

**YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Financial Statements

**December 31, 2022 and 2021
(With Independent Auditors' Report Thereon)**

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3 - 4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 34



Independent Auditors' Report

The Board of Directors
Young Men's Christian Association of the Suncoast, Inc.
d/b/a YMCA of the Suncoast:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Young Men's Christian Association of the Suncoast, Inc. d/b/a YMCA of the Suncoast (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, 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 Young Men's Christian Association of the Suncoast, Inc. d/b/a YMCA of the Suncoast 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 ("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 the Organization 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 the Organization'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 the Organization'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 the Organization'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.

Mayer Hoffman McCann P.C.

April 27, 2023
St. Petersburg, Florida

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Statement of Financial Position

**December 31, 2022
(With Comparative Totals for 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total	
	2022	2021	2022	2021
Assets				
Cash and cash equivalents (Note 15)	\$ 7,203,926	841,638	8,045,564	14,566,964
Accounts receivable:				
Trade, net	496,217	-	496,217	289,591
Grants	811,325	-	811,325	285,089
Other	14,691	-	14,691	14,206
Prepaid expenses	125,934	-	125,934	147,785
Contributions receivable (Notes 4 and 18)	1,125,067	1,111,158	2,236,225	2,673,700
Investments, at market (Notes 3 and 14)	8,481,679	3,517,667	11,999,346	12,541,659
Receivable under interest rate swap agreement (Notes 6 and 14)	-	-	-	74,616
Operating lease right-of-use assets (Note 8)	70,621	-	70,621	-
Land, buildings and equipment, net (Notes 5, 6, and 8)	20,371,350	-	20,371,350	20,488,875
Other assets	19,309	-	19,309	-
	\$ 38,720,119	5,470,463	44,190,582	51,082,485
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,509,767	-	1,509,767	1,610,719
Deferred membership and program revenue	628,214	-	628,214	532,247
Refundable advances (Note 17)	345,451	-	345,451	2,669,907
Deferred rental income (Note 7)	239,417	-	239,417	252,417
Operating lease liabilities (Note 8)	98,403	-	98,403	-
Finance lease liabilities (Note 8)	118,064	-	118,064	151,009
Long-term debt (Note 6)	-	-	-	5,371,324
	2,939,316	-	2,939,316	10,587,623
Net assets:				
Without donor restrictions:				
Designated for general endowment (Note 11)	5,191,051	-	5,191,051	5,513,157
Designated for other purposes (Note 9)	7,701,200	-	7,701,200	7,921,897
Undesignated	22,888,552	-	22,888,552	21,308,799
	35,780,803	-	35,780,803	34,743,853
With donor restrictions (Notes 10 and 11)	-	5,470,463	5,470,463	5,751,009
	35,780,803	5,470,463	41,251,266	40,494,862
Commitments, contingencies and related party transactions (Notes 19 and 20)				
	\$ 38,720,119	5,470,463	44,190,582	51,082,485

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Statement of Financial Position

December 31, 2021

Assets	Without Donor Restrictions	With Donor Restrictions	Total
Cash and cash equivalents (Note 15)	\$ 14,011,781	555,183	14,566,964
Accounts receivable:			
Trade, net	289,591	-	289,591
Grants	285,089	-	285,089
Other	14,206	-	14,206
Prepaid expenses	147,785	-	147,785
Contributions receivable (Notes 4 and 18)	1,519,967	1,153,733	2,673,700
Investments, at market (Notes 3 and 14)	8,499,566	4,042,093	12,541,659
Receivable under interest rate swap agreement (Notes 6 and 14)	74,616	-	74,616
Land, buildings and equipment, net (Notes 5, 6, and 8)	<u>20,488,875</u>	<u>-</u>	<u>20,488,875</u>
Total assets	<u>\$ 45,331,476</u>	<u>5,751,009</u>	<u>51,082,485</u>
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	\$ 1,610,719	-	1,610,719
Deferred membership and program revenue	532,247	-	532,247
Refundable advances (Note 17)	2,669,907	-	2,669,907
Deferred rental income (Note 7)	252,417	-	252,417
Obligation under capital leases (Note 8)	151,009	-	151,009
Long-term debt (Note 6)	<u>5,371,324</u>	<u>-</u>	<u>5,371,324</u>
Total liabilities	10,587,623	-	10,587,623
Net assets:			
Without donor restrictions:			
Designated for general endowment (Note 11)	5,513,157	-	5,513,157
Designated for other purposes (Note 9)	7,921,897	-	7,921,897
Undesignated	<u>21,308,799</u>	<u>-</u>	<u>21,308,799</u>
	34,743,853	-	34,743,853
With donor restrictions (Notes 10 and 11)	<u>-</u>	<u>5,751,009</u>	<u>5,751,009</u>
Total net assets	34,743,853	5,751,009	40,494,862
Commitments, contingencies and related party transactions (Notes 8, 19 and 20)	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 45,331,476</u>	<u>5,751,009</u>	<u>51,082,485</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Statement of Activities

**Year Ended December 31, 2022
(With Comparative Totals for 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Operating support and revenue:				
Program services fees (Note 17)	\$ 8,474,465	-	8,474,465	8,816,994
Membership	8,362,330	-	8,362,330	7,289,303
Contributions	1,140,094	245,984	1,386,078	1,270,018
United Way	15,100	43,000	58,100	63,575
Grants (Note 22)	5,337,825	132,425	5,470,250	7,926,402
Special events, net	154,284	-	154,284	149,776
Rental income (Note 7)	13,000	-	13,000	13,000
Other	245,002	-	245,002	418,181
	<u>23,742,100</u>	<u>421,409</u>	<u>24,163,509</u>	<u>25,947,249</u>
Net assets released from restrictions:				
Satisfaction of use restrictions	322,559	(322,559)	-	-
Expiration of time restrictions	63,614	(63,614)	-	-
	<u>24,128,273</u>	<u>35,236</u>	<u>24,163,509</u>	<u>25,947,249</u>
Total support and revenue				
Operating expenses:				
Program services	18,397,313	-	18,397,313	17,023,632
Supporting services:				
Management and general	2,935,646	-	2,935,646	3,189,543
Development and fundraising	528,813	-	528,813	403,920
	<u>21,861,772</u>	<u>-</u>	<u>21,861,772</u>	<u>20,617,095</u>
Total expenses before depreciation and amortization				
Increase in net assets from operations before depreciation and amortization	2,266,501	35,236	2,301,737	5,330,154
Depreciation and amortization expense	1,665,374	-	1,665,374	1,986,314
	<u>601,127</u>	<u>35,236</u>	<u>636,363</u>	<u>3,343,840</u>
Increase in net assets from operations				
Other changes:				
Investment return (Note 3)	(533,495)	(530,482)	(1,063,977)	996,828
Contributions and grants for acquisition of capital assets	68,121	300,000	368,121	185,275
Contributions to endowment	408,457	60,000	468,457	2,131,319
Gain (loss) on sale of property and equipment (Note 5)	(2,944)	-	(2,944)	1,602,442
Change in fair value of interest rate swap and floor	350,384	-	350,384	169,640
Net assets released from restrictions:				
Satisfaction of land use restrictions	145,300	(145,300)	-	-
	<u>1,036,950</u>	<u>(280,546)</u>	<u>756,404</u>	<u>8,429,344</u>
Increase (decrease) in net assets				
Net assets, beginning of year	34,743,853	5,751,009	40,494,862	32,065,518
Net assets, end of year	<u>\$ 35,780,803</u>	<u>5,470,463</u>	<u>41,251,266</u>	<u>40,494,862</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Statement of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue:			
Program services fees (Note 17)	\$ 8,816,994	-	8,816,994
Membership	7,289,303	-	7,289,303
Contributions	1,157,709	112,309	1,270,018
United Way	31,875	31,700	63,575
Grants (Note 22)	7,828,227	98,175	7,926,402
Special events, net	149,776	-	149,776
Rental income (Note 7)	13,000	-	13,000
Other	418,181	-	418,181
	25,705,065	242,184	25,947,249
Net assets released from restrictions:			
Satisfaction of use restrictions	245,315	(245,315)	-
Expiration of time restrictions	32,692	(32,692)	-
	25,983,072	(35,823)	25,947,249
Operating expenses:			
Program services	17,023,632	-	17,023,632
Supporting services:			
Management and general	3,189,543	-	3,189,543
Development and fundraising	403,920	-	403,920
	20,617,095	-	20,617,095
Total expenses before depreciation and amortization	20,617,095	-	20,617,095
Increase (decrease) in net assets from operations before depreciation and amortization	5,365,977	(35,823)	5,330,154
Depreciation and amortization expense	1,986,314	-	1,986,314
	3,379,663	(35,823)	3,343,840
Increase (decrease) in net assets from operations	3,379,663	(35,823)	3,343,840
Other changes:			
Investment return (Note 3)	500,402	496,426	996,828
Contributions and grants for acquisition of capital assets	106,192	79,083	185,275
Contributions to endowment	1,955,828	175,491	2,131,319
Gain on sale of property and equipment (Note 5)	1,602,442	-	1,602,442
Change in fair value of interest rate swap	169,640	-	169,640
Net assets released from restrictions:			
Satisfaction of land use restrictions	122,356	(122,356)	-
	7,836,523	592,821	8,429,344
Increase in net assets	7,836,523	592,821	8,429,344
Net assets, beginning of year	26,907,330	5,158,188	32,065,518
Net assets, end of year	\$ 34,743,853	5,751,009	40,494,862

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Statement of Functional Expenses

**Year Ended December 31, 2022
(With Comparative Totals for 2021)**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>	
	<u>Family Programs</u>	<u>Management and General</u>	<u>Development and Fund Raising</u>	<u>2022</u>	<u>2021</u>
Salaries	\$ 10,356,461	1,767,405	189,531	12,313,397	11,386,567
Employee benefits (Note 13)	1,101,848	307,290	34,822	1,443,960	1,359,347
Payroll taxes	780,780	120,245	13,409	914,434	826,597
Total salaries and related expenses	12,239,089	2,194,940	237,762	14,671,791	13,572,511
Contractual and professional fees	249,017	369,506	114,323	732,846	720,850
Program subcontractor expense	113,698	-	-	113,698	86,594
Supplies	970,392	17,023	1,261	988,676	816,714
Telephone	74,944	16,524	2,072	93,540	98,219
Postage and shipping	15,111	3,680	6,977	25,768	16,317
Occupancy	2,990,609	63,538	7,405	3,061,552	3,090,499
Equipment expense	192,430	75,957	65,126	333,513	324,211
Printing / public relations	84,229	53,768	71,515	209,512	190,136
Travel and transportation	96,279	10,147	1,008	107,434	111,889
Conferences	86,336	44,334	4,805	135,475	70,255
Payment of dues	252,603	23,534	6,283	282,420	286,111
Awards and grants	1,002	12,228	-	13,230	11,500
Interest and financing costs (Note 16)	65,834	6,925	550	73,309	170,225
Insurance (Note 19)	570,856	31,467	3,496	605,819	678,025
Bad debt expense	84,305	978	4,633	89,916	79,838
Bank charges	297,323	8,665	1,097	307,085	284,461
In-kind expenses	1,184	-	-	1,184	1,233
Miscellaneous	12,072	2,432	500	15,004	7,507
Total expenses before depreciation and amortization	18,397,313	2,935,646	528,813	21,861,772	20,617,095
Depreciation and amortization	1,539,542	113,958	11,874	1,665,374	1,986,314
Total expenses - 2022	\$ 19,936,855	3,049,604	540,687	23,527,146	
Total expenses - 2021	\$ 18,883,450	3,303,476	416,483		22,603,409

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Family Programs</u>	<u>Management and General</u>	<u>Development and Fund Raising</u>	
Salaries	\$ 9,309,335	1,942,680	134,552	11,386,567
Employee benefits (Note 13)	1,042,429	291,758	25,160	1,359,347
Payroll taxes	694,795	122,365	9,437	826,597
Total salaries and related expenses	11,046,559	2,356,803	169,149	13,572,511
Contractual and professional fees	215,999	424,378	80,473	720,850
Program subcontractor expense	86,594	-	-	86,594
Supplies	802,944	12,539	1,231	816,714
Telephone	74,604	21,078	2,537	98,219
Postage and shipping	4,042	4,831	7,444	16,317
Occupancy	3,019,922	63,221	7,356	3,090,499
Equipment expense	225,712	58,847	39,652	324,211
Printing / public relations	47,938	75,889	66,309	190,136
Travel and transportation	98,915	12,183	791	111,889
Conferences	54,342	14,619	1,294	70,255
Payment of dues	249,909	27,665	8,537	286,111
Awards and grants	-	11,500	-	11,500
Interest and financing costs (Note 16)	153,718	15,135	1,372	170,225
Insurance (Note 19)	590,447	78,820	8,758	678,025
Bad debt expense	72,846	-	6,992	79,838
Bank charges	273,325	9,175	1,961	284,461
In-kind expenses	1,233	-	-	1,233
Miscellaneous	4,583	2,860	64	7,507
Total expenses before depreciation and amortization	17,023,632	3,189,543	403,920	20,617,095
Depreciation and amortization	1,859,818	113,933	12,563	1,986,314
Total expenses	\$ 18,883,450	3,303,476	416,483	22,603,409

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Increase in net assets	\$ 756,404	8,429,344
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,665,374	1,986,314
Bad debt expense	89,916	79,838
Noncash lease expense	9,825	-
Noncash contributed use of land	(48,589)	(30,837)
Noncash contributed commissions	-	(228,000)
Loss (gain) on sale of property and equipment	2,944	(1,602,442)
Net depreciation (appreciation) on investments	1,266,590	(608,903)
Change in fair value of interest rate swap	(350,384)	(169,640)
Cash received from contributions and grants restricted and designated for long-term purposes	(368,121)	(585,275)
Change in operating assets and liabilities:		
Increase in trade accounts receivable	(206,626)	(60,142)
Decrease (increase) in grants receivable	(526,236)	127,515
Increase in other receivables	(485)	(2,659)
Decrease (increase) in prepaid expenses	21,851	(23,337)
Decrease (increase) in contributions receivable	396,148	(1,439,996)
Increase in other assets	(19,309)	-
Decrease in accounts payable and accrued expenses	(100,952)	(57,083)
Decrease in deferred rental income	(13,000)	(13,000)
Increase in operating lease liabilities	8,957	-
Increase (decrease) in deferred revenue and refundable advances	(2,228,489)	2,751,824
Net cash provided by operating activities	355,818	8,553,521
Cash flows from investing activities:		
Purchases of property and equipment	(1,510,282)	(671,861)
Proceeds from sale of property and equipment	49,880	3,800,190
Redemption of restricted certificate of deposit	-	1,000,000
Purchases of investments	(6,373,762)	(5,629,073)
Proceeds from sale of investments	5,649,485	4,933,446
Net cash provided by (used in) investing activities	(2,184,679)	3,432,702
Cash flows from financing activities:		
Cash received from contributions and grants restricted and designated for long-term purposes	368,121	585,275
Cash received upon termination of interest rate swap agreement	425,000	-
Principal payments on long-term debt	(5,452,715)	(321,394)
Principal payments on finance leases	(32,945)	(38,653)
Net cash provided by (used in) financing activities	(4,692,539)	225,228
Net increase (decrease) in cash and cash equivalents	(6,521,400)	12,211,451
Cash and cash equivalents at beginning of year	14,566,964	2,355,513
Cash and cash equivalents at end of year	\$ 8,045,564	14,566,964
Supplemental disclosure:		
Cash paid for interest	\$ 86,315	170,992

See accompanying independent auditors' report and notes to financial statements.

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements

December 31, 2022 and 2021

(1) Description of Organization

Young Men’s Christian Association of the Suncoast, Inc., d/b/a YMCA of the Suncoast (the “Organization”), is a Florida not-for-profit corporation and a member of the Association of the National Council of the Young Men’s Christian Associations of the U.S.A (the “YMCA”). The Organization’s purpose is to advance the cause of strengthening community through youth development, healthy living and social responsibility. The YMCA is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation’s health and well-being and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families and communities to be healthy, confident, connected and secure. YMCA of the Suncoast is committed to providing programs which strengthen the communities of Pinellas, Pasco, Hernando and Citrus Counties, Florida. The accompanying financial statements include the Suncoast administrative office and the accounts of the Organization’s programs maintained at the following branches:

- Clearwater-in-Motion
- Hernando County Family Branch YMCA
- North Pinellas Family Branch YMCA
- James P. Gills Family/West Pasco Branch YMCA
- Greater Ridgecrest Family Branch YMCA
- Greater Palm Harbor Family Branch YMCA
- Citrus Memorial Health Foundation Branch YMCA
- YMCA School Age Program Services

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (‘GAAP’).

(b) Financial Accounting Standards

The Financial Accounting Standards Board (“FASB”) issued authoritative guidance establishing two levels of GAAP - authoritative and nonauthoritative - and making the Accounting Standards Codification (“ASC”) the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission. This guidance has been incorporated into ASC Topic 105, *Generally Accepted Accounting Principles*.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(c) Fair Value Measurement

The Organization has adopted the provisions of ASC Topic 820, *Fair Value Measurement*. ASC Topic 820 requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices that are observable for the assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

The carrying amount reported in the statements of financial position for cash and cash equivalents, accounts receivable, and accounts payable approximate fair value because of the immediate or short-term maturities of these financial instruments.

(d) Cash and Cash Equivalents

The Organization considers all money market funds and certificates of deposit, with original maturities of three months or less to be cash equivalents.

(e) Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Organization's Board of Directors (the "Board") and/or management for general operating purposes. From time to time, the Organization's Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Organization's Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Organization's long-term financial viability.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the Organization to spend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(f) Contributions

The Organization recognizes contributions when cash or other assets or an unconditional promise to give is received. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and local government contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures, if any, are reported as refundable advances in the statement of financial position. At December 31, 2022 and 2021, refundable advances under conditional grant awards totaled \$345,451 and \$2,669,907, respectively.

(g) Accounts Receivable

Accounts receivable consists primarily of outstanding membership and program fees and amounts due under contracts with funders for services provided by the Organization. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts (when applicable). The allowance for doubtful accounts is based on historical receivable collection experience. At December 31, 2022 and 2021, the allowance for doubtful accounts was approximately \$425,000 and \$492,000, respectively.

(h) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the Organization's Statements of Financial Position.

Unrealized gains and losses are included in other changes in the Statements of Activities. Restrictions on investment earnings are reported as increases in net assets without donor restrictions if the restrictions expire or are otherwise satisfied in the fiscal year in which the earnings are recognized.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(i) Land, Buildings and Equipment

Depreciation of buildings and equipment is computed using the straight-line method over the estimated useful lives of the related assets. Land, buildings and equipment are stated at cost, or if contributed, at fair value at the date of donation. The Organization capitalizes additions that equal or exceed \$1,500. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. The estimated useful lives of related asset classes are: 5 to 40 years for buildings and improvements and 3 to 10 years for furniture, equipment and vehicles.

Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

(j) Revenue Recognition

The Organization has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees.

Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization 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 30 days' notice. Members generally pay a onetime 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 Organization offers a variety of programs including family, childcare, day camp, teen, scholastic, fitness, aquatics, health, and other 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 cancellable with 15 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.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(j) Revenue Recognition - 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 Organization expects to be entitled to in exchange for those services. All of the Organization's revenues 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 ratably recognized over a one-year period from the membership start date.

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

(k) Special Events Revenue and Expense

The Organization reports special events revenue net of related expenses in the accompanying Statements of Activities. Special events revenue was \$257,595 and \$240,264 in 2022 and 2021, respectively. Special events expense was \$103,311 and \$90,488 in 2022 and 2021, respectively.

(l) Income Taxes

The Organization has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 and has been classified as an organization that is not a private foundation under Section 509(a).

The Organization applies ASC Topic 740, *Income Taxes*. ASC Topic 740 prescribes a recognition and measurement standard for uncertain tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. There is no material impact on the Organization's financial position or changes in net assets as a result of the application of this standard. The Organization's policy is to recognize interest and penalties associated with tax positions under this standard as a component of income tax expense, and none were recognized since there was no material impact of the overall application of this standard.

The tax years that remain subject to examination are 2019 through 2022 for all major tax jurisdictions.

(m) Functional Expense Allocations

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on either time spent by employees on each functional area or based on a square footage analysis for all indirect occupancy-related expenses.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(n) Leases

The Organization leases office space and certain office equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the accompanying statements of financial position. Finance leases are included in property and equipment and financing lease liabilities on the accompanying statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain the Organization will exercise the option.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(o) Estimates in Financial Statements

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases or decreases in net assets during the period. Actual results could differ from those estimates.

(p) Going Concern Evaluation

On an annual basis, as required by ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Organization performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(q) Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(r) Accounting Pronouncement Recently Adopted

In February 2016, the FASB issued guidance under ASC Topic 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for their existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new leasing accounting guidance, the Organization recognized on January 1, 2022 a lease liability at the carrying amount of the capital lease obligations on December 31, 2021, of \$151,009 and ROU assets at the carrying amount of the capital lease assets of \$139,770. The Organization did not have any operating lease commitments with lease terms exceeding 12 months as of January 1, 2022. The adoption of the new leasing accounting guidance had no effect on the Organization's net assets as of January 1, 2022.

The standard had an impact on the Organization's statement of financial position as of December 31, 2022 but did not have an impact on the Organization's statement of activities or cash flows for the year then ended. The most significant impact was the recognition of ROU assets and lease liabilities for new operating leases executed in 2022, while the accounting for the Organization's finance leases remained substantially unchanged.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(3) Investments

At December 31, 2022 and 2021, the cost and market value of investments were as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash and cash equivalents	\$ 1,733,228	1,733,228	5,027,366	5,027,366
Fixed income	5,174,903	5,150,188	1,112,774	1,148,000
Equities	4,471,346	5,115,930	4,497,328	6,366,293
	<u>\$ 11,379,477</u>	<u>11,999,346</u>	<u>10,637,468</u>	<u>12,541,659</u>

At December 31, 2022 and 2021, none of the Organization's investments in corporate bonds or mutual funds are concentrated in a single entity or industry. In addition, the Organization's mutual fund investments represent shares in registered investment companies which own diversified portfolios. The mutual funds invest primarily in equity securities.

The following schedule summarizes investment return and other investment activity for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Investments at market, beginning of year	\$ 12,541,659	11,237,129
Investment return:		
Interest and dividends	240,609	425,675
Net realized and unrealized gains (losses)	(1,266,590)	608,903
Investment management fees	<u>(37,966)</u>	<u>(37,750)</u>
Total investment return	(1,063,947)	996,828
Deposits	1,232,339	4,464,851
Withdrawals	<u>(710,705)</u>	<u>(4,157,149)</u>
Net increase (decrease) in investments	<u>(542,313)</u>	<u>1,304,530</u>
Investments at market, end of year	<u>\$ 11,999,346</u>	<u>12,541,659</u>

(4) Contributions Receivable

Contributions receivable which are due in more than one year are recorded at estimated fair value by discounting future cash flows using current risk-free rates of return based on U.S. Treasury Securities yields with maturity dates similar to the expected contribution collection period. As of December 31, 2022 and 2021, the average discount rate was 2% in each year. Management evaluates the allowance for uncollectible contributions on an annual basis and makes adjustments to the allowance as deemed necessary.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(4) Contributions Receivable - Continued

Contributions receivable consist of the following at December 31, 2022 and 2021:

	2022	2021
Contributions restricted for the development of new facilities	\$ -	17,750
Contributions restricted for financial assistance program	100,000	
Contributions restricted for endowment	1,255,300	1,679,366
Contribution restricted for United Way funded programs	26,500	31,700
Gross contributions receivable	1,381,800	1,728,816
Less:		
Allowance for uncollectible contributions	(24,806)	(38,692)
Unamortized discount	(53,595)	(45,961)
Net contributions receivable - cash	1,303,399	1,644,163
Land use contribution - Greater Ridgecrest	932,826	1,029,537
Total contributions receivable, net	\$ 2,236,225	2,673,700

Cash pledges are due to be collected as follows at December 31, 2022 and 2021:

	2022	2021
Cash amounts due in :		
Less than one year	\$ 551,400	475,266
One to five years	824,600	1,242,100
More than five years	5,800	11,450
	\$ 1,381,800	1,728,816

The land use contribution was originally received under a twenty-year lease agreement which was renewed in 2020 for an additional ten years and is more fully described in Note 18.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(5) Land, Buildings and Equipment

Land, buildings and equipment at December 31, 2022 and 2021 consists of the following:

	2022	2021
Land and improvements	\$ 4,156,331	4,156,331
Buildings and improvements	35,581,990	35,042,890
Furniture, fixtures and equipment	5,210,722	5,485,039
Leasehold improvements	3,024,089	2,734,529
Construction-in-progress	475,179	258,140
	48,448,311	47,676,929
Less: accumulated depreciation	(28,076,961)	(27,188,054)
	\$ 20,371,350	20,488,875

Depreciation expense was \$1,546,711 and \$1,975,254 in 2022 and 2021, respectively.

In connection with the development of a new branch facility in Citrus County, Florida, the Organization received a contribution of land valued at \$830,000 in 2014. The donor of the land conveyed the property with the recorded stipulation that it be utilized solely as a facility operated by the YMCA according to its ordinary and customary use. This restriction limits the ability of the Organization to sell or encumber the property without the consent of the donor, his successors and assignees so long as any such entities exist.

In December 2021, the Organization sold its Clearwater Branch YMCA facility located at 1005 S. Highland Avenue in Clearwater to another community-serving nonprofit organization. Proceeds from the sale provided \$3.8 million, creating a gain of \$1.8 million over the net book value of real and personal property assets included in the sale. The Organization will continue to serve the community through the "Clearwater Y in Motion" with much of the same programming, for all ages, in different locations within Clearwater. The Organization retained ownership of an adjacent vacant parcel of land located at 905 S. Highland Avenue.

(6) Long-Term Debt

Bond Issue and Related Long-Term Debt

In September 2012, the Organization received loan proceeds of \$10 million from the Pinellas County Industrial Development Authority (the "Authority"), in connection with the Authority's issuance of \$10 million of Industrial Development Refunding Revenue Bonds ("Bonds"). The Bonds were to be repaid by the Authority with payments collected from the Organization pursuant to a loan agreement and trust indenture. The loan agreement was issued for the purposes of refinancing obligations related to revenue bonds issued in 2002 and all outstanding bank loans, and restricted the use of loan proceeds to renovating, improving and equipping certain of the Organization's facilities. The loan was secured by real property.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(6) Long-Term Debt - Continued

Bond Issue and Related Long-Term Debt - Continued

The loan from the Authority required monthly payments of principal in amounts ranging from \$45,721 to \$60,608, plus interest through September 1, 2022, assuming exercise of a put option (otherwise maturity date will be September 1, 2027). The loan had a floating annual interest rate which was calculated as 81.4% of the sum the LIBOR Rate plus 1.60% multiplied by the bank's Margin Rate Factor and was adjusted monthly. The Organization entered into an interest rate swap agreement with a commercial bank to reduce the impact of the floating interest rate. The interest rate swap agreement is more fully described in a separate section of this note.

In August 2020, the Organization refinanced the loan in the amount of \$5,880,000 with the same commercial bank. Under the terms of the new loan agreement, the loan bears interest at a variable rate of one month LIBOR plus 1.36% (1.504% at December 31, 2021) subject to a minimum interest rate of 2.11%. Principal and interest were payable monthly, with the remaining unpaid principal balance due upon maturity in August 2030. In June 2022, the Organization paid in full the outstanding amount of this loan balance.

Interest Rate Swap Agreement

In connection with the Authority floating rate loan described above, the Organization entered into an interest rate swap agreement to fix the rate of interest on the debt at 2.87% effective until September 1, 2022. Net cash amounts paid or received under the agreement are recognized as an adjustment to interest expense.

In connection with the refinancing of the loan in August 2020, the commercial bank as party to the interest rate swap agreement, transferred the swap and extended the effective period of the swap through August 2030. The Organization's purpose in entering into this swap agreement was to hedge against the risk of interest rate increases on the related variable rate debt. Additionally, the interest rate swap agreement was amended to imbed an interest rate floor into the agreement to hedge against the risk of interest rate decreases below the 2.11% floor specified in the new loan agreement. The Organization's purpose in entering into an interest rate swap agreement with an imbedded floor was to restore the opportunity to benefit from a low interest rate environment. The interest rate swap agreement effectively changes the Organization's interest rate on its note payable from a variable rate of LIBOR plus 1.36% to a fixed rate of 2.77% at December 31, 2021. Under the interest rate floor agreement, the bank will offset the difference if the variable rate of the note falls below the floor strike rate of 2.11%.

The Organization accounts for the interest rate swap in accordance with ASC Topic 815, *Derivatives and Hedging*. ASC Topic 815 requires that all derivative instruments be recorded in the statement of financial position at fair value and that changes in fair value be reflected as a component of the Organization's change in net assets. In June 2022, in connection with the early repayment of the mortgage, the Organization terminated the interest swap which resulted in the Organization receiving a refund of approximately \$425,000.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(7) Deferred Rental Income

School Board of Citrus County

In 2016, the Organization entered into an agreement with the School Board of Citrus County, under which the County's schools will utilize the Organization's Citrus branch pool and facilities. The agreement calls for a twenty-five year term, with an option to extend the term before expiration. The Organization received a single payment of \$325,000 under the agreement which represents deferred rental income. The deferred rental income is being amortized over a twenty-five year period. Income recognition began in May 2016 when the Citrus facility was completed, and the County began utilizing the space. Rental income recognized in both 2022 and 2021 was \$13,000.

(8) Leases

The Organization has operating and financing leases of office space and certain equipment. The leases have remaining lease terms ranging from one to four years. Leases with initial terms of 12 months or less are not recorded on the statement of financial position. Expense under these short-term leases is recognized on a straight-line basis over the lease term. The following summarizes the line items in the accompany statement of financial position as of December 31, 2022 and 2021:

	2022	2021
Operating Leases:		
Operating lease right-of-use assets	\$ <u>70,621</u>	n/a
Operating lease liabilities	\$ <u>98,403</u>	n/a
Finance Leases:		
Property and equipment	\$ 183,289	183,289
Accumulated amortization	<u>(80,790)</u>	<u>(43,519)</u>
Property and equipment, net	\$ <u>102,499</u>	<u>139,770</u>
Finance lease liabilities	\$ <u>118,064</u>	<u>151,009</u>

The following summarizes the weighted-average remaining lease term and discount rate as of December 31, 2022:

Weighted Average Remaining Lease Term

Operating leases	2.74 years
Finance leases	3.13 years

Weighted Average Discount Rate

Operating leases	3.44%
Finance leases	7.40%

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(8) Leases - Continued

The following summarizes the line items in the statement of activities which include components of lease expense for the year ended December 31, 2022:

Operating lease expense included in occupancy	\$	10,670
Short-term leases		154,184
Contributed rent		<u>145,300</u>
Total operating lease costs	\$	<u><u>310,154</u></u>
Finance lease costs:		
Amortization of lease assets included in depreciation and amortization expense	\$	37,271
Interest on lease liabilities included in interest expense		<u>10,207</u>
Total finance lease costs	\$	<u><u>47,478</u></u>

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

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	3,470
Operating cash flows from finance leases		37,271
Financing cash flows from finance leases		(32,945)
Lease assets obtained in exchange for lease obligations:		
Operating leases		80,446

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

<u>Year Ending December 31,</u>	<u>Operating</u>	<u>Financing</u>
2023	\$ 35,880	42,996
2024	38,304	42,996
2025	29,106	42,147
2026	<u>-</u>	<u>6,600</u>
Total payments	103,290	134,739
Less interest	<u>(4,887)</u>	<u>(16,675)</u>
Present value of lease liabilities	<u><u>\$ 98,403</u></u>	<u><u>118,064</u></u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(8) Leases - Continued

Rent expense under month-to-month operating leases for 2021 totaled \$218,419. The present value of future minimum capital lease payments as of December 31, 2021 is as follows:

Year Ending December 31,		
2022	\$	42,996
2023		42,996
2024		42,996
2025		42,147
2026		5,013
Total future minimum lease payments		176,148
Less: amount representing interest		25,139
Present value of minimum capital lease payments	\$	151,009

(9) Net Assets Without Restrictions, Designated

Net assets designated by the Board for purposes other than the endowment consist of the following at December 31, 2022 and 2021:

	2021	2020
Maintenance	\$ 482,467	396,759
Contingency	6,498,978	2,524,231
Debt reduction	-	4,334,826
Unemployment and other	719,755	666,081
	\$ 7,701,200	7,921,897

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(10) Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2022 and 2021 relate to assets contributed by donors and other funding sources for specific purposes and time periods as follows:

	2022	2021
Subject to time restrictions:		
Pledges receivable	\$ 100,000	15,414
United Way allocations	26,500	31,700
	126,500	47,114
Subject to use restrictions:		
Unappropriated earnings on endowment restricted for specified branches	1,599,691	2,209,367
Use restrictions on land and building	932,826	1,029,537
Use restrictions for capital campaigns	545,510	245,510
Use restrictions for various programs	296,128	309,673
	3,374,155	3,794,087
General endowment subject to the Organization's spending policy and appropriation	1,969,808	1,909,808
Total net assets with donor restrictions	\$ 5,470,463	5,751,009

(11) Endowment

The Organization manages an endowment which includes funds legally restricted by the donor as to the use of principal. The original contribution of \$1,000,000 was restricted by the donor in that the principal may not be expended, except under extraordinary circumstances. Earnings on endowment investments may be expended on maintenance of Organization facilities, construction of new facilities, and development of new programs. Investments in the amount of \$1,375,795, which included the \$1,000,000, were received from the Suncoast Family YMCA Foundation, Inc. Trust ("Trust") in 1992, upon the termination of the Trust. Under the terms of the transfer from the Trust, the amount conveyed by the Trust in excess of the \$1,000,000 corpus (\$375,795) may be expended for operations only upon the approval of 90% of the members of both the Board and the Endowment Committee. Only with court approval, however, shall the \$1,000,000 corpus be utilized. The balance of the endowment is available for expenditure upon the majority vote of the Board of the Organization. The Board and the Endowment Committee have established a goal to preserve the purchasing power of the endowment.

In 2013, the Organization established the Legacy Club as a specific program through which donors may contribute to the endowment fund.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(11) Endowment - Continued

Endowment fund investments are included in the investment portfolio described in Note 3.

The Organization's endowment includes both donor-restricted endowment funds, funds designated by the Board, to function as endowment funds, and donor-restricted funds for specific branches. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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

Investment Return Objectives, Risk Parameters and Strategies

The Organization's investment policy is based on providing security for the Organization. Therefore, the time horizon is very long-term. The goal is to provide funding from the endowment fund for programs giving priority to the use of the income for major maintenance, modernization, or expansion of buildings and facilities, extension of services, and developing and training professional leadership while maintaining the purchasing power of the portfolio and offsetting inflation.

The objectives call for disciplined, consistent management using a current "prudent person" philosophy. The investment portfolio is to be diversified as to fixed income and equity holdings to provide risk reduction, a dependable source of income, and growth of principal. The equities portion may constitute up to 70% of the total fund with fixed income portion making up the remainder of the fund. The fund shall not invest in real estate.

Equity investments must be in United States corporations quoted on the New York or American stock exchange or the NASDAQ. Equity investments should be diversified both as to companies and industries to minimize risk other than normal market fluctuation. Equity investments in a single industry will not exceed 20% of the total. Equity investments in any one company shall not exceed 5% (at cost) or 10% (at market) of the equity portfolio. Mutual funds may be used in place of individual equities in an effort to minimize risk and maintain exposure to additional areas of the equity market. Manager discretion should be used within the management of the mutual funds to maximize return with the least possible amount of risk according to the prospectus of each fund.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(11) Endowment - Continued

Investment Return Objectives, Risk Parameters and Strategies - Continued

Bond investments (one year or longer) are limited to U.S. government and agency issues, mortgage instruments, and quality investment grade corporate bonds and preferred stocks (considered as a bond equivalent). Individual fixed income securities should be considered investment grade at the time of acquisition. Commercial paper should be rated A1, P1. Corporate issues must be in the top-quality ratings of Moody's, Standard and Poor's, or other recognized credit services (BBB/BAA) or higher with good marketability. All investments in fixed income shall have a high degree of marketability and no individual investment shall exceed 7% of the total fixed income securities. Cash is considered fixed income. Bond funds may be used in place of individual bonds in an effort to minimize risk and maintain exposure to additional areas of the fixed income market. Fund investments should be investment grade. Manager discretion should be used within the management of the mutual funds to maximize return with the least possible amount of risk according to the prospectus of each fund. This may include exposure to some lower rated or non-rated securities up to but not to exceed 10% of the individual bond fund.

Spending Policy

Annually, the Board budgets an allocation from the endowment to support Organization operations. Allocations are based on current needs of the Organization and the desire to preserve the purchasing power of endowment assets. The amount to be distributed in a fiscal year may be 4% of the 3-year trailing average of the June 30th market value of the endowment portfolio. The Endowment Committee shall review and confirm, once annually, the amount of the distribution from the endowment fund. While it is expected that 4% will be the spending percentage, the Endowment Committee shall prepare a recommendation to the Board in the third quarter meeting of each calendar year for the following year and the percentage approved could be more or less than the 4%.

Endowment net asset composition by type of fund as of December 31, 2022 and 2021 is as follows:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
December 31, 2022:			
Board-designated endowment funds	\$ 5,191,051	-	5,191,051
Donor-restricted endowment funds	<u>-</u>	<u>3,569,499</u>	<u>3,569,499</u>
	<u>\$ 5,191,051</u>	<u>3,569,499</u>	<u>8,760,550</u>
December 31, 2021:			
Board-designated endowment funds	\$ 5,513,157	-	5,513,157
Donor-restricted endowment funds	<u>-</u>	<u>4,119,175</u>	<u>4,119,175</u>
	<u>\$ 5,513,157</u>	<u>4,119,175</u>	<u>9,632,332</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(11) Endowment - Continued

Spending Policy - Continued

Changes in endowment net assets for the years ended December 31, 2022 and 2021 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance at December 31, 2020	\$ 3,185,807	3,538,268	6,724,075
Investment return:			
Investment income, net of fees	181,483	207,038	388,521
Net appreciation	<u>319,535</u>	<u>289,388</u>	<u>608,923</u>
Total investment return	501,018	496,426	997,444
Contributions	1,955,828	175,491	2,131,319
Appropriation of endowment earnings for expenditure	22,207	(22,207)	-
Distributions	<u>(151,703)</u>	<u>(68,803)</u>	<u>(220,506)</u>
Balance at December 31, 2021	5,513,157	4,119,175	9,632,332
Investment return:			
Investment income, net of fees	86,309	75,706	162,015
Net depreciation	<u>(660,458)</u>	<u>(606,188)</u>	<u>(1,266,646)</u>
Total investment return	(574,149)	(530,482)	(1,104,631)
Contributions	423,457	60,000	483,457
Distributions	<u>(171,414)</u>	<u>(79,194)</u>	<u>(250,608)</u>
Balance at December 31, 2022	<u>\$ 5,191,051</u>	<u>3,569,499</u>	<u>8,760,550</u>

The Organization's endowment fund includes gifts with donor-imposed restrictions to benefit several specific YMCA branch locations and community programs, and the teen leaders program. These investments will continue to be overseen by the endowment committee.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(12) Liquidity and Availability of Resources

The Organization is supported by both unrestricted and restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Board designates endowment earnings to fund long-term needs of the Organization and may be drawn upon with the approval of 90% of the members of both the Board and the Endowment Committee as described in Note 11. Additionally, the Board has designated certain net assets without donor restrictions that, while the Organization does not intend to spend for purposes other than those identified in Note 9, the amounts could be made available for current operations, if necessary.

As of December 31, 2022 and 2021, the Organization's financial assets available for general expenditure within one year were as follows:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 8,045,564	14,566,964
Trade accounts receivable	496,217	289,591
Grants and other receivables	826,016	299,295
Contributions receivable	1,303,399	1,644,163
Investments	11,999,346	12,541,659
Total financial assets	22,670,542	29,341,672
Less amounts unavailable for general expenditure within one year due to:		
Long-term contributions receivable	-	(7,345)
Contractual or donor-imposed restrictions:		
Unappropriated earnings on endowment restricted for specified branches	(1,599,691)	(2,209,367)
Use restrictions for capital campaigns	(545,510)	(245,510)
Other donor imposed use restrictions	(296,128)	(309,673)
Net assets to be held in perpetuity	(1,969,808)	(1,909,808)
Subtotal before Board-designations	18,259,405	24,659,969
Board-designations:		
Quasi-endowment	(5,191,051)	(5,513,157)
Maintenance	(482,467)	(396,759)
Contingency	(6,498,978)	(2,524,231)
Debt reduction	-	(4,334,826)
Unemployment and other	(719,755)	(666,081)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,367,154	11,224,915

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(13) Employee Benefit Plan

The Organization 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 throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and eligible employees. As defined contribution plans, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded obligations.

In accordance with the agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage (12%) of the participating employee's salary. These amounts are paid by the Organization. Total contributions charged to retirement costs in 2022 and 2021 aggregated \$810,653 and \$650,968, respectively, of which \$66,217 and \$98,293 was unpaid at December 31, 2022 and 2021, respectively.

Participant 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 in this plan.

(14) Fair Value Measurements

The Organization adopted ASC Topic 820, which provides a common definition of fair value, establishes a framework for measuring fair value under U.S. generally accepted accounting principles and requires additional disclosures about fair value.

Financial instruments measured at fair value are classified and disclosed in the following categories:

- Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are mutual funds, corporate bonds, bond funds, U.S. government obligations, and cash and cash equivalents.
- Level 2: Pricing inputs are other than quoted prices for identical investments in active markets, which are either directly or indirectly observable as of the reporting date, and the fair value is determined through the use of models or other valuation methodologies. The types of investments which are included in this category are U.S. treasury bills and the receivable under the interest rate swap agreement. Other observable inputs are also used in measuring the fair value of the interest rate swap agreement.
- Level 3: Valuation is based on unobservable inputs. At December 31, 2022 and 2021, the Organization did not hold assets or liabilities with Level 3 fair value measurements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(14) Fair Value Measurements - Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value of assets measured on a recurring basis at December 31, 2022 was as follows:

<u>Description</u>	<u>Assets Measured at Fair Value at December 31, 2022</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Cash and cash equivalents	\$ 1,733,228	1,733,228	-	-
Equity mutual funds:				
Foreign large growth	310,198	310,198	-	-
Large blend	421,564	421,564	-	-
Large growth	881,248	881,248	-	-
Large value	835,057	835,057	-	-
Small value	423,927	423,927	-	-
Real estate	305,083	305,083	-	-
Natural resources	293,632	293,632	-	-
Miscellaneous sector	963,034	963,034	-	-
Allocation - 50% to 70% equity	<u>682,187</u>	<u>682,187</u>	<u>-</u>	<u>-</u>
Total equity mutual funds	5,115,930	5,115,930	-	-
Fixed income:				
Short-term bonds	355,622	355,622	-	-
Multisector bonds	286,998	286,998	-	-
U.S. treasury bills	3,067,277	-	3,067,277	-
Ultrashort bonds	<u>1,440,291</u>	<u>1,440,291</u>	<u>-</u>	<u>-</u>
Total fixed income	<u>5,150,188</u>	<u>2,082,911</u>	<u>3,067,277</u>	<u>-</u>
Total investments	<u>\$ 11,999,346</u>	<u>8,932,069</u>	<u>3,067,277</u>	<u>-</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(14) Fair Value Measurements - Continued

Fair value of assets measured on a recurring basis at December 31, 2021 was as follows:

<u>Description</u>	<u>Assets Measured at Fair Value at December 31, 2021</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Cash and cash equivalents	\$ 5,027,366	5,027,366	-	-
Equity mutual funds:				
Foreign large growth	837,356	837,356	-	-
Foreign large blend	517,709	517,709	-	-
Large growth	1,505,730	1,505,730	-	-
Large value	888,561	888,561	-	-
Mid-cap growth	368,516	368,516	-	-
Small value	496,634	496,634	-	-
Real estate	414,180	414,180	-	-
Natural resources	350,760	350,760	-	-
Miscellaneous sector	169,360	169,360	-	-
Allocation - 50% to 70% equity	<u>817,487</u>	<u>817,487</u>	<u>-</u>	<u>-</u>
Total equity mutual funds	6,366,293	6,366,293	-	-
Fixed income:				
Short-term bonds	374,975	374,975	-	-
Multisector bonds	329,369	329,369	-	-
Ultrashort bonds	<u>443,656</u>	<u>443,656</u>	<u>-</u>	<u>-</u>
Total fixed income	<u>1,148,000</u>	<u>1,148,000</u>	<u>-</u>	<u>-</u>
Total investments	12,541,659	12,541,659	-	-
Receivable under interest rate swap	<u>74,616</u>	<u>-</u>	<u>74,616</u>	<u>-</u>
Total assets	<u>\$ 12,616,275</u>	<u>12,541,659</u>	<u>74,616</u>	<u>-</u>

(15) Concentration of Credit Risk

The Organization maintains several deposit accounts with what management believes to be high credit quality financial institutions, including financial institutions participating in the Certificate of Deposit Account Registry Service. The total of these balances exceeded federal insurance limits by approximately \$600,000 as of December 31, 2022.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(16) Interest Cost

Interest cost charged to operations in 2022 and 2021 was approximately \$73,000 and \$170,000, respectively.

(17) Fees and Grants from Early Learning Coalitions

The Organization has current contracts with Early Learning Coalition (“ELC”) of Pinellas County, Inc., ELC of Pasco and Hernando Counties, Inc., and ELC of the Nature Coast, Inc. The contracts with ELC of Pinellas County, Inc. ELC of Pasco and Hernando Counties, Inc. and ELC of the Nature Coast, Inc. expire on June 30, 2023. Management expects all contracts to be extended upon expiration. ELC provides a significant amount of funding for the Organization’s school age before and after school and summer camp programs. The revenue received from the aforementioned contracts was \$889,623 and \$1,164,805 for 2022 and 2021, respectively. In addition, the Organization recognized Coronavirus Aid, Relief, and Economic Security (CARES) Act revenue from these ELC organizations in the amounts of \$3,638,402 and \$393,265 in 2022 and 2021, respectively. Refundable advances under these CARES Act agreements totaled \$345,451 and \$2,669,907 as of December 31, 2022 and 2021, respectively.

(18) Land Lease and Improvements

In August 2000, the Organization entered into a lease agreement with Pinellas County, Florida (the “County”) for a 14.3-acre parcel of land. The lease requires annual lease payments of \$1 and had an original term of twenty years. In August 2020, the lease agreement was renewed for an additional ten-year term. One additional ten-year renewal option is available. U.S. generally accepted accounting principles require that the County’s lease commitment be recorded as a contribution with donor restrictions. Accordingly, the Organization has recorded a contribution which represents the present value of the excess of the aggregate fair rental value of the land lease over below market rent payments due over the remaining term of the lease.

Recognition of the fair value of the lease is summarized as follows:

Fair value of land use contribution at December 31, 2020	\$ 1,144,000
Recognition of fair value of contributed land lease	30,837
Recognition of rent expense for the year ended December 31, 2021	<u>(145,300)</u>
Fair value of land use contribution at December 31, 2021	1,029,537
Recognition of fair value of contributed land lease	48,589
Recognition of rent expense for the year ended December 31, 2022	<u>(145,300)</u>
Fair value of land use contribution at December 31, 2022	\$ <u><u>932,826</u></u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(19) Related Party Transactions

In 2022 and 2021, the Organization conducted business with entities affiliated with certain members of its governing board.

During both 2022 and 2021, members of the governing board represented the Organization as independent insurance agents in obtaining insurance coverage and received commissions from their respective companies. In 2021, one member of the governing board contributed his real estate commission in connection with the sale of the Clearwater branch.

In 2022 and 2021, the Organization provided consulting services to smaller YMCA organizations under a contract with YMCA of the USA (National Council of Young Men's Christian Association of the United States of America). Total revenues for 2021 and 2020 were \$30,150 and \$54,675, respectively.

(20) Contingencies

The Organization has been notified of potential claims arising in the ordinary course of its operations. Management believes that any liability incurred in connection with these claims would be nominal in amount and limited to the deductible under the Organization's insurance policies.

(21) Noncash Investing and Financing Activities

In 2022, the Organization recognized noncash right of use assets and operating lease liabilities of \$80,446. In 2021, the Organization financed the acquisition of new equipment under a capital lease obligation in the amount of \$12,289.

(22) Federal Financial Assistance

During 2021, the Organization applied for and received a forgivable Paycheck Protection Program ("PPP") loan of \$2,707,723 as provided under the Federal Coronavirus Aid, Relief, and Economic Security ("CARES") Act and the loan was funded on March 18, 2021. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs and that certain employment levels are maintained over a specified 24-week period.

To the extent a portion of the loan did not meet the criteria to be forgiven, principal and interest is payable monthly through the maturity date of March 18, 2026. The loan carries an interest rate of 1%. The Organization has elected to apply the provisions of ASU 2018-08, *Clarifying Guidance for Contributions Received and Contributions Made* (Topic 958-605). Through December 31, 2021, the Organization fully utilized the proceeds on qualified costs and such amount has been reported as grant revenue in the accompanying statement of activities. The Organization submitted a formal request for forgiveness and received notice of the legal release of the obligation in April 2022.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST**

Notes to Financial Statements - Continued

(22) Federal Financial Assistance - Continued

The CARES Act also provides an employee retention credit (“ERC”), which is a refundable tax credit against certain employment taxes of up to 70% of \$10,000 of qualified wages paid to employees during a quarter. Based on the 2021 relief provisions, the Organization qualified for the tax credit in the first and third quarters of 2021. The Organization has elected to apply the provisions of Topic 958-605 as the relevant guidance for a not-for-profit entity for this type of conditional federal award. During the year ended December 31, 2021, the Organization received and recognized \$3,616,721 of grant revenue in the accompanying statement of activities.

(23) Subsequent Events

The Organization has evaluated subsequent events through April 27, 2023, the date the financial statements were available for issuance.