Young Men's Christian Association of Central and Northern Westchester, N.Y., Inc.

FOR YOUTH DEVELOPMENT®
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2021 and 2020

MARKS PANETH

ACCOUNTANTS & ADVISORS

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2021 AND 2020

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
YMCA of Central and Northern Westchester, N.Y., Inc.

Opinion

We have audited the financial statements of YMCA of Central and Northern Westchester, N.Y., Inc. (the "YMCA") (a New York corporation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets (deficits), functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of YMCA of Central and Northern Westchester, N.Y., Inc. as of December 31, 2021 and 2020, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of YMCA of Central and Northern Westchester, N.Y., 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 YMCA of Central and Northern Westchester, N.Y., Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 YMCA of Central and Northern Westchester, N.Y., 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 YMCA of Central and Northern Westchester, N.Y., 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.

Marks Paneth LLP

Purchase, NY
August 31, 2022

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 1,962,358	$ 372,712
Accounts receivable	109,992	337,823
Investments	5,462,002	297,043
Prepaid expenses	24,752	12,717
Property and equipment, net	3,098,755	3,260,788
Property held for sale, net	-	2,597,461
TOTAL ASSETS	$ 10,657,859	$ 6,878,544
LIABILITIES AND NET (ASSETS) DEFICIT		
Accounts payable	$ 189,192	$ 1,635,459
Accrued expenses	105,964	54,267
Compensated absences	43,125	-
Interest rate swap	-	294,128
Paycheck Protection Program loan	-	624,663
Notes payable	-	154,848
Line of credit	-	100,000
Mortgages payable	197,446	4,034,360
Unfunded post retirement benefit obligation	38,291	53,955
TOTAL LIABILITIES	574,018	6,951,680
COMMITMENTS AND CONTINGENCIES		
Net Assets (Deficit):		
Without donor restrictions		
Available for operations	9,083,841	(85,017)
Board-designated	1,000,000	-
Total without donor restrictions	10,083,841	(85,017)
With donor restrictions	-	11,881
TOTAL NET ASSETS (DEFICIT)	10,083,841	(73,136)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$ 10,657,859	$ 6,878,544

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
OPERATING REVENUE AND SUPPORT						
Revenue						
Program revenues	$ 3,930,287	$ -	$ 3,930,287	$ 2,263,131	$ -	$ 2,263,131
Registration fees	45,114	-	45,114	30,513	-	30,513
Facility rental	9,406	-	9,406	23,201	-	23,201
Reimbursed expenses	-	-	-	2,109,304	-	2,109,304
Loss on disposal of property and equipment	-	-	-	(117,586)	-	(117,586)
Total Revenue	3,984,807	-	3,984,807	4,308,563	-	4,308,563
Support						
Contributions	100,943	-	100,943	133,043	25,000	158,043
Scholarship contributions	133,696	-	133,696	-	-	-
Grants	2,791,181	-	2,791,181	324,726	15,000	339,726
Gifts in-kind	5,000	-	5,000	5,000	-	5,000
Campaign special events revenues	58,932	-	58,932	-	-	-
Less: Costs of direct benefit to donors	(2,414)	-	(2,414)	-	-	-
Net assets released from program restrictions	11,881	(11,881)	-	44,481	(44,481)	-
Total Support	3,099,219	(11,881)	3,087,338	507,250	(4,481)	502,769
TOTAL OPERATING REVENUE AND SUPPORT	7,084,026	(11,881)	7,072,145	4,815,813	(4,481)	4,811,332
FUNCTIONAL EXPENSES						
Program services	4,628,439	-	4,628,439	3,737,337	-	3,737,337
Management and general	633,635	-	633,635	489,208	-	489,208
Fundraising	150,863	-	150,863	98,383	-	98,383
TOTAL FUNCTIONAL EXPENSES	5,412,937	-	5,412,937	4,324,928	-	4,324,928
EXCESS SURPLUS OF OPERATING REVENUE AND SUPPORT OVER FUNCTIONAL EXPENSES	1,671,089	(11,881)	1,659,208	490,885	(4,481)	486,404
NON-OPERATING INCOME/(EXPENSES)						
Investment activity	166,081	-	166,081	13,599	-	13,599
Gain on sale of building	7,578,180	-	7,578,180	-	-	-
Gain on extinguishment of debt - PPP loan	624,663	-	624,663	-	-	-
Change in value of interest rate swap	40,359	-	40,359	(226,591)	-	(226,591)
Post retirement benefit liability adjustment	88,486	-	88,486	44,841	-	44,841
TOTAL NON-OPERATING (EXPENSE) INCOME, NET	8,497,769	-	8,497,769	(168,151)	-	(168,151)
CHANGE IN TOTAL NET ASSETS (DEFICIT)	10,168,858	(11,881)	10,156,977	322,734	(4,481)	318,253
Net asset (deficit) - beginning of year	(85,017)	11,881	(73,136)	(407,751)	16,362	(391,389)
NET ASSET (DEFICIT) - END OF YEAR	$ 10,083,841	$ -	$ 10,083,841	$ (85,017)	$ 11,881	$ (73,136)

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(with Comparative Totals for December 31, 2020)

	Program Services			Supporting Services				
	Youth Development	Camp Activities	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2021	Total 2020
Expenses								
Salaries	$ 1,905,055	$ 348,697	$ 2,253,752	$ 329,265	$ 78,789	$ 408,054	$ 2,661,806	$ 2,068,765
Employment benefits	203,772	37,298	241,070	35,219	8,428	43,647	284,717	307,491
Payroll taxes	134,686	24,653	159,339	23,279	5,570	28,849	188,188	149,019
Total salaries and related costs	2,243,513	410,648	2,654,161	387,763	92,787	480,550	3,134,711	2,525,275
Occupancy	141,125	25,831	166,956	24,391	28,400	52,791	219,747	293,128
Building and grounds	249,735	62,825	312,560	-	-	-	312,560	173,474
Professional fees	427,020	78,161	505,181	70,678	17,661	88,339	593,520	444,370
Supplies	143,333	26,235	169,568	24,773	7,247	32,020	201,588	183,693
Insurance	152,201	25,757	177,958	47,299	-	47,299	225,257	224,125
Equipment expenses	24,284	4,445	28,729	7,324	1,004	8,328	37,057	109,291
Travel and related costs	65,900	12,062	77,962	11,390	2,726	14,116	92,078	8,103
National dues	25,212	4,615	29,827	6,335	1,043	7,378	37,205	35,251
Telephone	12,242	2,241	14,483	2,116	506	2,622	17,105	18,515
Conference and training	12,812	2,345	15,157	2,214	530	2,744	17,901	7,808
Printing and advertising	6,206	1,136	7,342	1,075	1,352	2,427	9,769	2,345
Postage	505	92	597	88	21	109	706	981
Scholarships	92,906	40,790	133,696	-	-	-	133,696	-
Bad debt expense	-	-	-	-	-	-	-	5,511
Total expenses before depreciation, amortization and interest	3,596,994	697,183	4,294,177	585,446	153,277	738,723	5,032,900	4,031,870
Depreciation and amortization	176,639	29,893	206,532	29,775	-	29,775	236,307	142,265
Interest	109,243	18,487	127,730	18,414	-	18,414	146,144	150,793
Total depreciation, amortization and interest	285,882	48,380	334,262	48,189	-	48,189	382,451	293,058
Sub-total	3,882,876	745,563	4,628,439	633,635	153,277	786,912	5,415,351	4,324,928
Less: Special event direct expenses	-	-	-	-	(2,414)	(2,414)	(2,414)	-
TOTAL EXPENSES	$ 3,882,876	$ 745,563	$ 4,628,439	$ 633,635	$ 150,863	$ 784,498	$ 5,412,937	$ 4,324,928

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services			
	Youth Development	Camp Activities	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2020
Expenses							
Salaries	$ 1,454,549	$ 331,830	$ 1,786,379	$ 225,909	$ 56,477	$ 282,386	$ 2,068,765
Employment benefits	216,196	49,321	265,517	33,578	8,396	41,974	307,491
Payroll taxes	104,775	23,903	128,678	16,273	4,068	20,341	149,019
Total salaries and related costs	1,775,520	405,054	2,180,574	275,760	68,941	344,701	2,525,275
Occupancy	206,098	47,018	253,116	32,010	8,002	40,012	293,128
Building and grounds	138,710	34,764	173,474	-	-	-	173,474
Professional fees	294,859	67,267	362,126	70,795	11,449	82,244	444,370
Supplies	129,154	29,464	158,618	20,060	5,015	25,075	183,693
Insurance	160,944	34,941	195,885	28,240	-	28,240	224,125
Equipment expenses	76,843	17,530	94,373	11,934	2,984	14,918	109,291
Travel and related costs	5,697	1,300	6,997	885	221	1,106	8,103
National dues	24,785	5,655	30,440	3,849	962	4,811	35,251
Telephone	13,018	2,970	15,988	2,022	505	2,527	18,515
Conference and training	5,490	1,252	6,742	853	213	1,066	7,808
Printing and advertising	1,648	376	2,024	257	64	321	2,345
Postage	690	157	847	107	27	134	981
Bad debt expense	-	-	-	5,511	-	5,511	5,511
Total expenses before depreciation, amortization and interest	2,833,456	647,748	3,481,204	452,283	98,383	550,666	4,031,870
Depreciation and amortization	102,161	22,179	124,340	17,925	-	17,925	142,265
Interest	108,285	23,508	131,793	19,000	-	19,000	150,793
Total depreciation and interest	210,446	45,687	256,133	36,925	-	36,925	293,058
Sub-total	3,043,902	693,435	3,737,337	489,208	98,383	587,591	4,324,928
Less: Special event direct expenses	-	-	-	-	-	-	-
TOTAL EXPENSES	$ 3,043,902	$ 693,435	$ 3,737,337	$ 489,208	$ 98,383	$ 587,591	$ 4,324,928

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL AND NORTHERN WESTCHESTER, N.Y., INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 10,156,977	$ 318,253
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	236,307	142,265
Amortization of debt issuance costs	120,687	8,665
Gain on sale of building	(7,578,180)	-
Gain on extinguishment of debt (PPP loan)	(624,663)	-
Bad debt expense	-	5,511
Unrealized (gain) loss on investments	(20,375)	1,322
Realized gain on sale of investments	(113,315)	(8,098)
Change in value of interest rate swap obligations	(294,128)	226,591
Loss on disposal of property and equipment	-	117,586
Subtotal	1,883,310	812,095
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	227,831	175,329
Prepaid expenses	(12,035)	10,036
Increase (decrease) in liabilities:		
Accounts payable	(1,446,267)	734,410
Accrued expenses	51,697	(85,263)
Compensated absences	43,125	-
Deferred revenue	-	(202,482)
Unfunded post-retirement benefit obligation	(15,664)	(11,843)
Net Cash Provided by Operating Activities	731,997	1,432,282
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(74,274)	(1,983,185)
Purchase of investments	(5,854,884)	(40,523)
Proceeds from sale of property and equipment	10,175,641	-
Proceeds from sale of investments	823,615	79,110
Net Cash Provided by (Used in) Investing Activities	5,070,098	(1,944,598)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	-	624,663
Proceeds from note	-	130,000
Principal payments on notes	(255,904)	(7,919)
Principal payments on mortgages	(3,956,545)	(91,882)
Net Cash (Used in) Provided by Financing Activities	(4,212,449)	654,862
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,589,646	142,546
Cash and cash equivalents - beginning of year	372,712	230,166
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,962,358	$ 372,712
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 26,513	$ 142,128

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Young Men's Christian Association of Central and Northern Westchester, N.Y., Inc. ("YMCA") is a 501(c)(3) not-for-profit organization which provides health enhancement and child development programs within Westchester and Putnam Counties, New York. YMCA's programs include physical education and recreation, child development, social welfare and summer camp. YMCA also provides affordable housing to low-income people. YMCA's programs are supported primarily by child-care and camp fees and individual and corporate support. Approximately 35% of YMCA's total operating revenues and support is derived from child-care; 11% is from camp revenues; 43% is from reimbursed expenses; 10% is from individual and corporate direct support of specific program-related expenses and other program-related dues, and the other 1% is from other program-related dues and fees.

The Internal Revenue Service has ruled that YMCA is a tax-exempt organization under the provision of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

On August 20, 2018, YMCA executed an agreement for the sale of the main building at 250 Mamaroneck Ave, White Plains, NY. The sale was finalized on February 25, 2021.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting -*** The financial statements of YMCA have been prepared on the accrual basis of accounting. YMCA adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").

B. ***Basis of Presentation -*** YMCA's net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of YMCA and changes therein are classified and reported as follows:

- Without donor restrictions – This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available to support YMCA's operation over which the Board of Governors has discretionary control.

- With donor restrictions – This represents net assets subject to donor-imposed restrictions that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as net assets released from restrictions. In addition, net assets with donor restrictions include resources subject to donor-imposed stipulations, requiring that the principal be maintained in perpetuity. YMCA did not have any net assets with the donor-imposed stipulations to be held in perpetuity as of December 31, 2021 and 2020.

C. ***Revenue Recognition -*** Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished or the stipulated time period has elapsed, are reported as net assets released from restrictions.

D. ***Contributions -*** Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions with purpose or time restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions, otherwise they are reported as increases in net assets with donor restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conditional contributions are recognized as revenues when the conditions on which they depend have been substantially met. As of December 31, 2021, YMCA had received conditional grants and contracts from government agencies and foundations in the aggregate amount of $490,767, that have not been recorded in the accompanying financial statements, as they have not been earned. These grants and contracts require YMCA to provide certain services during specified periods.

Contributed property, plant and equipment is recorded at fair value at the date of donation. If donors stipulate how the assets must be used, the contributions are recorded as net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills and that are provided by individuals possessing those skills which would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. YMCA received in-kind contributions of $5,000 for the years ended December 31, 2021 and 2020.

Camp Revenue and Daycare Fees - Camp revenue and daycare fees are recorded as revenues in the period for which the fees relate. Fees received by YMCA pertaining to programs and services of the following fiscal year are recorded as deferred revenues.

Foundation and Grants from Governmental Agencies - Foundation and government grant nonexchange transactions are accounted for under ASU 2018-08. Foundation and governmental grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return.

E. ***Allowance for Doubtful Accounts -*** Management determines whether an allowance for doubtful accounts should be provided for accounts receivable. Such estimate is generally based on management's assessment of the aged basis of the funding source receivables, creditworthiness of its donors, current economic conditions, subsequent cash collections and historical information. As of December 31, 2021 and 2020, YMCA determined that no allowance was necessary for accounts receivable. All receivables are expected to be collected within one year.

F. ***Cash and Cash Equivalents -*** YMCA considers all cash accounts, which are not subject to significant withdrawal restrictions or penalties, and all highly liquid debt instruments acquired with maturities of three months or less to be cash equivalents.

G. ***Investments and Fair Value Measurements –*** Investments are presented at fair value as determined by methodologies relevant to each asset class with any related gain or loss reported in the statements of activities. Equity securities listed or traded on a securities exchange are valued at the last sale price on the primary exchange where the security is traded. Money market accounts are valued as determined by the bank or money market manager. Marketable securities held by a custodian, either in the YMCA's name or held for the YMCA's account in a street name, are valued by the custodian using a valuation methodology similar to above. The YMCA reports investment income and gains and losses as increases or decreases in net assets without donor restrictions in the statements of activities unless a donor or law restricts their use.

H. ***Property and Equipment -*** Property and equipment are recorded at cost, or, if donated, the fair market value at the date of the gift. YMCA follows the practice of capitalizing expenditures for buildings and building improvements, furniture and equipment having a cost of $1,000 (depending upon the nature of the asset) or more and a useful life of greater than one year. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets ranging from 3 to 45 years. Depreciation expense for assets acquired under capital leases is included with depreciation expense on owned assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. ***Derivative Financial Instruments -*** YMCA makes limited use of derivative instruments for the purpose of managing interest rate risks. Interest rate swap agreements are used to convert YMCA's floating rate long-term debt to a fixed rate (Note 14). The differentials paid or received on interest rate swap agreements are accrued and recognized as adjustments to interest expense; gains and losses realized upon settlement of these agreements are deferred until the underlying hedged instrument is settled.

J. ***Unfunded Post Retirement Benefit Obligation -*** YMCA: (a) recognizes in its statements of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measures a plan's assets and its obligations that determine its funded status as of the end of the fiscal year; and (c) recognizes changes in the funded status in the year in which the changes occur.

K. ***Use of Estimates -*** The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. ***Debt Issuance Costs -*** Debt issuance costs are presented as a direct reduction to the related mortgages payable and are being amortized using the straight-line method over 25 years, the amortization period of the related mortgage. Included in interest expense in the statements of functional expenses is amortization of debt issuance costs in the amounts of $1,056 and $8,665 for the years ended December 31, 2021 and 2020, respectively.

M. ***Functional Allocation of Expenses -*** The cost of providing the various programs and the supporting services has been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and the supporting services in reasonable ratios determined by management.

The expenses that are allocated include salaries, payroll taxes, employee benefits and processing services, which are based on the estimates of time spent and effort on direct administration or supervision of program and supporting services. Legal fees included in professional fees are allocated by estimates of time and costs of services received, as necessary. Occupancy, building and grounds, and professional fees are allocated based on salaries expense ratios as well as equipment expense, postage, supplies, national dues, and depreciation.

N. ***Advertising -*** Advertising expenses are expensed as incurred and totaled $8,674 and $2,339 for the years ended December 31, 2021 and 2020, respectively.

O. ***Operating and Non-Operating Activities -*** YMCA includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment returns, valuation changes to the interest rate swap agreement and other non-operating gains or losses are recognized as non-operating activities.

P. ***Income Taxes -*** YMCA believes it has no uncertain tax positions as of December 31, 2021 and 2020 in accordance with Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

Q. ***Service Fees, and Reimbursed Expenses -*** YMCA receives revenue from contracted reimbursed net operating losses, and program services fees which are accounted for under ASU 2014-09. Revenue is reported at the amount that reflects the consideration to which YMCA expects to be entitled in exchange for providing the contracted services. For reimbursed net operating losses, YMCA bills after the losses have been incurred (based on the contract for sale of the building), services are performed or has completed its portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Performance obligations are determined based on the nature of the services provided by YMCA in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. All performance obligations relate to contracts with a duration of less than one year.

Program service fees consist of revenues for the following for the years ended December 31,

	2021	2020
Reimbursed expenses	$ -	$ 2,109,304
Program fees	3,930,287	2,263,131
Registration fees	45,114	30,513
Total Program Service Fees	$ 3,975,401	$ 4,402,948

R. ***Reclassifications*** - Certain items in the December 31, 2020 financial statements have been reclassified to conform to the December 31, 2021 presentation. These classifications had no impact on the change in net assets for the year ended December 31, 2020.

NOTE 3 – AVAILABLE RESOURCES AND LIQUIDITY

Management monitors levels of available financial assets to anticipate cash requirements for general expenditures as obligations become due. As part of YMCA's liquidity management plan, cash in excess of daily requirements is invested in short-term investments, money market funds, corporate bonds, and common stock.

Financial assets as of December 31, 2021 and 2020 available for general expenditure within one year of the statements of financial position date, without donor or other restrictions limiting their use, were as follows:

	2021	2020
Cash and cash equivalents	$ 1,962,358	$ 372,712
Investments	5,462,002	297,043
Accounts receivable	109,992	337,823
Subtotal financial assets at year end	7,534,352	1,007,578
Less: amounts with limits on usage:		
Restricted for time and purpose	-	(11,881)
Total financial assets available for general use within one year	$ 7,534,352	$ 995,697

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31:

	2021	2020
Cash at banks	$ 1,925,220	$ 323,916
Money market funds	37,138	48,796
	$ 1,962,358	$ 372,712

NOTE 5 – INVESTMENTS

Financial assets carried at fair value at December 31, 2021, are classified in the fair value hierarchy as follows:

ASSETS CARRIED AT FAIR VALUE	Level 1	Level 2	Fair Value
Equities	$ 2,757,108	$ -	$ 2,757,108
U.S. treasuries	-	127,699	127,699
Corporate bonds	-	1,226,663	1,226,663
Exchange traded funds	510,014	-	510,014
Bond funds	679,441	-	679,441
Equity funds	107,084	-	107,084
Other assets	53,993	-	53,993
Total assets at fair value	$ 4,107,640	$ 1,354,362	$ 5,462,002

Financial assets carried at fair value at December 31, 2020, are classified in the fair value hierarchy as follows:

ASSETS CARRIED AT FAIR VALUE	Level 1	Level 2	Fair Value
Money market (Non-sweep)	$ -	$ 11,000	$ 11,000
Equities	234,669	-	234,669
Corporate bonds	-	51,374	51,374
Total assets at fair value	$ 234,669	$ 62,374	$ 297,043

Investment activity consists of the following for the years ended December 31:

	2021	2020
Interest and dividend income	$ 45,873	$ 9,322
Realized gains	113,315	8,098
Unrealized gains (losses)	20,375	(1,322)
	179,563	16,098
Investment advisory fees	(13,482)	(2,499)
Total Investment Return	$ 166,081	$ 13,599

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, YMCA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible in its assessment of fair value. Investments in equities are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes in active exchange markets involving identical assets. Investments in money market (non-sweep) and corporate bonds are valued using quoted prices in inactive markets (Level 2).

Level 2 instrument valuations are obtained from similar assets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. There were no Level 3 investments as of December 31, 2021 and 2020.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2021	2020
Land	$ 415,983	$ 415,983
Buildings and improvements	3,913,663	3,839,389
Furniture and fixtures	232,102	232,102
Vehicles	36,168	36,168
	4,597,916	4,523,642
Less: Accumulated depreciation	(1,499,161)	(1,262,854)
Total Property and Equipment, net	$ 3,098,755	$ 3,260,788

Depreciation expense amounted to $236,307 and $142,265 for the years ended December 31, 2021 and 2020, respectively.

For the year ended December 31, 2020 and in connection with the move to 148 Hamilton Ave, White Plains, NY, YMCA disposed of computer equipment, motor vehicles and furniture and fixtures with a cost of $1,701,404 and accumulated depreciation of $1,583,818.

NOTE 8 – PROPERTY HELD FOR SALE

Property held for sale consists of the following as of December 31:

	2021	2020
Land - White Plains, New York	$ -	$ 244,996
Buildings - White Plains, New York	-	10,906,746
	-	11,151,742
Less: Accumulated depreciation	-	(8,554,281)
	$ -	$ 2,597,461

As a result of YMCA's decision in 2018 to reduce its liabilities and current mortgage obligations and to ensure the continued existence of YMCA, management entered into an agreement to sell the building located at 250 Mamaroneck Ave, White Plains, New York. The sale was finalized on February 25, 2021. See Note 22 to the financial statements.

NOTE 9 – ACCRUED EXPENSES

Accrued expenses consist of the following as of December 31:

	2021	2020
Accrued Payroll	$ 50,131	$ 25,517
Accrued Expenses - Other	55,833	28,750
	$ 105,964	$ 54,267

NOTE 10 – COMPENSATED ABSENCES

Compensated absences consisted of the following at December 31:

	2021	2020
Compensated absences	$ 43,125	$ -

Vacation leave: Annual leave and other compensated absences with similar characteristics are accrued as a liability when the benefits are earned by the employee.

NOTE 11 – PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity's average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) $10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum.

NOTE 11 – PAYCHECK PROTECTION PROGRAM LOAN (Continued)

If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the eight-week or twenty-four-week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to YMCA's employees. On April 20, 2020, YMCA applied for and obtained a loan in the amount of $624,663 through an SBA authorized lender. In accounting for the terms of the PPP loan, YMCA is guided by ASC 470, *Debt*, and ASC 450-30, *Gain Contingency*. Accordingly, it recorded the proceeds of the PPP loan of $624,663 as debt and it will derecognize the liability when the loan is paid off or it believes forgiveness is reasonably certain. YMCA believes that the possibility of loan forgiveness is to be regarded as a contingent gain and therefore will not recognize the gain until all uncertainty is removed.

On June 21, 2021, YMCA applied and received forgiveness for the PPP loan payable amount of $624,663.

On December 27, 2020, in response to COVID-19, the federal government passed part 2 of the CARES Act. In March 2021, YMCA applied for and was granted a second draw loan of $617,717. On December 1, 2021, YMCA applied and received forgiveness for the PPP loan payable amount of $617,717. The YMCA has accounted for this under ASC 958-605 as a conditional grant (contribution).

NOTE 12 – NOTES PAYABLE

Notes payable consists of the following as of December 31:

	2021	2020
City of White Plains	$ -	$ 24,848
Southern Land Company, LLC	-	130,000
	$ -	$ 154,848

During 2013, YMCA obtained a ten-year unsecured business loan in the amount of $75,000. The loan is interest free and is payable in monthly installments of $660. The principal balance outstanding is $- and $24,848, at December 31, 2021 and 2020, respectively. The imputed interest calculated on the loan is immaterial to the financial statements and was not recorded.

In addition, on December 3, 2020, YMCA obtained a note from Southern Land Company, LLC in the maximum amount of $300,000. The loan bears interest at 10% per annum and is due and payable on the earlier of March 1, 2021 (the "Maturity Date") and the time YMCA disposes of substantially all of its assets ("Liquidity Event'). As of December 31, 2020, the YMCA had utilized $130,000 of the maximum amount.

Both loans were repaid on February 25, 2021, as part of the sale of the main building at 250 Mamaroneck Ave, White Plains, NY.

NOTE 13 – LINE OF CREDIT

YMCA has a non-renewable line of credit with TD Bank, N.A. in the amount of $100,000. The line of credit bears interest at The Wall Street Journal Prime Rate (current indicative rate of 3.25%) and is collateralized by (1) second priority mortgage on the property located at 250 Mamaroneck Ave, White Plains, NY, (2) second UCC-1 filing on business assets. YMCA was obligated for $100,000 at December 31, 2020. The line of credit was repaid on February 25, 2021, as part of the sale of the main building at 250 Mamaroneck Ave, White Plains, NY.

NOTE 14 – MORTGAGES PAYABLE

Mortgages payable consists of the following as of December 31:

	Amount Due 2021	Amount Due 2020	
Mortgages Payable			
TD Bank, N.A.	$ -	$ 3,948,900	(A)
TD Bank, N.A.	217,722	225,366	(B)
	217,722	4,174,266	
Unamortized debt issuance costs	(20,276)	(139,906)	
	$ 197,446	$ 4,034,360	

A. In January 2016, YMCA entered into a commercial mortgage agreement with TD Bank, N.A. for the principal sum of $4,500,000. The loan bears interest at a variable rate of the London Interbank Offered Rate "LIBOR" plus 1.50% per annum. Repayment of the loan is scheduled for 120 payments. The note matures on January 1, 2026, with a balloon payment of the outstanding principal due. The mortgage is collateralized by (1) first and second priority mortgage on the property located at 250 Mamaroneck Ave, White Plains, NY, (2) first priority UCC-1 filing on the furniture and fixtures of the commercial property.

   In relation to the mortgage, YMCA entered into an agreement with TD Bank, N.A. where YMCA would swap the LIBOR, plus 1.5% variable interest rate liability. The agreement has a term of ten years. The notional amount under the swap decreases as principal payments are made on the note so the notional amount equals the principal outstanding balance.

   The interest rate swap is designed to hedge the risk of changes in interest payments on the commercial mortgage, and thereby, affect cash flow. The purpose of the swap agreements is to establish a synthetic fixed rate. The synthetic fixed rate on the mortgages is 3.43% with fair values totaling $- and $(294,128) as of December 31, 2021 and 2020, respectively. Changes totaling $40,359 and $(226,591) for the years ended December 31, 2021 and 2020, respectively, are recorded in the statements of activities.

   The fair value of the interest rate swap agreement is based on inputs from current valuation information priced with observable market assumptions and appropriate valuation adjustments for credit risk. The valuation is based on Level 2 inputs at the close of business on the reporting date. See the fair value hierarchy in Note 6.

   This mortgage was repaid on February 25, 2021, as part of the sale of the main building at 250 Mamaroneck Ave, White Plains, NY.

B. In October 2016, YMCA entered into a commercial mortgage with TD Bank, N.A. for the principal sum of $250,000. The loan bears interest at a fixed rate of 3.78% per annum. Repayment of the loan is scheduled for 120 payments. The note matures on October 1, 2026, with a balloon payment of the outstanding principal due. The loan is collateralized by the property at 684 Peekskill Hollow Road, Putnam Valley, NY.

NOTE 14 – MORTGAGES PAYABLE (Continued)

YMCA is required to maintain a debt service coverage ratio of not less than 1.25:1, tested annually. YMCA is in compliance with the required covenant as of December 31, 2021.

Future annual principal payments associated with this mortgage are as follows for the five years ending after December 31, 2021 and thereafter:

2022	$	7,448
2023		7,734
2024		8,032
2025		8,341
2026		8,661
Thereafter		177,506
Principal amount		217,722
Less: unamortized debt issuance costs		(20,276)
Mortgages payable less unamortized debt issuance costs	$	197,446

Interest expense incurred with regard to mortgages payable and notes payable amounted to $26,513 and $142,128 for the years ended December 31, 2021 and 2020, respectively.

NOTE 15 – POST-RETIREMENT BENEFIT OBLIGATION

YMCA provides medical and health benefits to eligible terminated and retired employees and their dependents on an employer subsidized basis. In July 2010, YMCA's Board of Directors amended the post-retirement benefit plan (the "Plan") limiting employee eligibility to the four retirees who are currently receiving benefits. This Plan is unfunded.

The funded status of the Plan as of December 31 is as follows:

	2021		2020	
Projected benefit obligation	$	38,291	$	53,955
Fair value of Plan assets		-		-
Unfunded status	$	(38,291)	$	(53,955)
Accrued costs recognized in statements of financial position	$	(38,291)	$	(53,955)
Net post-retirement benefit costs recognized in the statements of activities	$	7,842	$	8,433
Amortization of amounts not previously recognized as a component of net periodic costs	$	6,692	$	6,548

NOTE 15 – POST-RETIREMENT BENEFIT OBLIGATIONS (Continued)

Employer contributions expected to be paid during 2022 approximate $18,000.

The table below reflects the amounts recognized within net assets without donor restrictions arising from the Plan at December 31 that have not yet been recognized in the net periodic benefit costs.

	2021	2020
Actuarial loss	$ 93,577	$ 100,415

The weighted assumptions used to determine benefit obligations and net period cost as of and for the years ended December 31 are as follows:

	2021	2020
Benefit obligation:		
Discount rate	2.52%	3.22%
Rate of health care costs increase	10.00%	10.00%
Periodic benefit cost:		
Discount rate	2.83%	2.52%
Rate of health care costs increase	10.00%	10.00%

The following table shows estimated future benefit payments expected to be paid from the Plan for each of the following years ending after December 31, 2021:

Year ending December 31,	
2022	18,000
2023	1,000
2024	1,000
2025	1,000
2026	1,000
2027-2031	5,300

The following represents health-care cost trend rate assumptions as of December 31:

	2021	2020
Health care costs trend rate assumed for the following year	10.00%	10.00%
Rate at which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2029	2027

NOTE 15 – POST-RETIREMENT BENEFIT OBLIGATIONS (Continued)

Assumed health-care cost trend rates have a significant effect on the amounts reported for the Plan. A 1%-point change in assumed health-care trend rates would have the following effects in 2021:

	1% Point Increase	1% Point Increase
Total of service and interest costs components increase	$ 93	$ 105
Post-retirement benefit obligation increase	$ 3,695	$ 3,250

NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	2021	2020
Program and purpose restricted	$ -	$ 11,881

Net assets were released from restrictions totaling $11,881 and $44,481 during the years ended December 31, 2021 and 2020, respectively, by incurring expenses in satisfaction of donor restrictions.

NOTE 17 – BOARD DESIGNATED NET ASSETS

In fiscal 2021, the Board of Directors voted to designate $1,000,000 of net assets without donor restrictions for site plan modifications and renovations at Camp Combe.

NOTE 18 – RETIREMENT PLAN

The YMCA National maintains a defined benefit contribution retirement plan (the "Retirement Plan") that is administered by the Young Men's Christian Association Retirement Fund, a separate entity. The Retirement Plan is available to all eligible employees of YMCA who qualify under the Retirement Plan's participation requirements. YMCA contributions recorded in the statements of activities were $23,067 and $34,295 for the years ended December 31, 2021 and 2020, respectively.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

A. YMCA leases equipment and space under operating lease agreements. Future commitments under these operating leases are due as follows:

	Equipment
2022	$ 267,770
2023	268,810
2024	267,624
2025	244,390
2026	214,961
Thereafter	2,095,275
	$ 3,358,830

NOTE 19 – COMMITMENTS AND CONTINGENCIES (Continued)

For the leases mentioned above, the total rental expense for the years ended December 31, 2021 and 2020 was $316,213 and $138,000 respectively.

B. YMCA is a defendant in various legal actions that have occurred throughout the normal course of business as follows:

- A plaintiff is claiming injuries from an elevator in YMCA's building. The final outcome of this action cannot be determined at this time, and management is of the opinion that the ultimate liability would be approximately $250,000. YMCA maintains adequate insurance coverage to ensure any resulting outcome would be fully covered.

- A plaintiff is claiming abuse at a camp run by the Mt. Vernon YMCA in the 1960's. YMCA is a successor in interest to the Mt. Vernon YMCA by way of merger occurring in 1987. The final outcome of this action and potential exposure to YMCA cannot be determined at this time. As such, no provision has been made in the accompanying financial statements.

- A plaintiff is claiming misconduct by an ex-employee during 2015. YMCA's insurance carrier has entered into a preliminary settlement agreement with the plaintiff's counsel to resolve this case in its entirety. Management is of the opinion that the ultimate liability, if any, from the final outcome of this matter will not have a material effect on YMCA's financial statements. Furthermore, YMCA maintains adequate insurance coverage to ensure that any resulting outcome would be fully covered.

- A plaintiff, a current employee of YMCA, is alleging race discrimination. The lawsuit is in its early stage and the final outcome of this action cannot be determined at this time. As such, no provision has been made in the accompanying financial statements.

- A plaintiff, an ex-employee that was terminated as part of a personnel reorganization, is claiming unfair dismissal by YMCA. The claim was settled in March 2021 for $27,000. YMCA made a provision in the accompanying financial statements of $25,000 representing its deductible on the insurance coverage.

- The Putnam County Department of Public Health issued violations for failure to report incidents to the Department of Public Health and negligent supervision. Both claims were ultimately stipulated and conceded without a hearing or find of fault. The YMCA is awaiting a fine to be issued. Management is of the opinion that the ultimate liability, if any, from the final outcome of this matter will not have a material effect on YMCA's financial statements. Furthermore, YMCA maintains adequate insurance coverage to ensure that any resulting outcome would be fully covered.

NOTE 20 – RELATED PARTY TRANSACTION

YMCA is affiliated with the National Organization, YMCA of the USA, but is governed by its own Board of Governors. YMCA pays monthly fees to the National YMCA based on a percentage of its revenue. YMCA was successful in negotiating a reduction in the fees due to the National YMCA for the years ended December 31, 2021 and 2020.

For the years ended December 31, 2021 and 2020, these fees totaled $37,205 and $35,251, respectively.

NOTE 21 – CONCENTRATION OF CREDIT RISKS

Cash and cash equivalents that potentially subject YMCA to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits of $250,000 per deposit, per insured financial institution. For the years ended December 31, 2021 and 2020, YMCA had cash with a financial institution that exceeded the FDIC insurance limits by approximately $1,687,000 and $116,000, respectively.

NOTE 22 – FINANCIAL CONDITION

YMCA had experienced significant decreases in net assets for the last five years and had a deficit at December 31, 2020. The Board and management continue to review all programs for financial viability and mission congruence. Management has evaluated its current operational functions and has implemented a break-even cash basis budget for the upcoming fiscal year. In addition, the Board and management have decided to sell the property located at 250 Mamaroneck Ave, White Plains, NY, to reduce liabilities and current mortgage obligations and, to ensure the continued existence of YMCA. The sale of the property was completed February 25, 2021. See Note 1.

For the year ended December 31, 2020 and in relation to the sale of this property, the purchaser had advanced non-refundable amounts of $2,109,304 to the YMCA to cover operating losses.

NOTE 23 – COVID-19 PANDEMIC

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on YMCA's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, YMCA is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. YMCA's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States.

YMCA continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

NOTE 24 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through August 31, 2022, the date the financial statements were available to be issued.