



**The Family YMCA**

**FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

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# REPORT



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Family YMCA

### Opinion

We have audited the accompanying financial statements of The Family YMCA (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Family YMCA as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Family YMCA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the 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 Family YMCA's ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### **Report on Summarized Comparative Information**

We have previously audited The Family YMCA's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Santa Fe, New Mexico  
April 20, 2023

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# FINANCIAL STATEMENTS



**The Family YMCA**  
**Statements of Financial Position**

<i>December 31,</i>	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 808,346	\$ 824,888
Certificates of deposit	10,711	75,033
Contract receivables	70,493	39,450
Investments	399,512	98,402
Prepaid expenses	22,298	20,070
Total current assets	<b>1,311,360</b>	1,057,843
Non-current assets		
Operating lease right-of-use assets, net	182,986	-
Property and equipment, net	928,431	880,030
Total non-current assets	<b>1,111,417</b>	880,030
Total assets	<b>\$ 2,422,777</b>	<b>\$ 1,937,873</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 87,266	\$ 27,559
Accrued expenses	51,534	44,385
Accrued vacation	43,004	40,656
Current maturities of operating lease liabilities	63,708	-
Current portion of note payable	67,782	59,124
Total current liabilities	<b>313,294</b>	171,724
Long-term liabilities		
Note payable, less current portion	953,904	992,300
Operating lease liabilities, less current maturities	119,278	-
Total long-term liabilities	<b>1,073,182</b>	992,300
Total liabilities	<b>1,386,476</b>	1,164,024
Net assets		
Without donor restrictions	812,087	504,244
With donor restrictions	224,214	269,605
Total net assets	<b>1,036,301</b>	773,849
Total liabilities and net assets	<b>\$ 2,422,777</b>	<b>\$ 1,937,873</b>

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

**The Family YMCA**  
**Statements of Activities**

<i>For the years ended December 31,</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2022 Total</b>	2021 Summarized Total
<b>Revenue and Other Support</b>				
Membership dues	\$ 612,904	\$ -	\$ 612,904	\$ 517,659
Grants and contract services	633,911	72,500	706,411	633,145
Program service fees	834,766	-	834,766	408,302
Contributions	209,523	24,290	233,813	199,250
PPP loan forgiveness income	-	-	-	225,835
Other operating income	322,185	-	322,185	23,591
Contributions of non-financial assets	14,887	-	14,887	13,948
Investment income, net	(24,487)	(11,923)	(36,410)	8,780
Net assets released from restrictions	130,258	(130,258)	-	-
<b>Total revenue and other support</b>	<b>2,733,947</b>	<b>(45,391)</b>	<b>2,688,556</b>	<b>2,030,510</b>
<b>Expenses</b>				
<i>Program services</i>				
Childcare	507,968	-	507,968	327,372
Youth and adult	886,928	-	886,928	659,577
Member services	497,140	-	497,140	538,016
<b>Total program services</b>	<b>1,892,036</b>	<b>-</b>	<b>1,892,036</b>	<b>1,524,965</b>
<i>Supporting services</i>				
General and administrative	478,426	-	478,426	393,150
Fundraising	55,642	-	55,642	51,039
<b>Total supporting services</b>	<b>534,068</b>	<b>-</b>	<b>534,068</b>	<b>444,189</b>
<b>Total expenses</b>	<b>2,426,104</b>	<b>-</b>	<b>2,426,104</b>	<b>1,969,154</b>
<b>Change in net assets</b>	<b>307,843</b>	<b>(45,391)</b>	<b>262,452</b>	<b>61,356</b>
<b>Net assets at beginning of year</b>	<b>504,244</b>	<b>269,605</b>	<b>773,849</b>	<b>712,493</b>
<b>Net assets at end of year</b>	<b>\$ 812,087</b>	<b>\$ 224,214</b>	<b>\$ 1,036,301</b>	<b>\$ 773,849</b>

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

**The Family YMCA**  
**Statements of Functional Expenses**

<i>For the years ended December 31,</i>	<b>Program Services</b>			
	Childcare	Youth and adult	Member services	Program services subtotal
Accounting and legal fees	\$ -	\$ 35	\$ -	\$ 35
Advertising	822	2,991	767	4,580
Compensation expenses	347,825	618,752	230,910	1,197,487
Conference and training	327	1,237	58	1,622
Contract labor and services	-	-	1,923	1,923
Depreciation	-	-	-	-
Equipment expense	-	8,484	5,521	14,005
Insurance	3,269	7,914	42,276	53,459
Interest	-	-	-	-
Lease expense	-	-	61,852	61,852
Maintenance and repairs	-	5,477	28,169	33,646
Member services	-	-	-	-
National dues	9,009	9,009	9,009	27,027
Office supplies	-	-	-	-
Other expenses	4,749	4,749	4,749	14,247
Payroll taxes and benefits	44,903	76,102	42,239	163,244
Postage	-	426	-	426
Program supplies	37,793	109,373	7,160	154,326
Retirement	2,848	23,313	10,548	36,709
Scholarships	55,925	1,256	7,079	64,260
Software	-	-	-	-
Special events and fundraising	-	-	-	-
Telephone	259	2,496	-	2,755
Transportation	239	6,055	70	6,364
Travel	-	180	47	227
Utilities	-	9,079	44,763	53,842
<b>Total</b>	<b>\$ 507,968</b>	<b>\$ 886,928</b>	<b>\$ 497,140</b>	<b>\$ 1,892,036</b>

(Continued)

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

**The Family YMCA**  
**Statements of Functional Expenses (Continued)**

<b>Supporting Services</b>				
General and administrative	Fundraising	Supporting services subtotal	2022 Total	2021 Summarized Total
\$ 17,913	\$ -	\$ 17,913	\$ 17,948	\$ 24,557
767	-	767	5,347	7,127
198,346	23,118	221,464	1,418,951	1,092,449
1,904	-	1,904	3,526	2,468
-	-	-	1,923	2,229
61,499	-	61,499	61,499	88,491
-	-	-	14,005	9,489
23,868	-	23,868	77,327	75,402
49,810	-	49,810	49,810	53,049
-	-	-	61,852	61,852
-	-	-	33,646	25,853
-	-	-	-	346
-	-	-	27,027	26,091
6,833	-	6,833	6,833	8,025
6,734	-	6,734	20,981	7,996
20,948	4,911	25,859	189,103	176,297
805	-	805	1,231	773
-	-	-	154,326	127,271
14,737	-	14,737	51,446	17,539
-	-	-	64,260	46,952
60,868	-	60,868	60,868	38,564
-	27,613	27,613	27,613	14,303
1,638	-	1,638	4,393	5,414
-	-	-	6,364	2,833
11,756	-	11,756	11,983	5,016
-	-	-	53,842	48,768
<b>\$ 478,426</b>	<b>\$ 55,642</b>	<b>\$ 534,068</b>	<b>\$ 2,426,104</b>	<b>\$ 1,969,154</b>

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

**The Family YMCA**  
**Statements of Cash Flows**

<i>For the years ended December 31,</i>	<b>2022</b>	<b>2021</b>
<b>Operating Activities</b>		
Change in net assets	\$ 262,452	\$ 61,356
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	61,499	88,491
Amortization of operating lease right-of-use assets	61,852	-
Donation of stock	(35,302)	-
Unrealized and realized (gain) loss on investments	36,410	(5,056)
Forgiveness of Paycheck Protection Program grant	(225,835)	(225,835)
Changes in operating assets and liabilities		
Contract receivables	(31,043)	(1,018)
Prepaid expenses	(2,228)	2,760
Accounts payable	59,707	11,260
Accrued expenses	7,149	8,197
Accrued vacation	2,348	(6,386)
Operating lease liabilities	(61,852)	-
Net cash provided by (used in) operating activities	<b>135,157</b>	<b>(66,231)</b>
<b>Investing Activities</b>		
Purchase of property and equipment	(109,900)	(8,552)
Maturity of certificates of deposit	64,322	-
Purchase of certificates of deposit	-	(450)
Purchase of investments	(302,218)	(24,178)
Proceeds from sale of investments	-	3,153
Net cash provided by (used in) investing activities	<b>(347,796)</b>	<b>(30,027)</b>
<b>Financing Activities</b>		
Payment on capital lease obligation	-	(8,034)
Grant advance from Paycheck Protection Program	225,835	225,835
Payments on note payable	(62,786)	(61,610)
Proceeds on issuance of note payable	33,048	-
Net cash provided by (used in) financing activities	<b>196,097</b>	<b>156,191</b>
Net change in cash and cash equivalents	<b>(16,542)</b>	<b>59,933</b>
Cash and cash equivalents at beginning of year	<b>824,888</b>	<b>764,955</b>
Cash and cash equivalents at end of year	<b>\$ 808,346</b>	<b>\$ 824,888</b>

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

**The Family YMCA**  
**Statements of Cash Flows (Continued)**

*For the years ended December 31,* **2022** 2021

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**Schedule of Certain Cash Flow Information**

Cash paid for interest	\$ <b>52,278</b>	\$ 53,049
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**Schedule of Noncash Transactions**

Operating lease liabilities arising from obtaining right-of-use assets	\$ <b>235,284</b>	\$ -
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*The accompanying notes are an integral part of these financial statements.*

## The Family YMCA Notes to Financial Statements

### **NOTE 1: DESCRIPTION OF THE ORGANIZATION**

The Family YMCA (the “YMCA”)(the “Organization”) is a not-for-profit New Mexico corporation organized under the laws of the State of New Mexico in 1955 for the purpose of providing programs and physical facilities for the enhancement of human potential and appreciation of self-worth. The YMCA’s support comes primarily through membership dues and program fees. The YMCA is affiliated with the Young Men’s Christian Association of the United States and is a member agency of the Los Alamos area United Way. The YMCA operates in Los Alamos County and Rio Arriba County and is subject to the general economic factors that affect the area.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to depreciation of assets over their estimated useful lives, contributions in-kind, estimates used in accounting for leases in accordance with FASB ASU 842, *Leases*, and the allocation of expenses by function.

#### ***Comparative Financial Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class nor functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the YMCA’s financial statements for the year ended December 31, 2021, from which the summarized information was derived.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Certificates of Deposit***

Certificates of deposit are held at a financial institution. Certificates of deposit total \$10,711 and \$75,033 at December 31, 2022 and 2021, respectively. Initial maturities at purchase of these certificates was 12 months, with penalties for early withdrawal. At December 31, 2022 and 2021, the interest rates ranged from 0.65% to 1.85%, with interest paid periodically on a monthly basis.

***Accounts Receivable***

Accounts receivable are stated at unpaid balances, and if applicable less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

***Investments***

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

***Prepaid Expenses***

Prepaid expenses consist of service contract expenses paid in advance for operation in the subsequent year, and an unemployment reserve.

***Property and Equipment***

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

As part of the YMCA's agreement with Los Alamos County, ownership of any capital assets purchased for the Los Alamos Teen Center (LATC) and reimbursed by the County are subject to reversion upon expiration or other termination of the agreement in place. As of December 31, 2022 and 2021, the recorded costs of assets at the LATC were \$147,282 and \$144,182, respectively.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Impairment of Long-Lived Assets***

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

***Leases***

The YMCA leases a facility and office equipment. Management determines if an arrangement is a lease at inception. Effective January 1, 2022, operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the accompanying balance sheets.

ROU assets represent the YMCA's right to use an underlying asset for the lease term and lease liabilities represent the YMCA's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, management uses daily treasury long-term rates based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the YMCA will exercise that option. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Management has elected to apply the short-term lease exemption to certain classes of equipment leases. In 2022, the YMCA has a small number of leases with this class of underlying asset that qualified for the exemption. The short-term lease cost recognized and disclosed for those leases in 2022 is \$14,005. The remaining lease payments in 2023 are insignificant.

***Accrued Expenses***

Accrued expenses are comprised of the payroll expenditures based on amounts earned by employees through December 31, 2022 and 2021, along with applicable taxes. The YMCA has recorded \$51,534 and \$44,385 for accrued expenses at December 31, 2022 and 2021, respectively.

The Organization's employees can accrue from 104 to 160 hours for full time employees and a maximum of 71 hours for part time employees for annual vacation respectively, depending on their years of employment. Employees also accrue 96 hours of sick leave each year, with the maximum cumulative amount being 320 hours for full time employees and 160 hours for part time employees. No sick leave is paid to employees when they are terminated. The YMCA has recorded \$43,004 and \$40,656 for compensated vacation absences at December 31, 2022 and 2021, respectively.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Net Assets***

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

***Revenue Recognition***

Membership dues and program service fees are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

The YMCA is funded by grants and contracts received from Los Alamos County, Santa Fe County, the City of Espanola, the Delle Foundation, various private foundations, and other sources. Unreimbursed costs under these grants and contracts are recorded as accounts receivable. During the year ended December 30, 2022 and 2021, receipts from Los Alamos County made up approximately 53% and 51% of total grant and contract services revenue, respectively.

***Contributions***

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Donated Assets***

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. During the years ended December 2022 and 2021, donated assets received and expensed for the benefit of the YMCA's annual gala totaled \$14,887 and \$13,948, respectively.

***Donated Services***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided a variety of services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

***Functional Allocation of Expenses***

Directly identifiable expenses are charged to program and supporting services. Costs, including salaries and wages, are allocated to programs based on the actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

***Advertising***

Advertising costs are charged to operations as incurred. The Organization uses advertising to promote its programs among the audiences it serves. Advertising expense totaled \$5,347 and \$7,127 for the years ended December 31, 2022 and 2021, respectively.

***Income Taxes***

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. However, taxes on unrelated business income, if any, are reported when paid. The Organization did not incur taxes on unrelated business income for the years ended December 2022 and 2021. The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2022 and 2021, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 20, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Recent Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 842, *Leases*), to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. 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 financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Effective January 1, 2022, the YMCA adopted ASC 842 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 YMCA elected the available practical expedients to account for 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 lease accounting guidance, the YMCA recognized on January 1, 2022 (beginning of the year of adoption) a lease liability of \$235,284 which represents the present value of the remaining operating lease payments of \$258,760, discounted using various incremental borrowing rates, and a right-of-use asset of \$235,284 which is equal to the operating lease liability, as there were no adjustments related to the accrued rent or unamortized initial direct costs. The standard had a material impact on the balance sheets, but did not have an impact on the statements of income, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

**The Family YMCA**  
**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recent Accounting Pronouncements (Continued)***

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by *Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contribution nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021. The standard did not have a material impact on the financial statements. The YMCA has updated disclosures as necessary (See Note 9 Contributions In-Kind).

**NOTE 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

The Organization maintains its financial assets primarily in cash and cash equivalents and certificates of deposit to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	<b>2022</b>	2021
Financial assets, at year-end	<b>\$ 1,289,062</b>	\$ 1,037,773
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with purpose restrictions	<b>(224,214)</b>	(269,605)
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 1,064,848</b>	\$ 768,168

Financial assets at year-end as noted in the above schedule exclude property and equipment, and prepaid expenses.

**The Family YMCA**  
**Notes to Financial Statements**

**NOTE 4: INVESTMENTS**

Investments in marketable securities consist of the following:

<i>December 31, 2022</i>	<b>Cost</b>	<b>Market Value</b>
Cash, Fixed Income, Equities and Alternatives	\$ 445,632	\$ 399,512
<b>Total investments in marketable securities</b>	<b>\$ 445,632</b>	<b>\$ 399,512</b>

<i>December 31, 2021</i>	<b>Cost</b>	<b>Market Value</b>
Cash, Fixed Income, Equities and Alternatives	\$ 79,919	\$ 98,402
<b>Total investments in marketable securities</b>	<b>\$ 79,919</b>	<b>\$ 98,402</b>

Investment income consisted of the following for the years ended December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Interest and dividends	\$ 8,350	\$ 2,699
Realized gain (loss)	4,034	3,153
Unrealized gain (loss)	(46,516)	3,320
Investment fees	(2,278)	(392)
<b>Total investment income, net</b>	<b>\$ (36,410)</b>	<b>\$ 8,780</b>

**NOTE 5: PROPERTY AND EQUIPMENT**

The components of property and equipment at December 31, 2022 and 2021, are as follows:

	Estimated Useful Lives (in years)	<b>2022</b>	<b>2021</b>
Building and related improvements	5-39	\$ 1,640,007	\$ 1,604,901
Furniture, fixtures, and equipment	3-10	727,747	720,198
Vehicles	5	159,848	96,901
Gym equipment	3-10	863,482	859,185
		<b>3,391,084</b>	<b>3,281,185</b>
Less accumulated depreciation		<b>(2,465,362)</b>	<b>(2,403,864)</b>
Land		<b>2,709</b>	<b>2,709</b>
<b>Property and equipment, net</b>		<b>\$ 928,431</b>	<b>\$ 880,030</b>

Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$61,499 and \$88,491, respectively.

**The Family YMCA**  
**Notes to Financial Statements**

**NOTE 6: LONG-TERM DEBT**

Long-term debt at December 31, 2022 and 2021, consists of the following:

<i>December 31,</i>	<b>2022</b>	2021
Note payable to financial institution, monthly payments of \$9,012, plus variable interest of 4.76% per annum, maturity of November 2034, collateralized by real property.	<b>\$ 1,021,686</b>	\$ 1,051,424
Total	<b>1,021,686</b>	1,051,424
Less current portion	<b>(67,782)</b>	(59,124)
Note payable, less current portion	<b>\$ 953,904</b>	\$ 992,300

Interest expense related to the note payable agreements was \$49,810 and \$53,049 for the years ended December 31, 2022 and 2021, respectively.

The current note payable agreement contains a certain financial covenant for maintaining a debt service coverage ratio of 1.10. The YMCA was in compliance with this covenant as of December 31, 2022. Maturities of long-term debt subsequent to December 31, 2022, are as follows:

<i>For the years ending December 31,</i>	Amount
2023	\$ 67,782
2024	64,978
2025	68,309
2026	71,679
2027	75,216
Thereafter	673,722
Total	<b>\$ 1,021,686</b>

**NOTE 7: NET ASSETS**

A summary of net assets without donor restrictions follows:

<i>December 31,</i>	<b>2022</b>	2021
Undesignated	<b>\$ 812,087</b>	\$ 504,244
Total net assets without donor restrictions	<b>\$ 812,087</b>	\$ 504,244

**The Family YMCA**  
**Notes to Financial Statements**

**NOTE 7: NET ASSETS (Continued)**

A summary of net assets with donor restrictions follows:

<i>December 31,</i>	<b>2022</b>	2021
Purpose restricted		
Endowment	\$ 88,458	\$ 98,402
Public policy	42,593	32,238
Española teen center	40,000	73,000
Admin assistance	35,613	39,564
Los Alamos teen center equipment	8,908	18,004
Senior appreciation night	4,099	6,234
Dances of India	2,163	2,163
Annual campaign	2,380	-
<b>Total net assets with donor restrictions</b>	<b>\$ 224,214</b>	<b>\$ 269,605</b>

**NOTE 8: REVENUE**

The Organization is recognizing membership dues revenue over time and program service fees revenue and other operating income at a point in time. Memberships are billed and paid on a monthly basis and program service fees are billed and paid on the date the program occurs. As of December 31, 2022 and 2021, there were no performance obligations to be satisfied. The Organization's customers are primarily individuals and families located in Los Alamos and surrounding communities of Northern New Mexico. The principal services purchased by the customers of the Organization consist of fitness center access and programs and fitness classes with a focus on health and exercise.

***Disaggregated Revenue***

A summary of disaggregated revenue for membership dues and program service fees follows:

***Membership dues***

	<b>2022</b>	2021
Single membership	\$ 237,872	\$ 205,451
Family of two membership	155,514	135,542
Family of three plus membership	154,247	126,300
Young adult membership	18,073	27,320
Miscellaneous membership	47,198	23,046
<b>Total membership dues</b>	<b>\$ 612,904</b>	<b>\$ 517,659</b>

**The Family YMCA**  
**Notes to Financial Statements**

**NOTE 8: REVENUE (Continued)**

***Program Service Fees***

	<b>2022</b>	2021
After school fees	\$ 493,005	\$ 244,468
Camp fees	229,680	83,456
Youth fees	90,072	61,323
Adult fees	22,009	19,055
<b>Total program service fees</b>	<b>\$ 834,766</b>	<b>\$ 408,302</b>

A summary of disaggregated revenue information follows:

For the years ended December 31,	<b>2022</b>	2021
Contracts with customers subject to Topic 606		
Recognized over time		
Membership dues	\$ 612,904	\$ 517,659
Recognized at a point of time		
Program services	834,766	408,302
Other operating income	322,185	23,591
Revenue and other support not subject to Topic 606		
Grants and contract services	706,411	633,145
Contributions	233,813	199,250
PPP loan forgiveness income	-	225,835
In-kind	14,887	13,948
Investment income	(36,410)	8,780
<b>Total revenue and other support</b>	<b>\$ 2,688,556</b>	<b>\$ 2,030,510</b>

**Contract Receivables**

December 31,	<b>2022</b>	2021
Contract assets, beginning of year	\$ 39,450	\$ 38,432
Contract assets, end of year	\$ 70,493	\$ 39,450

**The Family YMCA**  
**Notes to Financial Statements**

**Note 9: CONTRIBUTIONS IN-KIND**

All donated services and goods were utilized by the YMCA's supporting services. There were no donor-imposed restrictions associated with the contributed services or goods. The components of donated services and goods contributed to the YMCA consists of the following for the year ended December 31, 2022 and 2021:

<b><i>For the year ended December 31, 2022</i></b>	Donated Services	Donated Goods	Total
Supporting services			
General and administrative	\$ 5,000	\$ -	\$ 5,000
Fundraising	-	9,887	9,887
<b>Total contributed services and goods</b>	<b>\$ 5,000</b>	<b>\$ 9,887</b>	<b>\$ 14,887</b>

<b><i>For the year ended December 31, 2021</i></b>	Donated Services	Donated Goods	Total
Supporting services			
General and administrative	\$ 5,000	\$ -	\$ 5,000
Fundraising	-	8,948	8,948
<b>Total contributed services and goods</b>	<b>\$ 5,000</b>	<b>\$ 8,948</b>	<b>\$ 13,948</b>

Donated services was for advertising and was valued using standard advertising rates of the news organization that donated the advertising. Donated goods are valued at the wholesale prices that would be received for selling similar products.

**NOTE 10: ENDOWMENT**

The YMCA's endowment consists of one individual fund. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Directors of the YMCA has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the YMCA retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual 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 that is not retained in perpetuity are subject to appropriation for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

**The Family YMCA**  
**Notes to Financial Statements**

**NOTE 10: ENDOWMENT (Continued)**

In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the YMCA, and (7) the YMCA's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* The YMCA has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment fund. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The YMCA's spending policy is that it will not expend any amounts until the endowment fund reaches a certain threshold amount as determined by the Board. Interest income and gains are reported as an increase in unrestricted net assets, unless restricted by donor stipulations.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The YMCA has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2022, funds with original gift values of \$102,661, fair values of \$88,458, and deficiencies of \$14,203 were reported in net assets with donor restrictions. During the year, the YMCA did not appropriate any expenditure from underwater endowments. Management expects these amounts to be fully recovered during 2023 or 2024 since 2022 was a historically bad year for financial markets.

Endowment net asset reconciliation as of December 31 is as follows:

<i>December 31,</i>	<b>2022 Total Endowment Net Assets</b>	2021 Total Endowment Net Assets
Endowment net assets -		
January 1,	\$ 98,402	\$ 72,321
Contributions	2,334	20,000
Fee	(355)	(392)
Investment income	<b>(11,923)</b>	6,473
Endowment net assets - December 31,	<b>\$ 88,458</b>	\$ 98,402

**NOTE 11: FAIR VALUE MEASUREMENTS**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

*Exchange traded funds:* Valued at the daily closing price as reported by the fund. Exchange traded funds held by the YMCA are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The exchange traded funds held by the YMCA are deemed to be actively traded.

*Money market funds:* Valued at the closing price reported by the fund sponsor from an actively traded exchange.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

**The Family YMCA**  
**Notes to Financial Statements**

**NOTE 11: FAIR VALUE MEASUREMENTS (Continued)**

Assets and liabilities measured at fair value on a recurring basis, are summarized for the year ended December 31, 2022 and 2021:

<b><i>December 31, 2022</i></b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Exchange traded funds	\$ 399,512	\$ -	\$ -	\$ 399,512
Total investments at fair value	\$ 399,512	\$ -	\$ -	\$ 399,512

<b><i>December 31, 2021</i></b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Exchange traded funds	\$ 97,113	\$ -	\$ -	\$ 97,113
Money market funds	1,289	-	-	1,289
Total investments at fair value	\$ 98,402	\$ -	\$ -	\$ 98,402

***Changes in Fair Value Levels***

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended December 31, 2022 and 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

**NOTE 12: CONCENTRATIONS OF CREDIT RISK**

The YMCA maintains its cash balances in several financial institutions. The Federal Deposit Insurance Corporation insures the balance up to \$250,000 per institution for all interest-bearing accounts. From time to time, the YMCA may have amounts on deposit in excess of the FDIC limits. At December 31, 2022 and 2021, the YMCA had deposits that exceeded the FDIC limits by approximately \$341,000 and \$367,000, respectively. The YMCA has not experienced any losses from exceeding the limits and does not believe it is exposed to any significant credit risk on its cash balances.

**The Family YMCA**  
**Notes to Financial Statements**

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

***Lease Commitments***

The YMCA leases a facility in Los Alamos that is accounted for as an operating lease. The lease expires in 2025. The operating lease have a remaining weighted average lease term of 3 years.

The components of the lease expense were as follows:

<i>For the years ended December 31,</i>	<b>2022</b>
Operating lease cost	\$ <b>61,852</b>
Short-term lease cost	\$ <b>14,005</b>

Other information related to the lease was as follows:

<i>For the year ended December 31,</i>	<b>2022</b>
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**Supplemental Cash Flows Information**

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ <b>61,852</b>
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Weighted average remaining lease term and discount rates consist of the following:

<i>For the year ended December 31,</i>	<b>2022</b>
Right-of-use assets obtained in exchange for lease obligations	
Operating lease	\$ <b>235,284</b>
Weighted average remaining lease term	
Operating lease	<b>3.00</b>
Weighted average discount rate	
Operating lease	<b>4.76%</b>

**The Family YMCA**  
**Notes to Financial Statements**

**NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)**

***Lease Commitments (Continued)***

Future minimum lease payments under non-cancellable lease as of December 31, 2022 were as follows:

<i>For the years ended December 31,</i>	Operating Leases
2023	\$ 63,708
2024	65,616
2025	67,584
Future minimum lease payments	196,908
Less imputed interest	(13,922)
Present value of lease liabilities	\$ 182,986

<i>Total liabilities reported as of December 31, 2022</i>	<b>2022</b>
Other current liabilities	\$ 249,586
Operating lease liabilities	182,986
Other long-term liabilities	953,904
Total	\$ 1,386,476

The YMCA also leases certain office equipment accounted for as operating leases. The leases expire in various years through 2025. Minimum lease payments under noncancellable operating leases are as follows:

<i>For the years ending December 31,</i>	
2023	\$ 2,866
2024	2,866
2025	1,791
Total future minimum lease payments	\$ 7,523

**The Family YMCA**  
**Notes to Financial Statements**

**NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)**

***Lease Commitments (Continued)***

*Under ASC 840*

The YMCA leased various facilities accounted for as operating leases. The leases expired in various years through 2022. The YMCA also leases certain office equipment accounted for as operating leases. The leases expired in various years through 2026. Minimum lease payments under noncancellable operating leases are as follows:

*For the years ending December 31,*

2022	\$ 64,930
2023	3,078
2024	3,078
2025	3,078
2026	1,908
<hr/>	
Total future minimum lease payments	<u>\$ 76,072</u>

Lease expense for the years ended December 31, 2021 and 2020 was \$61,852 and \$78,403, respectively.

**NOTE 14: RETIREMENT PLAN**

The YMCA participates in a defined contribution plan with the Young Men's Christian Association of the United States. The plan is mandatory for YMCA employees who have reached the age of 21 and who have worked at least 1,000 hours in each of two previous twelve-month periods. The YMCA contributes 7% of covered employees' salaries. As a result of the global pandemic, during the year ended December 31, 2021, contributions were reduced to 1% of covered employees' salaries. The contribution made on behalf of participating employees were \$51,446 and \$17,539 for the years ended December 31, 2022 and 2021, respectively.

The YMCA also offers a 403(b) plan where contributions are made voluntary by the employees participating in the plan.