

**YMCA OF DELAWARE, INC. & AFFILIATES**  
**SINGLE AUDIT REPORT**  
**DECEMBER 31, 2022**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
YMCA of Delaware, Inc. & Affiliates

### Report on the Audit of the Financial Statements

#### Opinion

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of YMCADE as of December 31, 2022 and 2021, and the changes in their net assets and their 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the YMCADE 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 opinions.

#### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

## **Emphasis of Matter**

As discussed in Note 18 to the financial statements, the 2020 and 2021 consolidated financial statements have been restated. Our opinion is not modified with respect to that matter.



**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of the YMCADÉ's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the YMCADÉ's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YMCADÉ's internal control over financial reporting and compliance.



Wilmington, Delaware  
September 28, 2023



**CONSOLIDATED FINANCIAL STATEMENTS**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

YMCA OF DELAWARE, INC.  
AND AFFILIATES

DECEMBER 31, 2022 AND 2021

	2022	RESTATED 2021
<b>ASSETS</b>		
Cash and equivalents	\$ 8,980,727	\$ 11,686,261
Accounts receivable, net	899,381	2,440,604
Capital campaign pledges receivable, net	2,904	2,904
Prepayments and other assets	621,925	558,256
Investments	17,092,792	18,624,778
Interest rate swap	277,759	0
Restricted assets		
Tenant security deposits	6,022	6,222
Reserves and escrowed funds	1,385,469	1,243,222
Beneficial interest in perpetual trusts	4,829,513	6,272,790
Intangibles, net	112,535	58,494
Property and equipment, net	58,242,092	47,920,245
ROU assets - operating leases	579,043	0
ROU assets - finance leases, net	2,514,574	0
Contributed use of facility	2,514,257	2,530,684
	<hr/>	<hr/>
Total Assets	\$ 98,058,993	\$ 91,344,460
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accounts payable	\$ 4,604,323	\$ 1,494,191
Accrued payroll and related taxes	747,627	428,743
Deferred revenue	937,444	863,969
Interest rate swap	0	223,986
Other liabilities	312,593	282,153
Notes payable and accrued interest	5,558,458	5,505,228
Operating lease liabilities	610,816	0
Finance lease liabilities	2,412,749	583,072
Bonds payable, net	20,847,020	14,838,324
	<hr/>	<hr/>
Total Liabilities	36,031,030	24,219,666
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Without donor restrictions		
Unrestricted for general use	52,185,321	52,273,401
Board designated	1,291,390	3,181,183
	<hr/>	<hr/>
Without donor restrictions	53,476,711	55,454,584
With donor restrictions	8,551,252	11,670,210
	<hr/>	<hr/>
Total Net Assets	62,027,963	67,124,794
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 98,058,993	\$ 91,344,460
	<hr/>	<hr/>

See accompanying notes to financial statements

CONSOLIDATED STATEMENTS OF ACTIVITIES

YMCA OF DELAWARE, INC. & AFFILIATES

FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021 (RESTATED)

	Without donor restrictions	With donor restrictions	2022 Totals	RESTATED 2021 Totals
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Membership dues	\$ 18,086,787	\$ 0	\$ 18,086,787	\$ 14,190,460
Less membership financial assistance	(1,978,803)	0	(1,978,803)	(1,619,574)
Program service fees	14,345,055	0	14,345,055	9,528,552
Less program financial assistance	(1,689,720)	0	(1,689,720)	(1,283,736)
Contributions	1,802,487	2,282,008	4,084,495	5,410,081
Contributed use of facilities	102,572	0	102,572	103,188
Fees and grants from governments	6,958,329	0	6,958,329	13,080,287
Investment income (loss)	(1,704,460)	0	(1,704,460)	1,210,831
Annual fundraising events, net	8,812	0	8,812	3,208
Change in value of beneficial interest in perpetual trusts	0	(1,443,277)	(1,443,277)	731,375
Fees for products and services	457,163	0	457,163	92,838
Gain (loss) on disposal of property	(2,216)	0	(2,216)	21,898
Other income	72,096	0	72,096	55,751
Total Revenues, Gains, and Other Support, Before Net Assets Released from Restriction	36,458,102	838,731	37,296,833	41,525,159
NET ASSETS RELEASED FROM RESTRICTION	3,957,689	(3,957,689)	0	0
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	40,415,791	(3,118,958)	37,296,833	41,525,159
<b>EXPENSES AND LOSSES</b>				
Program Services				
Youth development	24,822,960	0	24,822,960	20,148,534
Healthy living	5,812,663	0	5,812,663	4,463,270
Social responsibility	6,215,058	0	6,215,058	5,622,073
Supporting Services				
Management and general	5,715,145	0	5,715,145	5,823,288
Fundraising costs	329,583	0	329,583	346,847
TOTAL EXPENSES AND LOSSES	42,895,409	0	42,895,409	36,404,012
CHANGE IN NET ASSETS FROM OPERATIONS	(2,479,618)	(3,118,958)	(5,598,576)	5,121,147
NONOPERATING ACTIVITY				
Swap valuation gain	501,745	0	501,745	288,873
CHANGES IN NET ASSETS	\$ (1,977,873)	\$ (3,118,958)	\$ (5,096,831)	\$ 5,410,020

See accompanying notes to financial statements.



CONSOLIDATED STATEMENTS OF ACTIVITIES

YMCA OF DELAWARE, INC. & AFFILIATES

FOR THE YEAR ENDED DECEMBER 31, 2021 (RESTATED)

	Without donor Restrictions	With donor Restrictions	Totals
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Membership dues	\$ 14,190,460	\$ 0	\$ 14,190,460
Less membership financial assistance	(1,619,574)	0	(1,619,574)
Program service fees	9,528,552	0	9,528,552
Less program financial assistance	(1,283,736)		(1,283,736)
Contributions	2,368,712	3,041,369	5,410,081
Contributed use of facilities	103,188	0	103,188
Fees and grants from governments	13,080,287	0	13,080,287
Investment income	1,210,831	0	1,210,831
Annual fundraising events, net	3,208	0	3,208
Change in value of beneficial interest in perpetual trusts	0	731,375	731,375
Fees for products and services	92,838	0	92,838
Gain on disposal of property	21,898	0	21,898
Other income	55,751	0	55,751
	<hr/>	<hr/>	<hr/>
Total Revenues, Gains, and Other Support, Before Net Assets Released from Restriction	37,752,415	3,772,744	41,525,159
<b>NET ASSETS RELEASED FROM RESTRICTION</b>	<hr/> <u>2,193,271</u>	<hr/> <u>(2,193,271)</u>	<hr/> <u>0</u>
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	39,945,686	1,579,473	41,525,159
<b>EXPENSES AND LOSSES</b>			
Program Services			
Youth development	20,148,534	0	20,148,534
Healthy living	4,463,270	0	4,463,270
Social responsibility	5,622,073	0	5,622,073
Supporting Services			
Management and general	5,823,288	0	5,823,288
Fundraising costs	346,847	0	346,847
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES AND LOSSES</b>	<hr/> <u>36,404,012</u>	<hr/> <u>0</u>	<hr/> <u>36,404,012</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	3,541,674	1,579,473	5,121,147
<b>NONOPERATING ACTIVITY</b>			
Swap valuation gain	288,873	0	288,873
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	<hr/> <u>\$ 3,830,547</u>	<hr/> <u>\$ 1,579,473</u>	<hr/> <u>\$ 5,410,020</u>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YMCA OF DELAWARE, INC. & AFFILIATES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Total Program Services	Supporting Services		Total Expenses
	Youth Development	Healthy Living	Social Responsibility		Management & General	Fundraising Costs	
EXPENSES AND LOSSES							
Personnel Costs							
Salaries	\$ 12,004,557	\$ 2,898,052	\$ 2,036,574	\$ 16,939,183	\$ 2,230,164	\$ 189,719	\$ 19,359,066
Employee benefits and payroll taxes	2,463,397	579,598	381,707	3,424,702	774,076	66,106	4,264,884
Total Personnel Costs	14,467,954	3,477,650	2,418,281	20,363,885	3,004,240	255,825	23,623,950
Other Expenses							
Occupancy	2,192,856	503,795	464,817	3,161,468	86,727	0	3,248,195
Supplies	1,778,208	271,822	817,023	2,867,053	246,601	0	3,113,654
Professional fees	1,129,113	236,778	487,327	1,853,218	1,084,212	55,977	2,993,407
Printing and publications	107,960	54,902	17,392	180,254	605,844	15,389	801,487
Rental and maintenance of equipment	42,112	50,327	877	93,316	305,472	0	398,788
Nonpayroll insurance	534,341	124,231	110,235	768,807	146,004	0	914,811
Travel	216,529	44,507	18,273	279,309	82,284	253	361,846
Membership dues	233,345	56,095	20,039	309,479	19,347	758	329,584
Telephone	325,134	75,203	38,768	439,105	57,184	99	496,388
Conferences, conventions, and meetings	67,178	27,840	8,905	103,923	37,272	1,282	142,477
Special events expense	11,780	0	0	11,780	12,509	0	24,289
Postage and shipping	15,184	3,542	0	18,726	8,563	0	27,289
Bad debt expense	320,061	87,412	484,080	891,553	7,042	0	898,595
Interest expense	445,713	104,827	21,365	571,905	0	0	571,905
Minor equipment purchases	15,522	6,747	129,740	152,009	11,436	0	163,445
Miscellaneous expenses	18,558	5,068	11,483	35,109	408	0	35,517
Total Other Expenses	7,453,594	1,653,096	2,630,324	11,737,014	2,710,905	73,758	14,521,677
Total Expenses and Losses Before Depreciation and Amortization	21,921,548	5,130,746	5,048,605	32,100,899	5,715,145	329,583	38,145,627
Depreciation and amortization	2,901,412	681,917	1,166,453	4,749,782	0	0	4,749,782
Total Expenses and Losses	\$ 24,822,960	\$ 5,812,663	\$ 6,215,058	\$ 36,850,681	\$ 5,715,145	\$ 329,583	42,895,409

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YMCA OF DELAWARE, INC. & AFFILIATES

FOR THE YEAR ENDED DECEMBER 31, 2021 (RESTATED)

	Program Services			Total Program Services	Supporting Services		Total Expenses
	Youth Development	Healthy Living	Social Responsibility		Management & General	Fundraising Costs	
<b>EXPENSES AND LOSSES</b>							
Personnel Costs							
Salaries	\$ 8,857,152	\$ 2,182,064	\$ 1,780,024	\$ 12,819,240	\$ 2,297,151	\$ 228,641	\$ 15,345,032
Employee benefits and payroll taxes	2,043,916	481,304	486,687	3,011,907	752,014	75,048	3,838,969
Total Personnel Costs	10,901,068	2,663,368	2,266,711	15,831,147	3,049,165	303,689	19,184,001
Other Expenses							
Occupancy	2,347,273	468,130	406,883	3,222,286	88,395	0	3,310,681
Supplies	1,291,953	202,373	601,953	2,096,279	150,039	(225)	2,246,093
Professional fees	653,593	132,451	215,681	1,001,725	1,179,798	29,786	2,211,309
Printing and publications	73,273	29,094	3,592	105,959	786,153	5,837	897,949
Rental and maintenance of equipment	61,811	38,489	0	100,300	245,170	0	345,470
Nonpayroll insurance	539,060	95,596	89,528	724,184	63,915	0	788,099
Travel	172,476	23,770	21,837	218,083	69,377	1,010	288,470
Membership dues	241,195	48,386	14,340	303,921	13,574	1,852	319,347
Telephone	311,607	57,122	21,805	390,534	54,982	401	445,917
Conferences, conventions, and meetings	37,457	15,435	6,641	59,533	44,044	4,058	107,635
Special events expense	6,914	0	0	6,914	12,174	0	19,088
Postage and shipping	11,645	1,814	0	13,459	45,368	439	59,266
Bad debt expense	348,906	(2,557)	507,151	853,500	19,334	0	872,834
Interest expense	315,128	69,516	133,744	518,388	0	0	518,388
Minor equipment purchases	11,735	2,341	12,266	26,342	598	0	26,940
Miscellaneous expenses	21,694	(159)	21,456	42,991	1,202	0	44,193
Total Other Expenses	6,445,720	1,181,801	2,056,877	9,684,398	2,774,123	43,158	12,501,679
Total Expenses and Losses Before Depreciation and Amortization	17,346,788	3,845,169	4,323,588	25,515,545	5,823,288	346,847	31,685,680
Depreciation and amortization	2,801,746	618,101	1,298,485	4,718,332	0	0	4,718,332
Total Expenses and Losses	\$ 20,148,534	\$ 4,463,270	\$ 5,622,073	\$ 30,233,877	\$ 5,823,288	\$ 346,847	\$ 36,404,012

See accompanying notes to financial statements.



CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (RESTATED)

YMCA OF DELAWARE, INC. & AFFILIATES

	Without donor restrictions			With donor Restrictions	Total Net Assets
	General-Use	Board Designated	Total Without donor Restrictions		
Balance, December 31, 2020 (restated)	\$ 47,968,447	\$ 3,655,590	\$ 51,624,037	\$ 10,090,737	\$ 61,714,774
Change in net assets	4,304,954	(474,407)	3,830,547	1,579,473	5,410,020
Balance, December 31, 2021 (restated)	52,273,401	3,181,183	55,454,584	11,670,210	67,124,794
Change in net assets	(88,080)	(1,889,793)	(1,977,873)	(3,118,958)	(5,096,831)
Balance, December 31, 2022	<u>\$ 52,185,321</u>	<u>1,291,390</u>	<u>\$ 53,476,711</u>	<u>8,551,252</u>	<u>\$ 62,027,963</u>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YMCA OF DELAWARE & AFFILIATES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (RESTATED)

	2022	RESTATED 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (5,096,831)	\$ 5,410,020
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,749,782	4,718,332
Amortization - bond and loan costs	39,013	26,416
(Gain) Loss on disposition of property	2,216	(21,898)
Gain on swap valuation	(501,745)	(288,873)
Bad debt expense	898,595	872,834
(Gain) Loss on investments and beneficial interest in perpetual trusts	2,638,342	(1,432,161)
Changes in assets and liabilities:		
Accounts receivable and pledges	642,628	(2,151,267)
Tenant security deposits	200	755
Prepayments and other assets	(63,669)	98,864
Intangibles	(54,041)	(744)
Contributed use of facility	16,427	15,812
ROU assets - operating leases	(579,043)	0
Operating lease liabilities	610,816	0
Accounts payable	3,110,132	282,925
Notes payable and accrued expenses	372,114	78,161
Deferred revenue	73,475	(78,505)
Other current liabilities	30,440	(8,163)
	<u>6,888,851</u>	<u>7,522,508</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of investments	7,209,706	16,463,680
Net draws to reserves and escrows	(142,247)	(128,068)
Purchases of investments	(6,872,785)	(16,722,093)
Acquisitions of property and equipment	(8,246,538)	(1,912,662)
	<u>(8,051,864)</u>	<u>(2,299,143)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Curtailments of financing lease	(804,361)	(546,048)
Payment of notes payable	(8,160)	(15,000)
Payment of bonds payable	(730,000)	(700,000)
	<u>(1,542,521)</u>	<u>(1,261,048)</u>
<b>NET CHANGE IN CASH</b>	<b>(2,705,534)</b>	<b>3,962,317</b>
<b>CASH</b>		
Beginning of year, restated	<u>11,686,261</u>	<u>7,723,944</u>
End of year	<u>\$ 8,980,727</u>	<u>\$ 11,686,261</u>
<b>INTEREST PAID (net of capitalized interest of \$ 32,733 in 2022 and \$ 0 in 2021, respectively)</b>	<u>\$ 443,082</u>	<u>\$ 417,212</u>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Equipment purchased through finance leases	<u>\$ 2,634,038</u>	<u>\$ 115,105</u>
Acquisition of property and equipment through bond issue	<u>\$ 6,707,843</u>	<u>\$ 0</u>
Bond issuance cost through bond issue	<u>\$ 377,309</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

Note 1 Summary of Organization activities and significant accounting policies

Organization activities

The YMCA of Delaware, Inc. (the "YMCAD") is an association of people of all ages, ethnic groups, and religious affiliations that strive to cultivate the human potential, self-esteem, and dignity of all people. The YMCAD exists to develop and practice the Christian principles of love, caring, inclusiveness, justice and peace and to enrich the emotional, physical and social life of individuals, families and the community. The YMCAD seeks to build strong kids, strong families, and strong communities throughout the State of Delaware.

The YMCA Central Branch, LLC (the "Central Branch"), an affiliate of the YMCAD, formed as a Limited Liability Company under the laws of the State of Delaware on October 2, 2002, performs two activities: (1) residential development activity, which comprises the rental of 180 single occupancy units of which 144 of the units are designated for providing low-income and moderate income housing, and 36 of the units are designated for providing market-rate income housing in accordance with the regulatory agreement with the Delaware State Housing Authority ("DSHA"); and (2) program activity, the operation of child care and gymnasium facilities. The property is located in Wilmington, Delaware. The Central Branch is restricted as to rental charges and is required to lease 80% of the units to low- or moderate-income individuals, subject to the provisions of Section 42(g)(1)(b) of the Internal Revenue Code (IRC). The provisions of these regulations must be met during each of the 15 consecutive years, beginning in 2003, in order to remain qualified for the low-income housing tax credits. The Central Branch has executed a Declaration of Land Use Restrictive Covenant relating to low-income housing tax credits with DSHA, which requires the utilization of the project pursuant to Section 42 for a minimum of 30 years, even after the disposition of the project by the Company.

The Company also qualified for \$ 3,057,000 of federal historic tax credits under Section 47(c)(3) of the Internal Revenue Code (IRC) for the rehabilitation of the certified historic structure. Additionally, the project qualified for historic tax credits as governed by the State of Delaware Historic Preservation Tax Credit Program for \$ 3,968,000.

The Central Branch, an affiliate of the YMCAD, is a for-profit limited liability corporation formed under the laws of the State of Delaware for the purpose of managing the Central Branch.

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Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Basis of presentation

The consolidated financial statements of the YMCAD E have been prepared in accordance with U.S. generally accepted accounting principles. ("US GAAP"), which require the YMCAD E to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the YMCAD E's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the YMCAD E or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Principals of consolidation

The consolidated financial statements include the accounts of the YMCAD E and its affiliates. All material inter-affiliated accounts and transactions have been eliminated in consolidation.

The following is a current list of YMCAD E and its affiliates' branches and its locations: Bear Glasgow Family YMCA (351 George Williams Way, Newark, DE 19702), Brandywine YMCA (3 Mount Lebanon Road, Wilmington, DE 19803), Brandywine YMCA Hanby Outdoor Center (35 Chestnut Street, Wilmington, DE 19810), Central YMCA (501 West 11th Street, Wilmington, DE 19801), Dover YMCA (1137 South State Street, Dover, DE 19901), Dover YMCA Kent Outdoor Complex (825 Kenton Road, Dover, DE 19904), Middletown Family YMCA (404 N. Cass Street, Middletown, DE 19709), Sussex Family YMCA (20080 Church Street, Rehoboth Beach, DE 19971), Walnut Street YMCA (1000 North Walnut Street, Wilmington, DE 19801), Western Family YMCA (2600 Kirkwood Highway, Newark, DE 19711), and YMCA Camp Tockwoh (24370 Still Pond Neck Road, Worton, MD 21678), Middletown YMCA Silver Lake Pool (200 East Cochran Street, Middletown, DE 19709).

Measure of operations

The YMCAD E's statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to YMCAD E's ongoing services and programs and earnings on investment. Nonoperating activities are limited to resources from other activities considered to be of a more unusual or nonrecurring nature.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Use of estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash and investments of a highly liquid nature with maturities of three months or less at the time of acquisition. At December 31, 2022 and 2021, cash equivalents consisted of cash and money market funds. The recorded cost of these investments approximated their fair value at December 31, 2022 and 2021.

Accounts receivable

Accounts receivable represent uncollected billings for services rendered and past due rents from tenants. An allowance for doubtful accounts is provided based on historical experience and management's evaluation of the collectability of individual billings and credit history of tenants. The allowance for doubtful accounts at December 31, 2022 and 2021 was \$ 664,763 and \$ 642,958, respectively, and was established primarily for tenant accounts receivable.

Capital campaign pledges receivable

Capital campaign pledges receivable consist of unconditional promises to give by the donors. There were no long-term pledges at December 31, 2022 or 2021. No allowance for doubtful accounts was established as management deems all amounts fully collectible.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment gain or loss in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on mark-to-market value and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

The fair value of marketable investments in equity and debt securities (which includes both domestic and foreign issues) and U.S. government obligations are based on the published current market value at December 31, 2022 and 2021. The fair values of the YMCADE's investments held in another entity are based on management's valuation of estimates and assumptions from information and representations provided by another entity in the absence of readily available ascertainable market values.



Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Investments (cont'd)

Due to the level of risk associated with certain investment activities, it is at least reasonably possible that changes in the values of investments will occur in the near term and those changes could materially affect the YMCADE's account balances and amounts reported in the consolidated financial statements.

Split-interest agreements

Split-interest agreements represent gifts of assets that are held and invested for the benefit of the YMCADE and other beneficiaries. The assets are held in an irrevocable trust by a third-party trustee. The YMCADE's share of the gift is recorded as support in the period that the YMCADE is notified of the gift, at the fair value of the assets placed in trust. The YMCADE's share of the distributions is recognized as support without donor restrictions in the period realized; the change in value of the beneficial interest is recognized as an increase in net assets with donor restrictions.

Deferred fees and amortization

Debt issuance costs of \$ 245,000, net of accumulated amortization of \$ 152,894 and \$ 144,734 as of December 31, 2022 and 2021, respectively, are reported as a direct deduction from the face amount of the mortgages payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight-line method, which approximates the effective interest method, over the 30 year term of the debt.

Interest expense related to the debt issuance costs for each of the years ended December 31, 2022 and 2021 was \$ 8,160.

Bond issue costs of the Series 2007 bonds in the amount of \$ 529,430, net of accumulated amortization of \$ 286,010 and \$ 267,754 as of December 31, 2022 and 2021, respectively, are reported as a direct deduction from the face amount of the bonds payable to which such costs relate.

Bond issue costs of the Series 2022 bonds in the amount of \$ 377,309, net of accumulated amortization of \$ 12,597 and \$0, as of December 31, 2022 and 2021, respectively, are reported as a direct deduction from the face amount of the bonds to which such costs relate.

Amortization of bond issue costs is reported as a component of interest expense and is computed using the straight-line method, which approximates the effective interest method, over the 30 year term of the bonds.

Interest expense related to the bond issuance costs for each of the years ended December 31, 2022 and 2021 was \$ 30,853 and \$ 18,256, respectively.



Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Property and equipment

Property and equipment is carried at cost and consists of land and improvements, buildings and improvements, furniture and equipment, and automobiles and machinery with a useful life greater than one year. The YMCADE capitalizes all expenditures of capital assets in excess of \$ 5,000 with an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	10 – 15
Buildings and improvements	10 – 40
Furniture and equipment	3 – 10
Automobiles and machinery	5 – 7

Expenditures for maintenance and repairs are charged to expense as incurred.

Contributions

Contributions received are recorded as net assets with donor restrictions or without donor restriction support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Leases

The YMCADE is a lessee in multiple noncancelable operating and financing leases. If the contract provides the YMCADE the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Note 1 Nature of activities and significant accounting policies (cont'd)

Leases (cont'd)

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

ROU assets for finance leases are amortized on a straight-line basis over the lease term. Operating leases with fluctuating lease payments: for operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

The YMCADe has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The YMCADe has elected the option to use the Organization's incremental borrowing rate at lease initiation as the discount rate for leases where the implicit rate is not readily determinable. The incremental borrowing rate option has been applied to the office equipment class of assets.

Right-of-use assets and liabilities as of December 31, 2022 are presented as separate line items on the YMCADe's statements of financial position.

Functional expense allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. Such allocations are included in the consolidated statements of functional expenses.

Expenses incurred for annual fundraising events are included in fundraising costs on the statements of activities and functional expenses as a gross amount.

Advertising costs

Advertising costs are charged to operations when incurred. Advertising costs for the years ended December 31, 2022 and 2021 were \$ 556,713 and \$ 605,057, respectively.



Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Net Assets

FASB ASC 958-10, Not-for-Profit Entities-Disclosure, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The accounting standard also includes disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

For the years ended December 31, 2022 and 2021, the YMCADE has determined that the majority of the YMCADE 's net assets do not meet the definition of endowment under UPMIFA. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the donor. The YMCADE has the ability to use as much of the corpus of any trust or separate gift, devise, bequest, or fund as the board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

Net assets and changes in net assets are classified as with donor restriction or without donor restriction based on the existence or absence of donor imposed restrictions.

Net assets with donor restrictions consist of restricted contributions receivable and the donor-restricted endowment funds. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

Income taxes

The YMCADE qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the IRC and has been classified as an organization that is not a private foundation. The YMCADE is an organization exempt from federal income tax under Section 501(c)(3) of the IRC but can be subject to tax on unrelated trade or business income. The YMCADE did not engage in any such activities during 2022 or 2021. Accordingly, there is no income tax provision.

No provision or benefit for income taxes has been included in the consolidated financial statements of the affiliates since the taxable income or loss passes through to, and is reportable by, the members individually. The activities of the affiliates are considered exempt for the YMCADE's information reporting purposes.



Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Income taxes (cont'd)

The Central Branch is a for-profit limited liability corporation formed under the laws of the State of Delaware. As a limited liability company, the Central Branch is not subject to federal or state income taxes; accordingly, there is no income tax provision. For tax purposes, the limited liability company was terminated in 2017. The results of operations for the limited liability company is reported on the YMCADe's federal income tax return.

For the years ended December 31, 2022 and 2021, the YMCADe and its affiliates have determined they do not have a material tax liability for uncertain tax positions under FASB ASC 740 - Income Taxes.

The YMCADe's policy for penalties and interest assessed by income taxing authorities is to include them in administrative expenses. For the years ended December 31, 2022 and 2021, the YMCADe did not incur any interest and penalties from taxing authorities.

The federal income tax returns of the YMCADe and its affiliates for 2019, 2020 and 2021 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Revenue and Revenue Recognition

Revenues are measured based on consideration specified in a contract with a customer. The YMCADe recognizes revenue when it satisfies a performance obligation by transferring control over a promised good or service to a customer. The YMCADe's principal activities resulting in contracts with customers include membership dues, program service fees, and fees for products and services.

Membership dues are based on fixed rate schedules at the beginning of each membership month and are nonrefundable. The performance obligation consists of providing members continuous access to the YMCADe facilities. The dues are used to cover the costs of operating the YMCADe, maintaining the common elements and improvements, and providing for facility repair and replacement. Dues for 2022 were \$ 35 - \$ 118 per month per member, depending on membership level. The YMCADe recognized revenue upon receipt or commitment of the entire value of the membership since there is not a significant variance in revenue recognized between recording membership revenue upon receipt as compared to recognizing membership revenue on a pro rata basis over the membership period.

Program service fees is recognized when the program service events take place. All amounts paid in advance are deferred to the period in which the underlying program service event takes place. Due to the nature and timing of the program services and/or transfer of services and products, substantially all deferred revenue at December 31 of each year is recognized in the following year.

The performance obligation related to fees for products and services is to provide the customer with the goods and services purchased. The transaction price is the stated retail price. The YMCADe recognizes revenue from fees for products and services in the period the goods or services are provided.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Revenue and Revenue Recognition (cont'd)

Because the contracts for membership dues, program services, and fees for products and services have an original expected duration of one year or less, the YMCAD E has elected the practical expedient and not disclosed the value of unsatisfied performance obligations and expected timing for completion related to these revenues.

Accounting pronouncements adopted

Effective January 1, 2022, the YMCAD E adopted the provisions of FASB ASU 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The amendments in this Update apply to nonprofit organizations that receive contributed nonfinancial assets (also referred to as gifts-in-kind) and address presentation and disclosure of those contributed nonfinancial assets. The term "nonfinancial assets" includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, cryptocurrency, services, and unconditional promises of those assets. Under ASU 2020-07, organizations must present gifts-in-kind as a separate line item in the statement of activities, apart from gifts of cash and other financial assets. In addition to this presentation requirement, the gifts-in-kind must be further broken down into categories (fixed assets, supplies, contributed services, etc.) in the notes to the consolidated financial statements.

For each category of contributed nonfinancial assets recognized in the consolidated financial statements, further footnote disclosures are required under the ASU, including whether the gifts-in-kind were sold or used, among other disclosures. The provisions of ASU 2020-07 must be applied on a retrospective basis (meaning that all periods presented in comparative financial statements must reflect the requirements of the new standard). Adoption of this standard had no effect on its net assets for the years ending December 31, 2022 and 2021.

Effective January 1, 2022, the YMCAD E adopted the provisions of FASB ASC Topic 842 (ASU 2016-02), Leases. ASC 842 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases, except for those with a lease term of twelve months or less. Leases are classified as either finance leases or operating leases. The YMCAD E has elected to use the modified-retrospective transition approach to record the effect of FASB ASC 842 in the year of adoption, without adjustment to the comparative period. See Note 17 for the YMCAD E's activity as a lessee.

Subsequent events

The date to which events occurring after December 31, 2022, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the consolidated financial statements or disclosure is September 28, 2023, which is the date on which the consolidated financial statements were available to be issued.



NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)

YMCA OF DELAWARE, INC. & AFFILIATES

Note 2 Availability and liquidity

The following represents the YMCADe's financial assets at December 31, 2022 and 2021:

Financial assets at year end:	2022	RESTATED 2021
Cash	\$ 8,980,727	\$ 11,686,261
Accounts receivable	899,381	2,440,604
Pledges receivable	2,904	2,904
Investments	<u>17,092,792</u>	<u>18,624,778</u>
Total financial assets	26,975,804	32,754,547
Less amounts not available to be used within one year:		
Board designated funds	1,291,390	3,181,183
Net assets with donor restrictions	<u>8,551,252</u>	<u>11,670,210</u>
	<u>9,842,642</u>	<u>14,851,393</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 17,133,162</u>	<u>\$ 17,903,154</u>

The YMCADe's goal is generally to maintain financial assets to meet 75 days of operating expenses as required by debt covenants.

Note 3 Concentration of credit risk

Financial instruments which potentially subject the YMCADe to significant concentrations of credit risk are principally cash and cash equivalents and investments.

The YMCADe's cash is maintained in bank deposit accounts with financial institutions that at times exceeds federally insured limits. The YMCADe has not experienced any losses in such accounts and does not believe it is exposed to any significant risk.

Investments are managed by professional advisors subject to the YMCADe's investment policy. The degree and concentration of credit risk vary by the type of investment.

NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)

YMCA OF DELAWARE, INC. & AFFILIATES

Note 4 Restricted assets

Restricted assets consisted of tenant security deposits of \$ 6,022 and \$ 6,222, which are held in a separate bank account in the name of the project, and reserves and escrowed funds of \$ 1,385,469 and \$ 1,243,222, held by DSHA, as of December 31, 2022 and 2021, respectively. Under agreements with the lenders and DSHA reserves, the affiliate is required to make monthly escrow deposits for debt service, insurance, and replacement of project assets, and is subject to restrictions as to distributions to members. The affiliate is required to fund an operating reserve in the amount \$ 268,803 for the benefit of the residential development. The operating reserve was fully funded as of December 31, 2022 and 2021.

A summary of activity within the restricted assets – reserves and escrowed funds at December 31, 2022 are as follows:

	<u>Insurance and Debt</u>	<u>Operating Deficit</u>	<u>Replacement Reserves</u>	<u>Residual Receipts</u>	<u>Total</u>
Beginning	\$ 346,563	\$ 267,834	\$ 615,312	\$ 13,513	\$ 1,243,222
Deposits	37,921	0	99,634	0	137,555
Interest income	317	969	2,367	1,039	4,692
Other	0	0	0	0	0
Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending	<u>\$ 384,801</u>	<u>\$ 268,803</u>	<u>\$ 717,313</u>	<u>\$ 14,552</u>	<u>\$ 1,385,469</u>

A summary of activity within the restricted assets - reserves and escrowed funds at December 31, 2021 are as follows:

	<u>Insurance and Debt</u>	<u>Operating Deficit</u>	<u>Replacement Reserves</u>	<u>Residual Receipts</u>	<u>Total</u>
Beginning	\$ 311,236	\$ 266,784	\$ 524,623	\$ 12,511	\$ 1,115,154
Deposits	35,004	0	88,500	0	123,504
Interest income	323	1,050	2,189	1,002	4,564
Other	0	0	0	0	0
Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending	<u>\$ 346,563</u>	<u>\$ 267,834</u>	<u>\$ 615,312</u>	<u>\$ 13,513</u>	<u>\$ 1,243,222</u>



NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)

YMCA OF DELAWARE, INC. & AFFILIATES

Note 5 Investments in bonds

The YMCADE is invested in certain corporate debt, U.S Treasury bonds and U.S. Treasury bill securities. Contractual maturities of debt securities consisted of the following at December 31:

	2022		2021	
	Market	Cost	Market	Cost
1 – 5 years	\$ 6,199,862	\$ 6,340,344	\$ 3,092,408	\$ 3,101,228
5 - 10 years	1,129,468	1,320,994	1,058,702	1,059,326
10 - 15 years	77,528	102,215	102,069	104,161
Over 15 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$ 7,406,858</u>	<u>\$ 7,763,553</u>	<u>\$ 4,253,179</u>	<u>\$ 4,264,715</u>

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Note 6 Beneficial interest in perpetual trusts

The YMCADE is a beneficiary of certain donor created trusts that are held and administered by outside trustees and held totally for the benefit of the YMCADE. As of December 31, 2022 and 2021 the fair value of the trust assets was:

December 31,	2022		2021	
	Amount	% owned	Amount	% owned
Addie C. Carpenter Trust	\$ 17,777	10	\$ 23,157	10
Matilda B. Konschak Trust	152,383	25	198,394	25
Florence H. Brown Trust	233,711	100	300,631	100
H. Fletcher Brown Trust	<u>4,425,642</u>	100	<u>5,750,608</u>	100
Total fair value of beneficial interest	<u>\$ 4,829,513</u>		<u>\$ 6,272,790</u>	

The YMCADE receives annual distributions from these trusts. Under the terms of the trusts, the YMCADE has the irrevocable right to receive net investment income earned on the assets of the trusts in perpetuity, but shall never receive the assets held by these trusts. The YMCADE's distributions from those trusts are not restricted and are to be used consistent with the mission of the YMCADE, unless otherwise stipulated in the trust agreements. These distributions are reported as an increase in investment income in net assets without donor restriction in the statement of activities.

Note 6 Beneficial interest in perpetual trusts (cont'd)

Distributions received from the trust assets were as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Addie C. Carpenter Trust	\$ 1,000	\$ 902
Matilda B. Korschak Trust	7,862	8,692
Florence H. Brown Trust	13,829	12,209
H. Fletcher Brown Trust	<u>205,916</u>	<u>181,276</u>
Total distributions received	<u>\$ 228,607</u>	<u>\$ 203,079</u>

The change in fair value of the beneficial interest in perpetual trusts for 2022 and 2021, net of distributions, was a decrease of \$ 1,443,277 and an increase of \$ 731,375, respectively, which is reflected as a change in net assets with restrictions.

Note 7 Fair value measurements

FASB ASC 820 – Fair Value Measurements and Disclosures establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to significant unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

Level 1 – inputs are unadjusted quoted prices, such as a New York Stock Exchange closing price in active markets for identical assets. Level 1 is the highest priority in the hierarchy.

Level 2 – inputs may include quoted prices for similar assets and liabilities in active markets, as well as other significant inputs that are observable at commonly quoted intervals, such as interest rates, foreign exchange rates, and yield curves.

Level 3 – inputs are unobservable. Typically, assumptions determine the inputs since there is little, if any, related market activity. Level 3 is the lowest priority in the hierarchy.

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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)

YMCA OF DELWARE & AFFILILATES

Note 7 Fair value measurements (cont'd)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Accounts receivable - fair value approximates carrying value due to the short-term nature of the instrument.

Investments - the fair value of marketable debt and equity securities is determined by reference to quoted market prices and other relevant information generated by market transactions.

Beneficial interest in perpetual trusts - the fair value is estimated based on the fair value of the underlying assets in the trusts.

Accounts payable - fair value approximates carrying value due to the short-term nature of the instrument.

Bonds payable - fair value approximates carrying value since stated rates are similar to rates currently available to the YMCADE for debt with similar terms and remaining maturities.

Value of derivative instrument (interest rate swap) - the fair value is based on quotes provided by PNC Bank, the swap agreement holder, of the estimated amounts the YMCADE would receive or pay if the agreement was terminated taking into consideration current interest rates.

Carrying values and estimated fair values at December 31:

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Accounts receivable	\$ 899,381	\$ 899,381	\$ 2,440,604	\$ 2,440,604
Investments	\$ 17,092,792	\$ 17,092,792	\$ 18,624,778	\$ 18,624,778
Beneficial interest in perpetual trusts	\$ 4,829,513	\$ 4,829,513	\$ 6,272,790	\$ 6,272,790
Fair value of derivative Instrument	\$ 277,759	\$ 277,759	\$ 0	\$ 0
Financial liabilities				
Accounts payable	\$ 4,604,323	\$ 4,604,323	\$ 1,494,191	\$ 1,494,191
Bonds payable, net	\$ 20,847,020	\$ 20,847,020	\$ 14,838,324	\$ 14,838,324
Fair value of derivative instrument	\$ 0	\$ 0	\$ 223,986	\$ 223,986

**NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)**

**YMCA OF DELAWARE & AFFILIATIES**

Note 7 Fair value measurements (cont'd)

Fair value of assets and liabilities measured on a recurring basis are as follows:

<u>December 31, 2022</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Assets</b>				
Money market and sweep	\$ 72,413	\$ 72,413	\$ 0	\$ 0
Treasury bills	3,201,661	3,201,661	0	0
Equity securities	80,463	80,463	0	0
Mutual funds	9,533,058	9,533,058	0	0
Corporate debt securities	2,447,976	2,447,976	0	0
Treasury bonds	1,757,221	1,757,221	0	0
Beneficial interest in perpetual trusts	<u>4,829,513</u>	<u>4,829,513</u>	<u>0</u>	<u>0</u>
Total assets at fair value	<u>\$ 21,922,305</u>	<u>\$ 21,922,305</u>	<u>\$ 0</u>	<u>\$ 0</u>

<u>December 31, 2021</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Assets</b>				
Money market and sweep	\$ 2,562,096	\$ 2,562,096	\$ 0	\$ 0
Taxable commercial paper	799,438	799,438	0	0
Equity securities	7,797	7,797	0	0
Mutual funds	11,002,268	11,002,268	0	0
Corporate debt securities	2,465,486	2,465,486	0	0
Treasury bonds	1,787,693	1,787,693	0	0
Beneficial interest in perpetual trusts	<u>6,272,790</u>	<u>6,272,790</u>	<u>0</u>	<u>0</u>
Total assets at fair value	<u>\$ 24,897,568</u>	<u>\$ 24,897,568</u>	<u>\$ 0</u>	<u>\$ 0</u>



**NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)**

**YMCA OF DELAWARE & AFFILIATES**

Note 8 Property and Equipment

Following is a comparative summary of balances in property and equipment as of December 31:

	<u>2022</u>	<u>2021</u>
<b>YMCA of Delaware</b>		
Land and improvements	\$ 7,700,289	\$ 7,682,699
Buildings and improvements	88,723,766	86,680,037
Furniture and equipment	5,411,623	10,823,415
Automobiles and machinery	1,358,957	1,412,044
Capitalized interest	222,969	222,969
Construction in progress	<u>13,520,141</u>	<u>1,235,636</u>
Total book value	116,937,745	108,056,800
Accumulated depreciation	<u>(67,655,054)</u>	<u>(69,240,296)</u>
Net book value	<u>49,282,691</u>	<u>38,816,504</u>
<b>YMCA Central Branch, LLC</b>		
Furniture and equipment	622,367	612,020
Buildings and improvements	<u>16,356,587</u>	<u>16,089,840</u>
Total book value	16,978,954	16,701,860
Accumulated depreciation	<u>(8,019,553)</u>	<u>(7,598,119)</u>
Net book value	<u>8,959,401</u>	<u>9,103,741</u>
Consolidated net book value	<u>\$ 58,242,092</u>	<u>\$ 47,920,245</u>

Depreciation expense for 2022 and 2021 was \$ 4,749,782 and \$ 4,718,332, respectively.

Note 9 Line and letters of credit

The YMCADE had an unsecured line of credit with a national bank for the purpose of providing working capital for operations that was closed in March 2023. The credit line carried an interest rate based on the daily LIBOR rate plus 2.25%. No draws were made on the line of credit during 2022 or 2021. During 2022 and 2021, the not to exceed amount was \$ 900,000.

The YMCADE has letters of credit in the amounts of \$ 77,426 and \$ 199,000 restricted in favor of New Castle County and Sentry Insurance A Mutual Company, respectively, both have varying expiration dates.

NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)

YMCA OF DELAWARE & AFFILIATES

Note 10 Notes payable

Notes payable consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
<b>YMCA of Delaware, Inc.</b>		
Note payable to New Castle County, DE, in the original amount of \$ 252,000 obtained in 1983. Collateralized by the Stopyra Tract located in New Castle County, DE. Monthly principal payments are \$ 420; the note carries no interest; due October 1, 2033.	\$ 55,440	\$ 68,880
Note payable to the Federal Home Loan Bank of New York, in the original amount of \$ 1,350,000; obtained in 2003 for the purpose of funding an affordable housing and historic real estate project at 1501 West 11 <sup>th</sup> Street, Wilmington, DE; secured by the property; non-interest bearing; payable in full if the project is not used for its restricted purpose at any time from 2003 to 2018.	1,350,000	1,350,000
Note payable to the Federal Home Loan Bank of Pittsburgh, in the original amount of \$ 500,000 obtained in 2003 for the purpose of additional funding for an affordable housing and historic real estate project at 1501 West 11 <sup>th</sup> Street, Wilmington, DE; secured by the property; non-interest bearing; payable in full if the project is not used for its restricted purpose at any time from 2003 to 2018.	<u>500,000</u>	<u>500,000</u>
Subtotal notes payable – YMCADE	<u>1,905,440</u>	<u>1,918,880</u>

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NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)

YMCA OF DELAWARE & AFFILIATES

Note 10 Notes payable (cont'd)

	<u>2022</u>	<u>2021</u>
<b>YMCA Central Branch, LLC</b>		
Permanent Mortgage Loan from Delaware State Housing Authority (DSHA) Housing Development Fund (HDF) in the original amount of \$ 2,562,669, obtained in 2005. The HDF loan was bifurcated: \$ 300,000 (the HDF priority loan) of which is a permanent loan to be repaid \$ 15,000 annually until 2025 with no interest, and the balance of \$ 2,262,669 (the HDF junior portion) is a permanent loan that bears interest at 3% per annum and is due in 2035. The payment of principal and interest on the HDF junior portion is deferred and subject to the availability of funds from operating receipts as defined in the DSHA Regulatory Agreement. The loan is secured by a second mortgage on the real property. Accrued interest at December 31, 2022 and 2021 was \$ 1,177,355 and \$ 1,109,435, respectively. Mortgage note payable of \$ 2,301,419 (\$ 2,317,669 at December 31, 2021) is shown net of unamortized loan costs of \$ 92,106 (\$ 100,266 at December 31, 2021).	2,209,313	2,217,403
Note payable to the City of Wilmington in the original amount of \$ 150,000 obtained in 2006; secured by a third mortgage on real property; assignment of rents and amounts on deposit with the lender; interest accrued at 4.58% annually. Interest and principal are to be repaid from available cash flow, as defined in the note agreement. Accrued interest at December 31, 2022 and 2021 was \$ 116,350 and \$ 109,510, respectively; due March 2033.	<u>150,000</u>	<u>150,000</u>
Subtotal notes payable – Central Branch	<u>2,359,313</u>	<u>2,367,403</u>
Subtotal accrued interest – Central Branch	<u>1,293,705</u>	<u>1,218,945</u>
Subtotal notes payable and accrued interest – Central Branch	<u>3,653,018</u>	<u>3,586,348</u>
Total notes payable and accrued interest – YMCADe and Central Branch	<u>\$ 5,558,458</u>	<u>\$ 5,505,228</u>



**NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)**

**YMCA OF DELAWARE & AFFILIATES**

Note 10 Notes payable (cont'd)

Components of mortgages payable are as follows at December 31:

	<b>2022</b>	<b>2021</b>
Mortgages	\$ 4,356,859	\$ 4,386,549
Unamortized loan costs	<u>92,106</u>	<u>100,266</u>
Net	<u>\$ 4,264,753</u>	<u>\$ 4,286,283</u>

Components of interest expense on the notes payable for the year ended December 31, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Interest expense	\$ 74,760	\$ 74,760
Amortization of loan costs	<u>8,160</u>	<u>8,160</u>
Total interest expense	<u>\$ 82,920</u>	<u>\$ 82,920</u>

Scheduled principal payments on the mortgage notes payable for each of the next five years and for the remaining term:

2023	\$ 20,040
2024	20,040
2025	13,790
2026	5,040
2027	5,040
Thereafter	<u>4,292,909</u>
	<u>\$ 4,356,859</u>

Note 11 Bonds payable

Series 2007 Delaware Economic Development Authority Bonds

On May 11, 2007, the YMCADE issued Variable Rate Demand Revenue Bonds, Series 2007 (Bonds), in the amount of \$ 22.585 million through the Delaware Economic Development Authority (DEDA) with varying maturity dates through May 1, 2036. The proceeds from the Bonds were used for the refunding of a portion of indebtedness previously incurred; the payment of a portion of the "Capital Improvement Program" costs; capitalized interest on bonds; and the payment of cost of issuance of the bonds. The Bonds mature by tranches on May 1 of each year and interest is payable on the first day of each month. Interest on the bonds is payable at a weekly rate as determined by the remarketing agent. The principal balance outstanding on the bonds as of December 31, 2022 and 2021 was \$ 14,370,000 and \$ 15,100,000, respectively. The YMCADE's obligation to DEDA was guaranteed by a letter of credit issued by PNC Bank, National Association.

Note 11 Bonds payable (cont'd)

The YMCADE entered into a Letter of Credit Agreement in May 2007 with PNC Bank, N.A. Pursuant to which, PNC Bank issued an irrevocable transferrable letter of credit for the account of the YMCADE to secure payment of the principal and interest when due on the bonds. The Letter of Credit expires in March 2024.

The bonds payable of the YMCADE are considered to be conduit debt under the definition promulgated by accounting principles generally accepted in the United States. Conduit debt are securities offered by a governmental entity that are not for its own use but for the use of a private party; therefore, the YMCADE is a conduit debt obligor for conduit debt securities due to its tax exempt bonds issued by DEDA. An entity that is an obligor for conduit debt securities that are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local or regional markets) meets the definition of a public entity under the definition promulgated by accounting principles generally accepted in the United States. Due to the trading activity of the YMCADE tax exempt bonds, it meets the definition of a public entity and is required to provide additional disclosures than those that would be otherwise required by a nonprofit entity.

Series 2022 Delaware Economic Development Authority Revenue Bond

Under a Bond Purchase and Loan Agreement among the YMCADE, the Delaware Economic Development Authority (Authority/Issuer), and TD Bank (Bondholder), dated June 8, 2023, the Authority issued its Revenue Bond Series 2022, in the principal amount of \$18,000,000 (Series 2022 Bond), which was purchased by TD Bank. The YMCADE entered into a promissory note payable to the Authority in the aggregate amount of the Series 2022 Bond. The Authority transferred, and assigned, to TD Bank its rights under the promissory note. The proceeds of the Series 2022 Bond issuance will be used by the YMCADE to finance the construction of a 55,000 square foot two-story, state-of-the-art fitness and recreation center facility in Middletown, Delaware. The Series 2022 Bond has a maturity date of June 1, 2037.

The unpaid principal balance of the Series 2022 Bond bears interest at 81.5% of SOFR (Secured Overnight Financing Rate) in effect for each interest period plus .771%, Interest only payments are due from June 2, 2022 through February 1, 2024. Principal plus interest payments are due beginning February 1, 2024 through the maturity date of June 1, 2037, based on a 30-year amortization. A final payment of all unpaid principal plus accrued interest is due on the maturity date of June 1, 2037. The outstanding balance of the Series 2022 Bond as December 31, 2022 is \$ 7,085,152.

In addition, the YMCAD has available credit with TD Bank of \$ 2,300,000. The funds would be used to support pledged receivables from the capital campaign associated with the design and construction of the new Middletown facility. No amounts were outstanding under the credit accommodation as of December 31, 2022.

Financial covenants with respect to both the Series 2007 and Series 2022 Bonds require the YMCADE to maintain a debt coverage ratio of total cash and investments without donor restrictions to indebtedness of not less than 1.50:1 and 1.25:1, respectively. The Series 2022 Bond also includes a liquidity covenant also. As of June 30, 2023, the YMCADE met the requirement of these covenants. Financial reporting requirements of 180 days and 150 days for the Series 2007 and Series 2022 Bonds, respectively, were not met. Both PNC Bank and TD Bank provided waivers for the reporting covenant for the Series 2007 and Series 2022 Bonds, respectively.

**NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)**

**YMCA OF DELAWARE & AFFILIATES**

Note 11 Bonds payable (cont'd)

Components of bonds payable are as follows at December 31:

	<b>2022</b>	<b>2021</b>
Series 2007 Bonds outstanding principal	\$ 14,370,000	\$ 15,100,000
Series 2022 Bonds outstanding principal	<u>7,085,152</u>	<u>0</u>
Unamortized bond issue costs 2007	243,420	261,676
Unamortized bond issue costs 2022	<u>364,712</u>	<u>0</u>
 Net	 <u>\$ 20,847,020</u>	 <u>\$ 14,838,324</u>

Components of interest expense on the bonds payable for the years ended December 31, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Interest expense	\$ 324,997	\$ 377,411
Amortization of bond costs	<u>30,853</u>	<u>18,256</u>
 Total interest expense	 <u>\$ 355,850</u>	 <u>\$ 395,667</u>

Scheduled principal payments on the bonds payable for each of the next five years and for the remaining term are as follows:

2023	\$ 760,000
2024	795,000
2025	830,000
2026	870,000
2027	905,000
Thereafter	<u>17,295,152</u>
Total bonds payable	<u>\$ 21,455,152</u>

Note 12 Interest rate swap

The YMCADE has an interest rate swap agreement covering 80% of the entire value of the 2007 bonds payable. The effect of the swap agreement is to modify the interest rate characteristics of the bond issue from a variable rate to a fixed rate. Under the swap, the YMCADE pays the counterparty interest at a "weekly rate" or "term rate" as determined by the "remarketing agent" as the rate of interest which in its judgment would cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions.



Note 12 Interest rate swap (cont'd)

The swap is recognized on the consolidated statement of financial position at fair value and is recorded as interest rate swap asset/liability. Changes in the fair value of the swap is recorded in swap valuation gain or loss in the consolidated statements of activities. For the years ended December 31, 2022 and 2021, the YMCAD E recorded swap value gains/(losses) of \$ 501,745 and \$ 288,873, respectively, in fair-market value adjustments to the asset/liability of the swap. Cumulative (gains) losses on the swaps from inception totaled \$ (277,759) and \$ 223,986 as of December 31, 2022 and 2021, respectively, which may be countered by a reduction in interest payments for the variable-rate bonds.

The estimate of fair value of the interest rate swap asset/liability at year end represents the amount YMCAD E would pay to exit the swap agreement taking into account current interest rates.

Note 13 Commitments and contingencies

In the normal course of business, there are outstanding various commitments and contingencies in addition to the normal purchases of goods and services. The YMCAD E does not anticipate losses as a result of these commitments and contingencies.

The YMCAD E has executed a contract for the construction of its Middletown Facility. As of December 31, 2022, the outstanding balance on its contract totaled \$ 14,726,742.

Government contracts

The YMCAD E participates in a number of federally and state assisted contracts. These contracts are subject to contract compliance audits by the contracting agencies or their representatives. Accordingly, the YMCAD E's compliance with applicable contract requirements will be established at some future date. The amount of expenditures, not already disclosed, which may be disallowed by the contracting agencies cannot be determined at this time although the YMCAD E expects such amounts, if any, to be immaterial.

Low-income housing credits

The affiliate's low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

Operating deficit obligation

Pursuant to the operating agreement, the managing member (the YMCA Central Branch member, LLC) is obligated to fund deficits up to \$ 1,197,822 for a period as defined in the operating agreement, beginning the date of final closing of the permanent debt until the project achieves break-even operations for four consecutive years. As of December 31, 2022 and 2021, no operating deficit advances were received from the managing member.

**NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)**

**YMCA OF DELAWARE, INC. & AFFILIATES**

Note 14 Net assets with donor restrictions

	<b>2021</b>	<b>Additions</b>	<b>Releases</b>	<b>2022</b>
Programs	\$ 5,397,420	\$ 2,282,008	\$ 3,957,689	\$ 3,721,739
Operations	<u>6,272,790</u>	<u>(1,443,277)</u>	<u>0</u>	<u>4,829,513</u>
	<u>\$ 11,670,210</u>	<u>\$ 838,731</u>	<u>\$ 3,957,689</u>	<u>\$ 8,551,252</u>
	<b>2020</b>	<b>Additions</b>	<b>Releases</b>	<b>2021</b>
Programs	\$ 4,549,322	\$ 3,041,369	\$ 2,193,271	\$ 5,397,420
Operations	<u>5,541,415</u>	<u>731,375</u>	<u>0</u>	<u>6,272,790</u>
	<u>\$ 10,090,737</u>	<u>\$ 3,772,744</u>	<u>\$ 2,193,271</u>	<u>\$ 11,670,210</u>

Note 15 Retirement Plan

The YMCADE participates in the YMCA Retirement Fund Retirement Plan (the "Plan"). The Plan is a multiple employee defined contribution, money purchase, church pension 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 of America. The plans are operated as church pension plans.

Contributions plus interest credits are accumulated in individual accounts to provide benefits to eligible employees after they retire or terminate the YMCADE employment for any reason. Benefits are paid if an employee becomes permanently and totally disabled or dies while employed by a YMCA. Benefits are also paid to former employees who terminate the YMCADE employment with a vested benefit. Participation is available to all duly organized and reorganized YMCAs in the United States of America. As a defined contribution plan, the Fund has no unfunded benefit obligations. The plan is for the benefit of all eligible employees of the YMCADE who qualify under the participation requirements of at least 21 years of age performed 1,000 hours of service during two 12-month periods. The Plan became a fully vested plan as of July 1, 2006; thus, employees are fully vested in the accounts upon enrollment. The YMCADE may select a total contribution rate for the employee ranging from 8 to 12%. The YMCADE informs the employees of its contribution rate and employee share arrangement.

Note 15 Retirement Plan (cont'd)

The YMCADE makes contributions to the employee's account based upon a percentage of the employee's compensation and is made through regular payroll deductions on an after-tax basis. Total contributions charged to retirement cost for the years ended December 31, 2022 and 2021 were \$ 1,586,227 and \$ 1,461,350, respectively.

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

Note 16 Contributed use of facility

Contributed use of the facility consisted of the following at December 31:

	<b>2022</b>	<b>2021</b>
Receivable in less than one year	\$ 119,000	\$ 119,000
Receivable in one to five years	595,000	595,000
Receivable in greater than five years	<u>5,661,999</u>	<u>5,780,999</u>
Total contributed use of facility	6,375,999	6,494,999
Less discounts to net present value	<u>3,861,742</u>	<u>3,964,315</u>
	<u>\$ 2,514,257</u>	<u>\$ 2,530,684</u>

The YMCADE entered into a nineteen-year lease agreement with the Town of Middletown for the Middletown pool facility on May 1, 2017. That lease required annual payments of rent of \$ 1 per year.

The YMCADE entered into a sixty-year lease agreement with the Town of Middletown for the Middletown premises on November 25, 2019. That lease requires annual payments of rent of \$ 1 per year. The lease includes an option to extend the lease for one additional term of forty years.

The contributed amount of rent received during the years ended December 31, 2022 and 2021 was \$ 102,572 and \$ 103,188, respectively, based on the present value of the current estimated rent value discounted at 4 percent. Rent expense of \$ 119,000 was recognized as an expense on the statement of functional expense under occupancy expense for both years ended December 31, 2022 and 2021.



Note 17 Leases

The YMCADE leases certain equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2027. For the year ended December 31, 2022, the YMCADE adopted the provisions of ASC 842 (Note 1). As a result of the adoption of ASC 842 on January 1, 2022, the YMCADE recorded ROU assets and lease liabilities of \$ 769,492 and \$ 814,120, respectively. The impact on beginning net assets without donor restrictions for the year ended December 31, 2022 as the result of the adoption of FASB ASC 842 is a decrease of \$ 44,628. The comparative period ending December 31, 2021 is presented under the provisions of FASB ASC 840. Total rent expense for the year prior to the adoption of ASC 842 (year ended December 31, 2021) for its non-cancelable operating leases was \$ 454,808.

The YMCADE's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments under the lease contracts includes fixed payments plus, for the equipment lease, variable payments. The office equipment lease has charges for usage. These variable payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

Lease cost

The components of lease cost for the year ended December 31, 2022 are as follows:

Operating lease cost:	
Fixed lease expense	<u>\$ 272,810</u>
Finance lease cost:	
Interest expense	\$ 54,614
Amortization of ROU assets	<u>737,403</u>
Total finance lease cost	<u>\$ 792,017</u>

Weighted-average information

Weighted-average remaining lease term in years:

Operating leases	2.73
Finance lease	3.79

Weighted-average discount rate:

Operating leases	3.65%
Finance lease	6.20%

NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)

YMCA OF DELAWARE, INC. & AFFILIATES

Note 17 Leases

Future minimum lease payments

Future minimum annual payments under long-term leases as of December 31, 2022 are as follows:

2023	\$ 1,014,299
2024	888,393
2025	818,673
2026	585,108
2027	45,033
Thereafter	<u>0</u>
Total lease payments	3,351,506
Less interest	<u>(327,941)</u>
Present value of lease liabilities	<u>\$ 3,023,565</u>

The YMCADE has recorded an operating lease ROU asset in the amount of \$ 579,043, operating lease liability in the amount of \$ 610,816 , and financing lease ROU asset of \$ 2,514,574 and financing lease ROU liability of \$ 2,412,749 on the balance sheet as of December 31, 2022.

Note 18 COVID-19

The "COVID-19" virus, declared a pandemic by the World Health Organization, has spread through the world and governments have taken various actions to try to slow the transmission. The impact of these restrictions, and the potential effect to the Organization, cannot be reasonably estimated at this time.

On March 29, 2021, the YMCA received loan proceeds of \$ 4,881,360 from PNC Bank under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provided for loans to qualified entities in the amounts up to 2.5 times the entity's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" as long as the borrower maintained its payroll levels and used the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount is reduced if the borrower terminated employees or reduced salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The YMCA has used the PPP loan proceeds for purposes consistent with the PPP and determined that the estimated amount to be forgiven should be accounted for as conditional promises to give under ASC 958-605. Accordingly the balance due from the anticipated forgiven loan proceeds and any related interest expense has not been reflected as a liability in these financials.

The YMCADE received forgiveness of the PPP loan on January 27, 2023.

NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS (cont'd)

YMCA OF DELAWARE & AFFILIATE

Note 18 Restatement

As a result of software updates, the YMCADE did not properly record bank fees related to credit card charges in the cash balance in the general ledger. As a result, the 2020 and 2021 consolidated financial statements have been restated to correct this error. The effect of the restatement is summarized below. There was no effect in 2022.

	<u>Originally stated</u> <u>December 31, 2020</u>	<u>Adjustment</u>	<u>Restated</u> <u>December 31, 2020</u>
Unrestricted net assets – general use	\$ 48,286,462	\$ (318,015)	\$ 47,968,447
	<u>Originally stated</u> <u>December 31, 2021</u>	<u>Adjustment</u>	<u>Restated</u> <u>December 31, 2021</u>
Cash	\$ 12,103,132	(416,871)	\$ 11,686,261
Unrestricted net assets – general use	\$ 52,690,272	(416,871)	52,273,401
Management & general – professional fees	\$ 1,080,942	98,856	1,179,798
Total expenses and losses	\$ 36,305,156	98,856	36,404,012
Change in net assets	\$ 5,508,876	(98,856)	5,410,020



**SUPPLEMENTAL INFORMATION**

SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS  
12/31/22

YMCA OF DELAWARE, INC. & AFFILIATES

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identification Number	Expenditures
<b>U.S. Department of Agriculture:</b>			
Pass-through program:			
State of Delaware, Department of Education:			
Child and Adult Care Food Program	10.558	n/a	\$ 351,290
Summer Food Service Program	10.559	n/a	<u>103,206</u>
<b>Total U.S. Department of Agriculture</b>			<u>454,496</u>
<b>U.S. Department of Housing and Urban Development</b>			
Pass-through program:			
City of Wilmington, Delaware:			
Community Development Block Grants/ Entitlement Grants Cluster (CDBG) Housing	14.218	25219000-54605-14C40 / 25219000-54605-15C40	33,521
American Rescue Plan Act - Housing Bathroom renovations	21.027		60,442
Pass-through program:			
New Castle County, Delaware:			
Rehabilitation 180 rooms for the YMCA Male Supportive Housing Program	21.027	n/a	<u>315,850</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>409,813</u>
<b>U.S. Department of Health and Human Services</b>			
Pass-through program:			
State of Delaware Health and Social Services, Division of Public Health Promotion of Prediabetes and Uncontrolled Diabetes Awareness, Education, Early Identification and Referral Project			
	93.757	20-083/20-083	137,074
Pass-through program:			
State of Delaware Health and Social Services, Division of Public Health Livestrong at the YMCA Program for Cancer Survivors			
	93.283	19-067/20-054	82,286
Pass-through program:			
State of Delaware, Department of Services for Children, Youth and Their Families Provide extension of the hours and activities during summer months			
	93.459	PBH(YMCA-EH)FY15-13492	30,036
Pass-through program:			
State of Delaware, Department of Social Services, Delaware Health and Social Services Provide low-income families access to child care and improve quality of childcare for all children 477 Cluster:			
Child Care and Development Block Grant (CCDF)	93.575	n/a	555,927
Temporary Assistance for Needy Families (TANF)	93.558	n/a	<u>383,634</u>
Total 477 Cluster			939,561
Social Service Block Grant (SSBG)	93.667	n/a	<u>134,669</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>1,323,626</u>
<b>U.S. Department of Education</b>			
Pass-through program:			
21st Century Community Learning Centers School District:			
Charter School of New Castle	84.287	n/a	<u>178,605</u>
<b>Total U.S. Department of Education</b>			<u>178,605</u>
<b>U.S. Department of Treasury</b>			
Pass-through program:			
United Way of Delaware Childcare Stabilization Grant for childcare sites (American Rescue Plan Act - SLFRF)			
	21.027		<u>1,454,852</u>
<b>Total U.S. Department of Treasury</b>			<u>1,454,852</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,821,392</u>

**NOTES TO THE SCHEDULE OF  
EXPENDITURES OF FEDERAL  
AWARDS**

**YMCA OF DELAWARE, INC. & AFFILIATES**

Note A      Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of YMCA of Delaware, Inc. & Affiliates under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of operations of YMCA of Delaware, Inc. & Affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of YMCA of Delaware, Inc. & Affiliates.

Note B      Summary of significant accounting policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C      Indirect cost rate

YMCA of Delaware, Inc. & Affiliates has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.