan costs in connection with the bonds payable (NOTE 2).

Several loan covenants exist for the YMCA which are tested annually. Management believes the YMCA was in compliance with all covenants as of December 31, 2022 and 2021.

Interest expense for the years ended December 31, 2022 and 2021 was approximately $135,000 and $146,000, respectively, and is included within the caption "Financing/bank charges" in the Consolidated Statements of Functional Expenses.

At December 31, 2022, approximate annual maturities of indebtedness for each of the next five years and thereafter are approximated as follows:

December 31,	
2023	$ 588,000
2024	606,000
2025	624,000
2026	643,000
2027	662,000
Thereafter	624,000
	3,747,000
Less: deferred loan costs	(56,000)
	$ 3,691,000

13. Interest Rate Swap Asset & Liability

On November 2, 2012, the YMCA entered into a derivative financial instrument with a lender to manage the overall borrowing costs associated with its bond payable (NOTE 12), which matures on November 1, 2028. Credit loss from counterparty non-performance is not anticipated. At December 31, 2022 and 2021, the outstanding notional balance on the bonds payable was $3,746,786 and $4,319,493, respectively, and is subject to a floating interest rate as described in NOTE 12. The swap is a cash flow hedge, as it has been designated against the bond to reduce the effects of interest rate fluctuations on the bond. Amounts received or paid as a result of the swap agreement are recognized as adjustments to interest expense.

The net effect on the YMCA's operating results is that interest on a portion of the variable rate debt is being hedged based on fixed interest rates. The interest rate swap contract is reflected at fair value in the YMCA's Consolidated Statements of Financial Position and the related gain or loss is recognized as a change in net assets. The fair value of the interest rate swap as of December 31, 2022 and 2021 was an asset of $122,069 and a liability of $128,350, respectively, which are reflected in the Consolidated Statements of Financial Position in the captions "Interest rate swap." The interest rate swap is valued using third party models that use as their input observable market conditions (NOTE 15). The change in fair value related to the interest rate swap during the years ended December 31, 2022 and 2021 was favorable and amounted to $250,419 and $141,573, respectively, and is reflected in the Consolidated Statements of Activities within the caption "Change in fair value of interest rate swap."

14. Finance Lease Obligations

The YMCA leases certain equipment under finance leases expiring at various dates through January 2025, and at various rates ranging from 2.70%-7.55%, which is stipulated by the respective lease agreements. As of December 31, 2022, the leased property has a recorded cost of approximately $347,000 and a total accumulated amortization of approximately $308,000. The leased property is included within the caption "Equipment from finance leases" in NOTE 9. Interest expense incurred on the finance leases was approximately $1,000 for the year ended December 31, 2022.

The following summarizes the total lease liabilities in the Consolidated Statement of Financial Position which include amounts for finance leases:

December 31,		*2022*
Liabilities		
Current portion of finance lease liabilities	$	**15,256**
Finance lease liabilities, less current portion		**6,406**
Total lease liabilities	$	**21,662**

The components of finance lease expenses that are included in the caption "Depreciation and amortization" in the Consolidated Statement of Functional Expenses were as follows:

Year ended December 31,		**2022**
Finance Lease cost:		
Amortization of right-of-use assets	$	**65,327**
Interest on lease liabilities		**3,348**
Variable lease cost		**-**
Total lease cost	$	**68,675**

The following summarizes the supplemental information related to finance leases for the year ended December 31, 2022:

Right-of-use assets obtained in exchange for new finance lease liabilities	$	**106,904**
Operating cash flows from finance leases	$	**3,348**
Financing cash flows from finance leases	$	**63,937**
Weighted-average remaining lease term - finance leases		**0.97**
Weighted-average discount rate - finance leases		**7.41%**

The maturities of finance lease liabilities as of December 31, 2022, were as follows:

Year Ending December 31,		
2023	**$**	**15,936**
2024		**4,395**
2025		**2,371**
Total minimum finance lease payments		**22,702**
Less: amount representing interest		**(1,040)**
Present value of future minimum finance lease payments	**$**	**21,662**

The YMCA presented the comparative information for the year ended December 31, 2021, and continues to be reported under ASC Topic 840, Leases. The YMCA leased certain equipment under capital leases expiring at various dates through January 2023, and various rates ranging from 2.70%-4.30%. As of December 31, 2021, the leased property has a recorded cost of approximately $369,000 and a total accumulated amortization $277,000. The leased property is included within the caption "Equipment from finance lease" in NOTE 9. Interest expense incurred on the capital leases was approximately $9,000 for the year ended December 31, 2021.

Approximate minimum future rental payments under these non-cancellable lease agreements are as follows:

Year Ending December 31,		2021
2022	$	59,796
2023		11,500
	$	**71,296**

Total rent expense of approximately $84,000, for the related capital lease assets is included within the caption "Depreciation and amortization" on the Consolidated Statement of Functional Expenses for the year ended December 31, 2021.

15. Fair Value Measurements

The YMCA adopted a FASB accounting standard on fair value measurements. The accounting standard establishes a framework for measuring fair value, expands disclosures about fair value measurements and provides new income recognition criteria for certain derivative contracts. U.S. GAAP requires that a fair value measurement reflect assumptions market participants would use in pricing an asset or liability.

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for the specific asset or liability at the measurement date (referred to as an exit price).

The accounting standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under the accounting standard are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The accounting standard requires the YMCA to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Determination of Fair Value

In determining fair value, the YMCA used market prices of the same or similar instruments whenever such prices are available, even in situations where trading volume may be low when compared with prior periods. A fair value measurement assumes that an asset or liability is exchanged in an orderly transaction between market participants, and accordingly, fair value is not determined based upon a forced liquidation or distressed sale. Where necessary, the YMCA estimates fair value using other market observable data such as prices for synthetic or derivative instruments, market indices, industry ratings or underlying collateral or models employing techniques such as discounted cash flow analyses. The discount rate used will vary among different types of financial instruments, and particularly in the case of liquid markets, is appropriately adjusted to reflect the illiquidity of the markets. The assumptions used in the models, which typically include assumptions for interest rates, credit losses and prepayments, are corroborated by and independently verified against market observable data where possible. Where appropriate, the YMCA may use a combination of these valuation approaches.

The following sections describe the valuation methodologies used by the YMCA to measure classes of financial instruments at fair value and specify the level in the fair value hierarchy where various financial instruments are generally classified. Valuation models, significant inputs to those models and any significant assumptions are included where appropriate. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These instruments include cash, receivables, and accounts payable and accrued expenses. The carrying amount of the bonds payable, and operating and finance lease obligations approximates fair value because the variable interest rates are based on current rates offered for debt and lease liabilities with similar terms and maturities.

Money market funds – Valued at cost, which approximates fair value.

Equity securities – Fair value is based on the closing price reported in the active market in which the equity securities are traded.

Mutual funds – Valued at the closing price reported in the active market in which the individual securities are traded.

Treasury bills: Based upon current rates for similar instruments.

Beneficial interest in irrevocable trusts – Fair value is based on the face value of the insurance policies along with the life expectancy of the donor and discounted cash flows.

Interest rate swap – The interest rate swap is valued using third party models that use as their input observable market conditions. This valuation process considers factors including interest rate yield curves, money market rates, future prices and long-term yields.

Investments held at the Community Foundation – Values of the assets invested with the Community Foundation are determined by calculating the YMCA's Net Asset Value (NAV) in the pool. The YMCA has the ability to observe the inputs to the valuation and redeem the investment at NAV upon request; as such, the YMCA's investment is reflected at NAV on the Consolidated Statements of Financial Position, using the practical expedient. The investments held at the Community Foundation that are valued at NAV have no unfunded commitments at December 31, 2022 and 2021. Additionally, there are no explicit restrictions on the redemption of such investments. In accordance with Subtopic 820-10, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the YMCA believes its valuation methodologies are appropriate and consistent, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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Items Measured at Fair Value on a Recurring Basis

The following table presents the YMCA's financial instruments that are measured at fair value on a recurring basis at December 31, 2022, for each fair value hierarchy level.

December 31, 2022	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments:				
Money market funds	$ 253,242	$ 253,242	$ -	$ -
Equity securities				
Common stocks	476,185	476,185	-	-
Real estate investment trusts	8,461	8,461	-	-
Mutual funds				
Intermediate core bond	446,242	446,242	-	-
Large value	94,319	94,319	-	-
Foreign large growth	54,889	54,889	-	-
Small growth	35,568	35,568	-	-
Treasury Bills	3,257,255	3,257,255	-	-
Total investments in the fair value hierarchy	4,626,161	4,626,161	-	-
Beneficial interest in irrevocable trusts, net	1,940,000	-	-	1,940,000
Fair value of interest rate swap	122,069	-	122,069	-
Investments measured at net asset value *	29,288	-	-	-
Total assets at fair value	$ 6,717,518	$ 4,626,161	$ 122,069	$ 1,940,000

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The following table presents the YMCA's financial instruments that are measured at fair value on a recurring basis at December 31, 2021, for each fair value hierarchy level.

December 31, 2021	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments:				
Money market funds	$ 17,377	$ 17,377	$ -	$ -
Equity securities				
Common stocks	506,545	506,545	-	-
Real estate investment trusts	10,373	10,373	-	-
Mutual funds				
Diversified emerging markets	36,728	36,728	-	-
Foreign large growth	76,207	76,207	-	-
Foreign small/mid-blend	38,265	38,265	-	-
Intermediate core bond	23,767	23,767	-	-
Nontraditional Bond	232,767	232,767	-	-
Short-term bond	123,168	123,168	-	-
Small growth	37,957	37,957	-	-
Small value	48,368	48,368	-	-
Total investments in the fair value hierarchy	1,151,522	1,151,522	-	-
Beneficial interest in irrevocable trusts, net	1,664,837	-	-	1,664,837
Investments measured at net asset value *	35,862	-	-	-
Total assets at fair value	$ 2,852,221	$ 1,151,522	$ -	$ 1,664,837
Liabilities:				
Fair value of interest rate swap	$ (128,350)	$ -	$ (128,350)	$ -

(*) In accordance with Subtopic 820-10, certain investments that are measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

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16. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

Year ended December 31, 2022	January 1	Additions / Investment gains (losses)	Releases	December 31
Subject to expenditure for a specific purpose:				
Donor restricted contribution for special needs	$ 2,800,000	$ 28,196	$ -	$ 2,828,196
Donor restricted cash for summer camp	33,651	-	(9,000)	24,651
Donor restricted contribution for creative arts initiative	231,944	8,893	-	240,837
Donor restricted contribution for livestrong	-	45,389	-	45,389
Total purpose restrictions	3,065,595	82,478	(9,000)	3,139,073
Subject to expenditure for a specific time period:				
Beneficial interest in irrevocable trust	1,940,000	-	-	1,940,000
CRAT/CRUT Discount	(275,163)	275,163	-	-
Total time restrictions	1,664,837	275,163	-	1,940,000
Endowment:				
Subject to endowment spending policy and appropriation	761,737	(133,290)	-	628,447
Total endowment restrictions	761,737	(133,290)	-	628,447
Total net assets with donor restrictions	$ 5,492,169	$ 224,351	$ (9,000)	$ 5,707,520

Year ended December 31, 2021	January 1	Additions / Investment gains	Releases	December 31
Subject to expenditure for a specific purpose:				
Donor restricted contribution for special needs	$ -	$ 2,800,000	$ -	$ 2,800,000
Donor restricted cash for summer camp	42,651	-	(9,000)	33,651
Donor restricted contribution for creative arts initiative	-	231,944	-	231,944
Total purpose restrictions	42,651	3,031,944	(9,000)	3,065,595
Subject to expenditure for a specific time period:				
Beneficial interest in irrevocable trust	1,940,000	-	-	1,940,000
CRAT/CRUT Discount	(294,637)	19,474	-	(275,163)
Total time restrictions	1,645,363	19,474	-	1,664,837
Endowment:				
Subject to endowment spending policy and appropriation	690,040	71,697	-	761,737
Total endowment restrictions	690,040	71,697	-	761,737
Total net assets with donor restrictions	$ 2,378,054	$ 3,123,115	$ (9,000)	$ 5,492,169

For each of the years ended December 31, 2022 and 2021, net assets released from restrictions amounted to $9,000 and were primarily contributions for summer camp.

17. Endowments

The YMCA's endowments consist of individual funds established for a variety of purposes. The endowments are comprised of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Donor restricted endowment funds are presented as net assets with donor restrictions and board designated endowment funds are presented as net assets without donor restrictions. Earnings on endowments with donor restrictions are included in net assets with donor restrictions until appropriated by the Board of Directors in accordance with the spending policy.

One endowment is managed by the YMCA Foundation and contains both donor-restricted funds and board designated funds for the purpose of future endeavors as determined by the board. The other is managed by Community Foundation for Palm Beach and Martin Counties and contains only board designated funds for the purpose of future endeavors as determined by the board.

The State of Florida has adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). The YMCA has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the YMCA would classify as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted portion of the endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by FUPMIFA.

The YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund earnings:

(1) The duration and preservation of the fund

(2) The purposes of the YMCA and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the YMCA

(7) The investment policies of the YMCA

Summary of Endowment Net Assets at December 31, 2022:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 628,447	$ 628,447
Board-designated endowment funds	697,014	-	697,014
Total endowment net assets	**$ 697,014**	**$ 628,447**	**$ 1,325,461**

Summary of Endowment Net Assets at December 31, 2021:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 761,737	$ 761,737
Board-designated endowment funds	425,647	-	425,647
Total endowment net assets	**$ 425,647**	**$ 761,737**	**$ 1,187,384**

Changes in endowment net assets for the year ended December 31, 2022:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning	$ 425,647	$ 761,737	$ 1,187,384
Interest and dividends	4,401	22,766	27,167
Investment change, net	266,966	(156,056)	110,910
Endowment net assets, ending	**$ 697,014**	**$ 628,447**	**$ 1,325,461**

Changes in endowment net assets for the year ended December 31, 2021:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning	$ 384,468	$ 690,040	$ 1,074,508
Interest and dividends	4,412	8,622	13,034
Investment change, net	36,767	63,075	99,842
Endowment net assets, ending	**$ 425,647**	**$ 761,737**	**$ 1,187,384**

Return Objectives and Risk Parameters

The YMCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income to programs and operations supported by its endowment while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis. Endowment assets include those assets of donor-restricted funds that the YMCA must hold for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a competitive rate of return while assuming a moderate level of investment risk. The YMCA expects its endowment funds, over time, to provide a rate of return in excess of the original restricted principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

The investment objective is to achieve long-term growth of principal while recognizing the importance of preservation of capital. The YMCA recognizes that varying degrees of investment risk are generally rewarded with concomitant returns over the long-term. For donor funds that are intended for short-term duration, the investment objective is to preserve principal.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The YMCA has a spending policy for all endowment assets of appropriating for distribution each year to be determined by the board and in accordance with donor agreements. The YMCA spending policy is focused on growth of the funds to a specific threshold. Once met, the Board of Directors will begin to appropriate funds. The YMCA Foundation Board approves all spending of the board-designated endowment funds when required to support the operations of the YMCA. The intent is to only use funds from the endowment fund when necessary. Accordingly, over the long-term, the YMCA expects the current spending policy to allow its endowments to grow.

18. Pension Plan

The YMCA participates in the YMCA Retirement Fund, a national program. Participation in the plan is mandatory for all eligible employees. The YMCA contributed 12% of participants gross earnings for the year ended December 31, 2021. As a result of the coronavirus (COVID-19) outbreak, contributions were decreased to 1% on July 3, 2020, through September 30, 2020. The YMCA returned to contributing 12% from September 30, 2020 forward. For the years ended December 31, 2022 and 2021, contributions made on behalf of participating employees totaled approximately $421,000 and $438,000, respectively, and is included within the caption "Employee benefits and payroll taxes" on the Consolidated Statements of Functional Expenses.

19. Operating Leases - Lessor

On January 22, 1999, the YMCA and Bethesda Memorial Hospital, Inc. (BMH) entered into several agreements whereby they joined in a collaborative effort to extend their commitments to provide fitness and wellness services to the community. As part of these agreements, the YMCA dedicated 3,500 square feet of the YMCA Boynton Facility to physical therapy. BMH leases this space and operates its various rehabilitation programs. The lease agreement for the 3,500 square feet is for a 25-year term, which commenced in December 2000. The YMCA manages and operates these programs and retains all revenues, incurs all expenses and assumes all liabilities associated with such programs. The first five years of the lease term were prepaid by BMH, which totaled $385,000. Rent for the remaining 20 years of the lease term is $1 per year.

The YMCA is recognizing the prepaid rent on the straight-line basis over the 25-year lease term. During the years ended December 31, 2022 and 2021, the YMCA recognized approximately $15,000 of revenue related to this lease which is reflected within "Program and service fees" in the Consolidated Statements of Activities. The remaining unamortized portion, which is reflected within "Deferred revenue" in the Consolidated Statements of Financial Position as of December 31, 2022, and 2021 was approximately $48,000 and $63,000, respectively (NOTE 10).

On November 14, 2003, the YMCA entered into an agreement with BMH in which the YMCA dedicated 2,616 square feet for BMH to lease and establish a sports and back medicine program within the newly redeveloped Boca Raton facility. The lease agreement for the 2,616 square feet is for a 25-year term, which commenced on June 1, 2006. The total rent for the first five years was $329,995, which BMH paid to the YMCA in 5 equal installments of $65,999, with the first installment due on the date of commencement of the term and annually thereafter. Rent for the remaining 20 years of the lease term is $1 per year. The YMCA is recognizing the prepaid rent on the straight-line basis over the 25-year lease term. During the years ended December 31, 2022 and 2021 the YMCA recognized approximately $13,000 of revenue related to this lease which is reflected within "Program and service fees" in the Consolidated Statements of Activities. The remaining unamortized portion, which is reflected within "Deferred revenue" in the Consolidated Statements of Financial Position as of December 31, 2022, and 2021 was approximately $117,000 and $131,000, respectively (NOTE 10).

20. Contributions of Nonfinancial Assets

Contributed nonfinancial assets (in-kind donations) are as follows:

Nonfinancial Asset	Revenue Recognized **December 31, 2022**	Revenue Recognized December 31, 2021	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Silent Auction Proceeds	$ 69,630	$ -	100% Allocated to Supporting services (Fundraising)	Without Donor Restrictions	The YMCA receives various donations including but not limited to gift certificates, merchandise, and vacation travel from donors which are valued at retail market value based on contractual agreements, invoices, receipts, or other relevant documentation.
Food and other miscellaneous donations	10,000	48,400	100% Allocated to Supporting services (Fundraising)	Without Donor Restrictions	The YMCA received in kind donations from a venue for discounted food and other event related costs. The value of the in kind donations is based on what the venue charges the general public.
Total	**$ 79,630**	**$ 48,400**			

21. Contingencies

Potential Litigation

The YMCA is exposed to various claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the YMCA's consolidated financial position or the consolidated results of its activities.

22. Risks and Uncertainties

Concentrations of Credit Risk

The YMCA maintains cash balances at local banks. Accounts at a local institution are insured by the Federal Deposit Insurance Corporation. At December 31, 2022 and 2021 and at certain times during the year, the YMCA had amounts on deposit which were in excess of the federally insured limits. The YMCA is required to maintain all cash at the financial institution that provided the bonds payable (NOTE 12). The YMCA has not experienced any losses in such accounts.

The YMCA invests in marketable debt and equity securities, which, inherent in the fair market value determination, include the risk factor of credit worthiness for each individual debt and equity security. Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. The YMCA has an investment policy and utilizes management oversight, and periodically reviews its investment portfolios to monitor these risks.

Concentrations of credit risk exist for the YMCA's contributions receivable and beneficial interest in irrevocable trusts due to the size of the amounts and the small number of donors. As of December 31, 2022, and 2021, contributions receivable and beneficial interest in irrevocable trusts from one individual donor represented approximately 64% and 72%, respectively, of total contributions receivable and beneficial interest in irrevocable trusts.

Concentrations of credit risk with respect to other receivables are limited due to the large number of members comprising the YMCA's membership base. As of December 31, 2022, and 2021, the YMCA had no significant concentrations of credit risk relating to Membership and other program related fees receivable.