

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORTS

For The Years Ended December 31, 2022 And 2021



WollackLewitz^{LLC}

Certified Public Accountants & Advisors

Old Saybrook | Madison
Connecticut

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

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INDEPENDENT AUDITOR'S REPORT

Joseph J. Wollack, CPA
Dennis M. Giroux, CPA
Brendan E. Redfield, CPA
Mark D. Matlosz, CPA

To The Board Of Directors
Valley Shore YMCA, Inc.
Westbrook, Connecticut

Opinion

We have audited the accompanying financial statements of **Valley Shore YMCA, Inc.** (a nonprofit organization) which comprise the statements of financial positions as of December 31, 2022 and 2021, and the related statements of activities, and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valley Shore YMCA, Inc. as of December 31, 2022 and 2021, and the changes in its net assets 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Valley Shore YMCA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Valley Shore YMCA, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Valley Shore YMCA, Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

WallackLewitz

Certified Public Accountants
Old Saybrook, Connecticut

June 14, 2023

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

Statements Of Financial Position

For The Years Ended December 31, 2022 And 2021

	2022	2021
ASSETS		
Current Assets		
Cash	\$ 884,622	\$ 429,065
Cash Held In Reserve For Temporarily Restricted Use	922,031	1,695,100
Accounts Receivable	13,091	94,296
Pledges Receivable	329,061	350,994
Marketable Securities	2,650	6,933
Deferred Expenses	26,933	23,260
Total Current Assets	2,178,388	2,599,648
Property And Equipment, Net	3,807,004	3,573,458
Long Term Pledges Receivable, Net of Current Portion	201,312	414,919
Right to Use Asset	19,253	31,320
Other Assets	15,024	50,712
TOTAL ASSETS	\$ 6,220,981	\$ 6,670,057
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable - Operating	\$ 12,755	\$ 9,487
Accounts Payable - Construction-In-Progress	-	285,157
Accrued Expenses	31,841	31,334
Deferred Income	81,993	73,385
Custodial Account	8,727	17,410
Current Maturities Of Long-Term Debt	27,619	2,215
Current Maturities Of Operating Lease Obligations	6,315	10,864
Total Current Liabilities	169,250	429,852
Long-Term Liabilities		
Long-Term Debt, Net Of Current Portion	1,143,829	1,142,316
Operating Lease Obligations, Net Of Current Portion	12,938	20,456
Total Long-Term Liabilities	1,156,767	1,162,772
Total Liabilities	1,326,017	1,592,624
Net Assets		
Without Donor Restrictions		
Unrestricted	761,906	301,350
Invested In Property, Plant And Equipment, Net Of Mortgage	2,635,556	2,428,927
Total Without Donor Restrictions	3,397,462	2,730,277
With Donor Restrictions		
Restricted By Purpose Or Time	1,497,502	2,347,156
Total With Donor Restrictions	1,497,502	2,347,156
Total Net Assets	4,894,964	5,077,433
TOTAL LIABILITIES AND NET ASSETS	\$ 6,220,981	\$ 6,670,057

See Accompanying Notes.

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

Statement Of Activities And Changes In Net Assets
For The Years Ended December 31, 2022 And 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities						
Public Support						
Contributions	\$ 89,111	27,617	\$ 116,728	\$ 165,871	\$ 46,434	\$ 212,305
Government Grants And Contracts	165,702	-	165,702	634,740	52,992	687,732
Special Events, Net Of Expenses	51,620	-	51,620	37,018	-	37,018
Net Assets Released From Restrictions	60,312	(60,312)	-	77,625	(77,625)	-
Total Public Support	366,745	(32,695)	334,050	915,254	21,801	937,055
Revenue						
Membership Fees, Net Of Assistance	1,140,970	-	1,140,970	707,325	-	707,325
Program Fees, Net Of Assistance	948,505	-	948,505	669,599	-	669,599
Investment Income	3,827	-	3,827	4,379	-	4,379
Other Revenue	24,324	-	24,324	1,284	-	1,284
Total Revenue	2,117,626	-	2,117,626	1,382,587	-	1,382,587
Total Public Support And Revenue	2,484,371	(32,695)	2,451,676	2,297,841	21,801	2,319,642
Expenses						
Program Services						
Youth Development	758,264	-	758,264	472,054	-	472,054
Healthy Living	1,586,902	-	1,586,902	1,201,343	-	1,201,343
Social Responsibility	29,557	-	29,557	27,577	-	27,577
Total Program Services	2,374,723	-	2,374,723	1,700,974	-	1,700,974
Support Services						
Management And General	218,601	-	218,601	201,399	-	201,399
Fundraising	36,091	-	36,091	118,782	-	118,782
Total Support Services	254,692	-	254,692	320,181	-	320,181
Total Expenses	2,629,415	-	2,629,415	2,021,155	-	2,021,155
Changes In Net Assets From Operations	(145,044)	(32,695)	(177,739)	276,686	21,801	298,487
Non-Operating Activities						
Contributions For Capital Assets	(13,860)	9,130	(4,730)	-	1,729,826	1,729,826
Net Assets Released From Restrictions	826,089	(826,089)	-	1,044,986	(1,044,986)	-
Total Non-Operating Activity	812,229	(816,959)	(4,730)	1,044,986	684,840	1,729,826
Changes In Net Assets	667,185	(849,654)	(182,469)	1,321,672	706,641	2,028,313
Net Assets At Beginning Of Year	2,730,277	2,347,156	5,077,433	1,408,605	1,640,515	3,049,120
Net Assets At End Of Year	\$ 3,397,462	\$ 1,497,502	\$ 4,894,964	\$ 2,730,277	\$ 2,347,156	\$ 5,077,433

See Accompanying Notes.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Statement Of Functional Expenses

For The Year Ended December 31, 2022

	<u>Program Services</u>			<u>Support Services</u>			<u>Totals</u>	
	<u>Youth Development</u>	<u>Healthy Living</u>	<u>Social Responsibility</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>		<u>Total Support Services</u>
<u>Personnel Costs</u>								
Salaries And Wages	\$ 472,356	\$ 657,949	\$ 8,300	\$ 1,138,605	\$ 90,410	\$ 19,995	\$ 110,405	\$ 1,249,010
Payroll Taxes And Employee Benefits	52,790	101,395	739	154,924	38,070	2,078	40,148	195,072
<u>Total Personnel Costs</u>	<u>525,146</u>	<u>759,344</u>	<u>9,039</u>	<u>1,293,529</u>	<u>128,479</u>	<u>22,073</u>	<u>150,553</u>	<u>1,444,082</u>
<u>Non-Personnel Costs</u>								
Contracted Services	20,393	29,670	343	50,406	19,715	2,259	21,974	72,380
Program, Janitorial And Office Supplies	31,884	53,675	4,078	89,637	5,001	220	5,221	94,858
Telephone	5,454	5,425	28	10,907	669	196	865	11,772
Postage And Shipping	-	-	-	-	1,378	403	1,781	1,781
Licenses And Permits	3,413	8,206	34	11,653	128	8	136	11,789
Office Equipment And Maintenance	-	-	-	-	34,790	-	34,790	34,790
Printing And Advertising	20,536	43,623	37	64,196	3,150	2,242	5,392	69,588
Travel, Meetings And Training	19,913	1,864	179	21,956	7,593	171	7,764	29,720
National YMCA Support And Other Dues	12,749	21,514	398	34,661	6,178	2,390	8,568	43,229
Bank And Credit Card Processing Fees	12,651	21,348	395	34,394	2,778	2,372	5,150	39,544
Insurance	13,652	77,677	1,872	93,201	468	468	936	94,137
Bad Debt Expense	392	15,573	-	15,965	-	-	-	15,965
Interest Expense	4,476	26,538	639	31,653	160	160	320	31,973
Repairs And Maintenance	18,494	112,714	2,642	133,850	660	660	1,320	135,170
Utilities	23,180	137,425	3,311	163,916	828	829	1,657	165,573
<u>Total Non-Personnel Costs</u>	<u>187,187</u>	<u>555,252</u>	<u>13,956</u>	<u>756,395</u>	<u>83,496</u>	<u>12,378</u>	<u>95,874</u>	<u>852,269</u>
<u>Depreciation And Amortization</u>	<u>45,931</u>	<u>272,306</u>	<u>6,562</u>	<u>324,799</u>	<u>6,625</u>	<u>1,640</u>	<u>8,265</u>	<u>333,064</u>
<u>Total Expenses</u>	<u>\$ 758,264</u>	<u>\$ 1,586,902</u>	<u>\$ 29,557</u>	<u>\$ 2,374,723</u>	<u>\$ 218,601</u>	<u>\$ 36,091</u>	<u>\$ 254,692</u>	<u>\$ 2,629,415</u>

See Accompanying Notes.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Statement Of Functional Expenses

For The Year Ended December 31, 2021

	<u>Program Services</u>				<u>Support Services</u>			
	<u>Youth Development</u>	<u>Healthy Living</u>	<u>Social Responsibility</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Totals</u>
<u>Personnel Costs</u>								
Salaries And Wages	\$ 292,717	\$ 508,572	\$ 3,613	\$ 804,902	\$ 78,797	\$ 59,524	\$ 138,321	\$ 943,223
Payroll Taxes And Employee Benefits	30,002	74,219	294	104,515	47,851	5,460	53,311	157,826
<u>Total Personnel Costs</u>	<u>322,719</u>	<u>582,791</u>	<u>3,907</u>	<u>909,417</u>	<u>126,648</u>	<u>64,984</u>	<u>191,632</u>	<u>1,101,049</u>
<u>Non-Personnel Costs</u>								
Contracted Services	15,904	19,818	565	36,287	24,220	11,071	35,291	71,578
Program, Janitorial And Office Supplies	16,358	42,246	9,904	68,508	4,881	1,005	5,886	74,394
Telephone	3,836	6,055	32	9,923	828	623	1,451	11,374
Postage And Shipping	-	-	-	-	3,723	8	3,731	3,731
Licenses And Permits	3,837	6,977	105	10,919	139	7	146	11,065
Office Equipment And Maintenance	-	-	-	-	19,023	-	19,023	19,023
Printing And Advertising	12,251	22,005	316	34,572	3,241	2,723	5,964	40,536
Travel, Meetings And Training	1,289	2,166	-	3,455	1,412	-	1,412	4,867
National YMCA Support And Other Dues	6,613	9,666	509	16,788	6,858	3,307	10,165	26,953
Bank And Credit Card Processing Fees	6,231	9,106	479	15,816	5,032	3,115	8,147	23,963
Insurance	12,121	68,601	1,653	82,375	413	413	826	83,201
Bad Debt Expense	151	9,296	-	9,447	-	29,000	29,000	38,447
Interest Expense	11,841	70,201	1,692	83,734	423	423	846	84,580
Repairs And Maintenance	14,598	89,747	2,085	106,430	521	521	1,042	107,472
Utilities	15,158	89,869	2,166	107,193	541	541	1,082	108,275
<u>Total Non-Personnel Costs</u>	<u>120,188</u>	<u>445,753</u>	<u>19,506</u>	<u>585,447</u>	<u>71,255</u>	<u>52,757</u>	<u>124,012</u>	<u>709,459</u>
<u>Depreciation And Amortization</u>	<u>29,147</u>	<u>172,799</u>	<u>4,164</u>	<u>206,110</u>	<u>3,496</u>	<u>1,041</u>	<u>4,537</u>	<u>210,647</u>
<u>Total Expenses</u>	<u>\$ 472,054</u>	<u>\$ 1,201,343</u>	<u>\$ 27,577</u>	<u>\$ 1,700,974</u>	<u>\$ 201,399</u>	<u>\$ 118,782</u>	<u>\$ 320,181</u>	<u>\$ 2,021,155</u>

See Accompanying Notes.

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

Statements of Cash Flows

For The Years Ended December 31, 2022 And 2021

	2022	2021
<u>Cash Flows From Operating Activities – Source (Use)</u>		
Increase (Decrease) In Net Assets	\$ (182,469)	\$ 2,028,313
<u>Adjustments To Reconcile Change In Net Assets To Net Change In Cash From Operating Activities</u>		
Depreciation	328,079	208,191
Amortization Of Other Assets	4,985	2,455
Deferred Interest Expense	29,132	4,125
Unrealized Loss (Gain) On Marketable Securities	198	(2,853)
Loss on Disposal of Property And Equipment	(4,985)	-
Contributions Restricted For Capital Assets	(11,630)	(1,736,966)
Changes In Assets And Liabilities		
Accounts Receivable	81,205	(82,434)
Pledges Receivable	235,540	(226,812)
Other Assets	30,703	(20,114)
Deferred Expenses	(3,673)	(3,152)
Accounts Payable	(281,889)	236,689
Accrued Expenses	507	11,268
Deferred Income	8,608	(19,556)
Custodial Accounts	(8,683)	(4,613)
<u>Net Cash Provided (Used) By Operating Activities</u>	225,628	394,541
<u>Cash Flows From Investing Activities – Source (Use)</u>		
Purchase Of Property And Equipment	(556,639)	(1,325,817)
Purchase Of Investments	-	(1,096,160)
Proceeds From Sale Of Investments	4,085	1,103,340
<u>Net Cash Provided (Used) By Investing Activities</u>	(552,554)	(1,318,637)
<u>Cash Flows From Financing Activities – Source (Use)</u>		
Contributions Restricted For Capital Assets	11,630	1,736,966
Proceeds From Borrowings On Long-Term Debt	-	988,000
Payments Of Long-Term Debt	(2,216)	(1,151,909)
Payments Of Property Lease Obligations	-	(22,894)
<u>Net Cash Provided (Used) By Financing Activities</u>	9,414	1,550,163
<u>Net Change In Cash And Equivalents</u>	(317,512)	626,067
<u>Cash At Beginning Of Year</u>	2,124,165	1,498,098
<u>Cash At End Of Year</u>	\$ 1,806,653	\$ 2,124,165

See Accompanying Notes.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

1) Summary Of Significant Accounting Policies

Nature Of Operations – The mission of the Valley Shore YMCA, Inc. (YMCA) is to develop and encourage the growth of all individuals in spirit, mind and body in an atmosphere of mutual respect. The YMCA is a charitable community service organization that includes men, women and children of all ages, abilities, income, race and religions. Founded in 1917, our YMCA is dedicated to building strong kids, strong families and strong communities by putting principles into practice through programs that promote healthy living, youth development, and social responsibility.

Our YMCA serves a ten-town region within the Connecticut Valley-Shore area. The principal place of operations serving as headquarters is the facility in Westbrook. Our YMCA serves over 4,000 members and revenue is derived from membership fees, program fees, contributed income, rental income and earnings on investments.

As part of our mission our programs are accessible, affordable and open to all faiths, backgrounds, abilities and income levels. We provide financial assistance to people who otherwise may not have been able to afford to participate.

Program Activities

- **Youth Development** – Our YMCA is committed to nurturing the potential of every child and teen. We believe that all kids deserve the opportunity to discover who they are and what they can achieve. That is why we help young people cultivate the values, skills and relationships that lead to positive behaviors, better health and educational achievement. Our YMCA programs, such as child-care, before and after school care, day and specialty camp programs, youth sports, youth swim programs and other youth programming offer a range of experiences that enrich cognitive, social, physical and emotional growth.
- **Healthy Living** – The YMCA is a leading voice on health and well-being. We bring families closer together, encourage good health and foster connections through fitness, sports, fun and shared interests. As a result, people in our community are receiving the support, guidance and resources they need to achieve greater health in spirit, mind and body. This is particularly important as our nation struggles with an obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment. Healthy living programs include group adult classes, chronic disease programs, wellness workshops, swim and fitness programs, weight loss programs, triathlon and running groups, and other recreation activities and social groups.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

1) **Summary Of Significant Accounting Policies** (Continued)

Program Activities (Continued)

- **Social Responsibility** – Our YMCA believes in giving back and supporting our neighbors. We have been listening and responding to our community's most critical social needs. YMCA programs, such as the YMCA Community Garden, teaching CPR, First Aid and Life Saving Classes, Backpack Collection Drive, Senior Forum and community group access to share our facility are examples of how we deliver training, resources and support that empower our neighbors to effect change, bridge gaps and overcome obstacles. We engage YMCA members, participants and volunteers in activities that strengthen our community and pave the way for future generations to thrive.

Basis Of Accounting – The 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.

Basis Of Presentation – The YMCA records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets for use in general operations and not subject to donor (or certain grantor) restrictions.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Operating Activities – Operating activities reflect all transactions increasing or decreasing net assets except for those items associated with long-term investment and facilities and equipment.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

1) Summary Of Significant Accounting Policies (Continued)

Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent matters at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Public Support

Contributions – The YMCA receives contributions to support operating activities and capital projects. These contributions can be from individuals, foundations, corporations, or trusts. The YMCA records contributions receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. The YMCA discounts multi-year pledges that are expected to be collected after one year using a risk adjusted discount rate. Multi-year pledges are recorded at fair value at the date of the pledge.

Government Grants and Contracts – The YMCA periodically may receive grant and contract funding from state or federal government to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing and other requirements. In 2022 and 2021, these programs included federal and state grants to fund operations in childcare, after school and day camp programs due to economic conditions related to the Covid 19 pandemic. Such YMCA's government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred.

Government grants and contracts receivable are recorded in pledges receivable. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

At December 31, 2022 and 2021, the YMCA had no government contributions and grants outstanding that have not been recognized.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

1) **Summary Of Significant Accounting Policies** (Continued)

In-Kind Contributions – The YMCA recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. The YMCA received no contributed services for the year ended December 31, 2022 and \$4,350 for the year ended December 31, 2021.

The YMCA receives services from many volunteers who give significant amounts of their time to the programs of the YMCA. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services.

Contributions of assets other than cash are recorded at estimated fair value.

Revenue Recognition – The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees.

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

Membership Dues And Program Fees – Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs. Members join for varying lengths of time and may cancel with notice. Members generally pay a one-time joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to free classes, programs and activities, and discounts to fee-based programs. The YMCA offers a variety of programs including family, child-care, day camp, fitness, aquatics, and health services. Fee-based programs are available to the public. Program fees for short duration programs of two months or less, such as aquatics classes, are typically paid in advance at the time of registration. Program fees for longer duration programs, such as fee-based childcare, are usually paid monthly in advance. Cancellation provisions vary by program, but most transactions are cancelable with 10 to 30 days' notice. Refunds may be available for services not provided. Financial assistance is available to members and program participants. Such financial assistance is reflected as a reduction of gross membership dues and program fees.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

1) Summary Of Significant Accounting Policies (Continued)

Membership dues and program fees are recognized ratably over the period the membership or program service is provided on a straight-line basis in an amount that reflects the consideration the YMCA expects to be entitled to in exchange for those services. All the YMCA's revenue from contracts with customers are from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Membership joining fees are recognized when joining.

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

Accounts Receivable – The YMCA extends credit to third party payers of child development and other programs in the normal course of operations which are due within 30 days of the date of service. The YMCA also extends credit to its members enrolling in certain programs, such as summer and day camp, which are due in full prior to the start of the program. The YMCA's accounts receivable represents an unconditional right to consideration from its contracts with customers. Receivables are recorded at estimated fair value at the time of origination and are reflected in the statements of financial position net of allowances for doubtful accounts. The allowance for doubtful accounts is determined by a monthly review of account balances, including the age of the balance and historical collection experience. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

Functional Allocation Of Expenses – Expenses are charged directly to program, management or fundraising in general categories based on specific identification. Indirect expenses have been allocated based on facility square footage usages and other estimates made by management.

Advertising – The YMCA uses advertising to promote its programs among the communities it serves. Advertising costs are expensed as incurred.

Income Taxes – The YMCA has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (IRC), as an organization described in Section 501(c)(3), except for income taxes pertaining to unrelated business income.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

1) **Summary Of Significant Accounting Policies** (Continued)

The Financial Accounting Standards Board (FASB) guidance requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements. Interest and penalties would be recognized as tax expense, however, there is no interest or penalties recognized in the statements of activities. The tax years after 2016 are still open to audit for both federal and state purposes.

Cash And Cash Equivalents – The YMCA considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash allocated to the investment portfolio as part of the YMCA's investment strategy is reported as investments.

Concentration Of Credit Risk – The YMCA maintains cash balances at certain financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation. The YMCA has not experienced any losses in such accounts. The YMCA monitors the financial stability of financial institutions regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.

Investments – Investments are reported at fair value and are based primarily on quoted market prices or estimated fair value.

Inventories – Inventories consisting of merchandise for resale are carried at the lower of cost or market on a first-in, first-out basis.

Property, Plant And Equipment – Investment in property, plant, and equipment is stated at cost less accumulated depreciation or at fair value if donated. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets, ranging from three to forty years. Assets acquired that are deemed to be of a permanent and lasting nature with a cost exceeding \$1,000 are capitalized at cost. Maintenance or minor additions are expensed as incurred. The cost of the capitalized assets that have been retired, impaired, or otherwise disposed are removed from the capital account.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

1) Summary Of Significant Accounting Policies (Continued)

Right To Use Assets and Lease Liabilities – Right of use (“ROU”) assets represent the YMCA’s right to use the underlying assets for the lease term and lease liabilities represent the net present value of the YMCA’s obligation to make payments arising from these leases. The lease liabilities are based upon the present value of fixed lease payments over the lease term based upon a risk adjusted discount rate. If the lease includes one or more options to extend the term of the lease, the renewal options is considered in the lease term if it is reasonably certain that the YMCA will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. Finance lease expense is recognized as amortization of the right to used asset and interest expense. As permitted by ASC 842, leases with an initial term of twelve months or less (“short-term leases”) are not recorded on the accompanying statements of financial position.

Deferred Revenue – Membership dues and program fees that are designated for or related to future years’ activities are deferred and recognized as revenue in the period in which they apply.

Accounting Pronouncements Adopted – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting standards Update (ASU) 2016-02, *Leases: Topic 842*. This ASU affects any entity that enters into a lease, with some specific scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The YMCA has implemented this ASU for the year ended December 31, 2021 using the modified retrospective approach. The YMCA elected the optional practical expedient package which, amount other things, includes the historical classification of leases.

2) Liquidity And Availability

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash And Cash Equivalent	\$884,622
Accounts Receivable	13,091
Operating Investments	2,650
Promises To Give	9,214
	<u>\$909,577</u>

The YMCA also maintains a line of credit in the amount of \$50,000, which could be drawn upon in the event of an unanticipated liquidity need.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

3) Pledges Receivable

Pledges receivable represent amounts due from donors for multiyear unconditional pledges. Pledges receivable are shown net of a discount on future collections. Collection on these pledges are estimated to be received as follows:

	<u>2022</u>	<u>2021</u>
Pledges Receivable For General Operations	\$ 9,214	\$ 123,694
Pledges Receivable For Capital Campaign	574,211	681,411
Total Pledges Receivable	<u>583,425</u>	<u>805,105</u>
Less Discount For Net Present Value At The Rate Of 3.99% in 2022 And 1.27% in 2021	35,852	18,792
Less Allowance Of Uncollectible Pledges	<u>17,200</u>	<u>20,400</u>
Total Pledges Receivable, Net	<u>530,373</u>	<u>765,913</u>
Less Current Portion	329,061	350,994
Long Term Pledges Receivable, Net	<u>\$ 201,312</u>	<u>\$ 414,919</u>

In addition, the YMCA had received conditional promises of \$20,000 as of December 31, 2022 relating to funding for childcare programs from a local town's allocation of American Rescue Plan Act upon completion of plans and approval by town commission. The YMCA recognizes conditional promises when the conditions on which they depend are substantially met. As such, these amounts have not been recognized as of December 31 2022.

4) Property, Plant and Equipment

Property, plant, and equipment at December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Land And Improvements	\$ 117,968	\$ 117,968
Buildings And Building Improvements	7,706,781	6,459,278
Construction In Progress	31,833	1,124,247
Equipment And Furnishings	<u>662,161</u>	<u>684,768</u>
Total Investment In Property, Plant, And Equipment	8,518,743	8,386,261
Less Accumulated Depreciation	<u>4,711,739</u>	<u>4,812,803</u>
Net Investment In Property, Plant, And Equipment	<u>\$ 3,807,004</u>	<u>\$ 3,573,458</u>

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

4) Property, Plant and Equipment (Continued)

Construction in progress as of December 31, 2021 consists of funds expended for a new fitness center, fitness equipment on order but not in service, and lobby renovations substantially completed in 2022. Construction in progress as of December 31, 2022 consists of funds expended for design of locker room.

5) Long-Term Debt

Long-term debt as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Economic Injury Disaster Loan from the U.S. Small Business Administration with a general security agreement of business assets. Proceeds of \$150,000 in 2021 and additional proceeds of \$988,000 in December 2021 with an interest rate 2.75% per annum, deferred interest of \$6,531 as of December 31, 2021 and \$33,448, payable over a term on 30 years with repayment amount of \$4,957 per month beginning December 2022.	\$ 1,171,448	\$ 1,144,531
Total Long-Term Debt	1,171,448	1,144,531
Less: Current Maturities of Long-Term Debt	27,619	2,215
Long-Term Debt Net of Current Portion	<u>\$ 1,143,829</u>	<u>\$ 1,142,316</u>

Future annual maturities of the notes are as follows:

2023	\$ 27,619
2024	28,300
2025	29,177
2026	29,989
2027	30,824
Thereafter	1,025,539
Total	<u>\$ 1,171,448</u>

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

6) **Revolving Line Of Credit**

The YMCA has a \$50,000 line of credit with Webster Bank to be drawn upon as needed, with an interest rate of Webster Prime Rate plus 2% which was 9.5% as of December 31, 2022. No amounts were outstanding at December 31, 2022 or 2021. The line of credit expires in October 2023 and is renewable at the discretion of the bank.

7) **Net Assets With Donor Restrictions**

Net assets with donor restrictions as of December 31, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Net Assets With Donor Restrictions:		
Restricted For		
Programs		
Youth Development	\$ 4,291	\$ 38,808
Healthy Living	1,500	-
Social Responsibility	1,637	1,315
Capital Expenditure	9,833	24,368
Capital Campaign Development	1,480,241	2,282,665
Total Net Assets With Donor Restrictions	<u>\$1,497,502</u>	<u>\$ 2,347,156</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of events specified by the donors, or by a change in the restrictions specified by the donor. Those amounts released from restrictions during the years ended December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Programs		
Youth Development	\$ 50,654	\$ 64,831
Healthy Living	4,830	1,550
Social Responsibility	4,828	11,244
Capital Expenditure	21,165	7,615
Capital Campaign Development	804,924	1,037,371
Total Donor Restricted Net Assets Released		
From Restrictions	<u>\$ 886,401</u>	<u>\$ 1,122,611</u>

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

8) Special Events

As part of its fundraising efforts, the YMCA holds periodic special events. Revenue for special events is recognized in the period in which the event is held. Direct expenses associated with special events are netted against such revenue as follows:

	<u>2022</u>	<u>2021</u>
Special Event Revenue	\$68,011	\$56,610
Special Event Direct Expenses	(16,391)	(19,592)
Special Event Revenue, Net Of Expenses	<u>\$51,620</u>	<u>\$37,018</u>

9) Financial Assistance Provided

The YMCA provides financial assistance, through contributions and other fundraising, to help defray the costs of membership and program and other fees for individuals with need. Membership dues and program fees are recorded net of such assistance in the accompanying statements of activities. Such amounts were as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Membership Dues	\$ 1,232,684	\$ 764,192
Less: Financial Assistance Provided	(91,714)	(56,867)
Membership Dues, Net Of Assistance	<u>\$ 1,140,970</u>	<u>\$ 707,325</u>
Program Fees	\$ 955,204	\$ 678,026
Less: Financial Assistance Provided	(6,699)	(8,427)
Program Fees, Net Of Assistance	<u>\$ 948,505</u>	<u>\$ 669,599</u>

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

10) Defined Contribution Plan

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

In accordance with our agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the YMCA. Total contributions charged to retirement costs aggregated \$33,416 and \$36,575 for the years ended December 31, 2022 and 2021, respectively.

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution to this plan.

11) Related Parties

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the U.S.A. for the years ended December 31, 2022 and 2021, were \$39,841 and \$25,436, respectively.

The former President of our Board of Directors is a part owner of Noble Construction. Noble Construction has been contracted to provide construction services for renovation services. The contract was approved following a formal bidding process. The former President of the Board recused himself from voting during this process. The YMCA paid \$477,466 and \$450,828 to Noble Construction during the year ended December 31, 2022 and 2021 respectively.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

12) Lease Commitments

Capital Leases – The YMCA has entered into various capital lease agreements for fitness equipment. The outstanding balance of these capital lease obligations were paid in full as of December 31, 2021.

Leased Equipment – YMCA has an operating lease covering copier equipment until May 2026 and postage meter equipment to August 2023. Future minimum lease obligations under operating leases as of December 31, 2022, are as follows:

2023	\$ 6,315
2024	5,880
2025	5,880
2026	2,940
Total	<u>21,015</u>
Less Imputed Interest	<u>(1,762)</u>
Operating Lease Value	<u><u>\$19,253</u></u>

Rent expense for equipment under operating leases was approximately \$7,566 and \$8,293 for the years ended December 31, 2022 and 2021.

13) Commitments And Contingencies

In the normal course of business, various legal actions and claims are pending or may be instituted or asserted in the future against the YMCA. Management evaluates risks and keeps them to an acceptable level through various methods including the purchase of commercial insurance. Management believes the YMCA does not have any significant claims or other litigation which the ultimate resolution would have a material financial impact.

The YMCA self-insures employee unemployment compensation claims. If an employee becomes entitled to unemployment compensation, the YMCA is obligated to reimburse the State of Connecticut for any benefits paid to such employees. As of December 31, 2022 and 2021, the YMCA had a deposit of \$12,824 and \$30,853 respectively, which is included in other assets.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

13) Commitments And Contingencies (Continued)

The Board of Directors agreed to pursue a Capital Campaign to raise contributions in order to substantially renovate its facilities in Westbrook. Funds contributed are recorded with donor restrictions and funds are released from restriction when utilized specifically for the Capital Campaign process. In 2021 renovations began with expenditures being recorded as fixed assets for projects placed into service and as construction in progress for projects not completed as of December 31, 2022 and 2021.

14) COVID And Management's Plan

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Later on, March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. Measures taken by federal, state and local officials to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of nonessential services have triggered significant disruptions to businesses, resulted in an economic slowdown.

On March 16, 2020, Governor Ned Lamont ordered the closure of the physical location gyms and fitness centers. As such, the Organization was closed on March 16, 2020. The Organization was allowed to re-open in limited capacity on June 20, 2020. The YMCA primarily provides in-person programming; thus, the outbreak of COVID-19 adversely impacted the ability of the YMCA to conduct its operations and/or the cost of operations. Due to limited facility capacities, uncertainties about variants, uncertainties about the impact of vaccines among all age groups, the choices of members and participants to reengage in YMCA activities has not yet returned to pre-pandemic levels.

The global outbreak of COVID-19 continues to rapidly evolve, and the ultimate impact of the pandemic is highly uncertain. Adverse consequences of the COVID-19 or any other similar outbreaks in the future may include a decline in demand for in-person programming, increased operating costs, and/or a decline in revenues and contributions resulting from fewer programs due to social distancing mandates. The YMCA continues to monitor developments and the directives of federal, state, and local officials to determine what additional precautions and procedures need to be implemented by the YMCA.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

15) Unusual Items

In May 2020, the YMCA was granted a loan from Webster Bank in the amount of \$282,500, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The PPP loan was in the form of a Note dated April 17, 2020, maturing April 17, 2022 and bearing an interest rate of 1% per annum. Funds for the loan were used for payroll costs, mortgage interest, utilities incurred before October 6, 2020. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The YMCA is accounting for the loan as a conditional contribution under ASC 958-605. The YMCA submitted an application for full forgiveness on November 20, 2020 and substantially met all the conditions of the contingent contribution in 2020. The forgiveness application was approved by the Small Business Administration on January 25, 2021.

In March of 2021, the YMCA was granted an additional loan in the amount of \$282,500 under the Paycheck Protection Program Second Draw program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for twelve months after the funding of the loan. The YMCA submitted an application for full forgiveness in August 2021 and the forgiveness application was approved by the Small Business Administration on September 13, 2021.

The YMCA was eligible for the Employee Retention Credit (“ERC”) under the CARES Act. Approximately \$230,000 was received during the year ended December 31, 2021 in a combination of unpaid employment taxes for the quarters ending March 31, 2021 and June 30, 2021 in the amount and refunds due on the 2020 Form 941-X Adjusted Employer’s Quarterly Federal Tax Return or Claim for Refund for the quarters ended September 30, 2020 and December 31, 2020. In addition, the YMCA applied for an additional \$85,000 under a retroactive filing of 2021 Form 941-X Adjusted Employer’s Quarterly Federal Tax Return or Claim for Refund for the quarter ended June 30, 2021 and is reported a Pledges Receivable as of December 31, 2021. The funds were subsequently received in April 2022. The ERC funds are reported as government support in the Statement of Activities for the year ended December 31, 2021.

In September 2021, the Small Business Administration announced an expansion of the Economic Injury Disaster Loan program and allowed organizations to request additional borrowing that had been previously capped at \$150,000 and expanded the allowable uses of the program to include repayment of business debt. The YMCA applied for additional borrowing up to the maximum amount allowed under regulations of \$1,138,000, the application was approved in October 2021, and proceeds received December 26, 2021. The funds were used to repay an existing mortgage. See Long Term Debt Footnote 5.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2022 And 2021

16) Subsequent Events

Subsequent events were evaluated through June 14, 2023, which is the date the financial statements were available to be issued.