

**GREATER VALLEY YOUNG MEN'S CHRISTIAN  
ASSOCIATION  
(A Not-for-Profit Organization)**

**Financial Statements  
and Independent Auditor's Report**

**December 31, 2022 and 2021**

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
**(A Not-for-Profit Organization)**  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Greater Valley Young Men's Christian Association  
Allentown, PA

### Qualified Opinion

We have audited the accompanying financial statements of Greater Valley Young Men's Christian Association (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Greater Valley Young Men's Christian Association as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Qualified Opinion

As explained in Note 2 to the financial statements, buildings and equipment that Greater Valley Young Men's Christian Association purchased or acquired prior to January 1, 2016 are recorded in the financial statements at insured value. Land, buildings and equipment acquired during acquisitions after January 1, 2016 are recorded in the financial statements at cost. Accounting principles generally accepted in the United States of America require buildings and equipment purchased to be recorded at cost and land, buildings and equipment acquired in an acquisition to be recorded at fair market value at the date of acquisition. The effects on the accompanying financial statements of the failure to record the land, buildings and equipment at their appropriate value have not been determined.

As explained in Note 17 to the financial statements, the Greater Valley Young Men's Christian Association has not consolidated the financial statements of Bethlehem YMCA Affordable Housing LP. Accounting principles generally accepted in the United States of America require certain not-for-profit entities to consolidate for-profit entities in which they are general partners. The effects on the accompanying financial statements of the failure to consolidate Bethlehem YMCA Affordable Housing LP have not been determined.

We conducted our audit 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 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 Greater Valley Young Men's Christian Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 Greater Valley Young Men's Christian Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 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 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 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 Greater Valley Young Men's Christian Association'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 Greater Valley Young Men's Christian Association'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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 June 9, 2023 on our consideration of the Greater Valley Young Men's Christian Association'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 Greater Valley Young Men's Christian Association'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 the Greater Valley Young Men's Christian Association's internal control over financial reporting and compliance.

*Craig Bell, Rappold & Yasaita LLP*

June 9, 2023

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**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
**(A Not-for-Profit Organization)**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of December 31, 2022 and 2021**

	2022	2021
<b><u>Assets</u></b>		
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 4,652,365	\$ 6,013,096
Grants and Accounts Receivable (Note 3)	671,592	228,507
Pledges Receivable (Note 4)	750,244	642,590
Prepaid Expenses	187,578	147,180
Security Deposits	37,819	37,987
Inventory	-	1,299
	<hr/>	<hr/>
Total Current Assets	6,299,598	7,070,659
Pledges Receivable (Note 4)	1,663,990	148,628
Investments (Note 5)	6,516,002	2,896,148
Beneficial Interest in Perpetual Trusts (Note 6)	114,562	143,985
Right-of-Use Assets (Note 11)	1,445,747	-
Land, Buildings and Equipment, Net (Note 7)	36,680,907	36,022,819
	<hr/>	<hr/>
Total Assets	<u>\$ 52,720,806</u>	<u>\$ 46,282,239</u>
<b><u>Liabilities and Net Assets</u></b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 429,310	\$ 262,436
Accrued Expenses	437,631	384,620
Deferred Revenue	501,261	486,065
Line of Credit (Note 8)	-	40,461
Current Portion of Notes Payable (Note 10)	351,691	319,872
Current Portion of Operating Lease Liability (Note 11)	167,875	-
Current Portion of Financing Lease Liability (Note 11)	13,731	33,808
	<hr/>	<hr/>
Total Current Liabilities	1,901,499	1,527,262
Notes Payable, less Current Portion (Note 10)	6,859,176	7,309,832
Operating Lease Liability, Net of Current Portion (Note 11)	1,301,896	-
Financing Lease Liability, less Current Portion (Note 11)	-	13,731
	<hr/>	<hr/>
Total Liabilities	10,062,571	8,850,825
<b>Net Assets</b>		
Without Donor Restrictions (Note 12)	37,209,060	33,202,066
With Donor Restrictions (Note 12)	5,449,175	4,229,348
	<hr/>	<hr/>
Total Net Assets	42,658,235	37,431,414
Total Liabilities and Net Assets	<u>\$ 52,720,806</u>	<u>\$ 46,282,239</u>

See Independent Auditor's Report and Notes to Financial Statements.

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2022**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2022
<b>Operating Revenues, Gains and Other Support</b>			
Contributions	\$ 2,112,983	\$ 1,663,831	\$ 3,776,814
United Way Allocations	31,111	-	31,111
Corporate/Foundations	770,819	343,463	1,114,282
Government Grants and Contracts	6,074,305	1,463,507	7,537,812
Government Grant - PPP	-	-	-
Government Grant - Employee Retention Credit	-	-	-
Membership Fees, Net	2,748,215	-	2,748,215
Program Fees, Net	747,396	-	747,396
Childcare Fees, Net	2,703,363	-	2,703,363
	<u>15,188,192</u>	<u>3,470,801</u>	<u>18,658,993</u>
Special Events	166,521	-	166,521
Sales of Merchandise	11,206	-	11,206
Facility Rental Revenue	22,782	-	22,782
Contributions of Nonfinancial Assets	332,228	-	332,228
Miscellaneous	3,070	-	3,070
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>1,603,239</u>	<u>(1,603,239)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>17,327,238</u>	<u>1,867,562</u>	<u>19,194,800</u>
<b>Operating Expenses</b>			
Program Services:			
Youth Development	7,295,753	-	7,295,753
Healthy Living	2,275,014	-	2,275,014
Social Responsibility	2,242,834	-	2,242,834
Management and General	1,000,734	-	1,000,734
Fundraising	560,621	-	560,621
Total Expenses	<u>13,374,956</u>	<u>-</u>	<u>13,374,956</u>
Increase (Decrease) in Net Assets from Operating Activities	<u>3,952,282</u>	<u>1,867,562</u>	<u>5,819,844</u>
<b>Other Changes</b>			
Interest and Dividends	49,578	36,169	85,747
Changes in Beneficial Interest in Perpetual Trusts	-	(29,423)	(29,423)
Net Realized/Unrealized Gain/(Loss) on Investments	18,857	(654,481)	(635,624)
Net Realized/Unrealized Gain/(Loss) on Sale of Capital Assets	<u>(186)</u>	<u>-</u>	<u>(186)</u>
Total Other Changes	<u>68,249</u>	<u>(647,735)</u>	<u>(579,486)</u>
<b>Increase (Decrease) in Net Assets</b>	<u>4,020,531</u>	<u>1,219,827</u>	<u>5,240,358</u>
Cumulative Effect of Adopting ASU 2016-02	(13,537)	-	(13,537)
Net Assets at Beginning of Year	<u>33,202,066</u>	<u>4,229,348</u>	<u>37,431,414</u>
Net Assets at End of Year	<u>\$ 37,209,060</u>	<u>\$ 5,449,175</u>	<u>\$ 42,658,235</u>

See Independent Auditor's Report and Notes to Financial Statements.



**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2021**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021
<b>Operating Revenues, Gains and Other Support</b>			
Contributions	\$ 1,075,437	\$ 54,556	\$ 1,129,993
United Way Allocations	27,406	4,375	31,781
Corporate/Foundations	251,315	320,130	571,445
Government Grants and Contracts	4,265,467	535,798	4,801,265
Government Grant - PPP	2,710,234	-	2,710,234
Government Grant - Employee Retention Credit	1,885,827	-	1,885,827
Membership Fees, Net	1,823,734	-	1,823,734
Program Fees, Net	605,246	-	605,246
Childcare Fees, Net	2,016,294	-	2,016,294
	<u>14,660,960</u>	<u>914,859</u>	<u>15,575,819</u>
Special Events	106,067	-	106,067
Sales of Merchandise	5,807	-	5,807
Facility Rental Revenue	14,144	-	14,144
Contributions of Nonfinancial Assets	178,225	-	178,225
Miscellaneous	-	-	-
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>849,573</u>	<u>(849,573)</u>	<u>-</u>
<b>Total Revenues, Gains, and Other Support</b>	<u>15,814,776</u>	<u>65,286</u>	<u>15,880,062</u>
<b>Operating Expenses</b>			
Program Services:			
Youth Development	5,723,793	-	5,723,793
Healthy Living	1,688,618	-	1,688,618
Social Responsibility	1,756,193	-	1,756,193
Management and General	823,134	-	823,134
Fundraising	<u>433,458</u>	<u>-</u>	<u>433,458</u>
<b>Total Expenses</b>	<u>10,425,196</u>	<u>-</u>	<u>10,425,196</u>
<b>Increase (Decrease) in Net Assets from Operating Activities</b>	<u>5,389,580</u>	<u>65,286</u>	<u>5,454,866</u>
<b>Other Changes</b>			
Interest and Dividends	21,928	19,563	41,491
Changes in Beneficial Interest in Perpetual Trusts	-	8,645	8,645
Net Realized/Unrealized Gain/(Loss) on Investments	6,315	357,854	364,169
Net Realized/Unrealized Gain/(Loss) on Sale of Capital Assets	<u>15,246</u>	<u>-</u>	<u>15,246</u>
<b>Total Other Changes</b>	<u>43,489</u>	<u>386,062</u>	<u>429,551</u>
<b>Increase (Decrease) in Net Assets</b>	<u>5,433,069</u>	<u>451,348</u>	<u>5,884,417</u>
Net Assets at Beginning of Year	<u>27,768,997</u>	<u>3,778,000</u>	<u>31,546,997</u>
Net Assets at End of Year	<u>\$ 33,202,066</u>	<u>\$ 4,229,348</u>	<u>\$ 37,431,414</u>

See Independent Auditor's Report and Notes to Financial Statements.

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2022**

	Year Ended December 31, 2022							
	Program Services				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Total	Management and General	Fund- raising	Total	2022
Wages	\$ 3,331,999	\$ 1,461,005	\$ 1,207,691	\$ 6,000,695	\$ 373,662	\$ 360,327	\$ 733,989	\$ 6,734,684
Employee Health, Retirement and Other Benefits	418,660	143,618	137,399	699,677	52,767	53,684	106,451	806,128
Payroll Taxes	313,282	137,752	113,254	564,288	42,282	34,716	76,998	641,286
<b>Total Wages and Related Expenses</b>	<b>4,063,941</b>	<b>1,742,375</b>	<b>1,458,344</b>	<b>7,264,660</b>	<b>468,711</b>	<b>448,727</b>	<b>917,438</b>	<b>8,182,098</b>
Contracted Services	389,439	72,389	99,254	561,082	174,086	-	174,086	735,168
Supplies	477,236	186,528	159,122	822,886	21,864	91,630	113,494	936,380
Telecommunications	70,291	22,445	19,416	112,152	15,981	1,080	17,061	129,213
Postage and Shipping	4,175	855	951	5,981	1,850	2,547	4,397	10,378
Occupancy	719,529	183,697	204,098	1,107,324	13,267	10	13,277	1,120,601
Equipment - Expendable or Rented	210,822	25,082	43,788	279,692	36,011	-	36,011	315,703
Printing, Publications and Promotions	32,059	(26)	6,776	38,809	236,148	10,089	246,237	285,046
Business Related Travel Costs	73,920	21,489	23,968	119,377	24,069	2,763	26,832	146,209
Conferences and Meetings	1,296	381	1,043	2,720	3,395	1,145	4,540	7,260
Dues to Y-USA and Other Organizations	124,739	202	22,063	147,004	-	-	-	147,004
Financing and Bank Costs	346,089	2,800	61,116	410,005	-	1,606	1,606	411,611
Business Insurance	218,912	7,767	40,573	267,252	-	1,024	1,024	268,276
Bad Debt Expense	6,595	9,030	3,421	19,046	-	-	-	19,046
Depreciation	556,710	-	98,901	655,611	5,352	-	5,352	660,963
<b>Total</b>	<b>\$ 7,295,753</b>	<b>\$ 2,275,014</b>	<b>\$ 2,242,834</b>	<b>\$ 11,813,601</b>	<b>\$ 1,000,734</b>	<b>\$ 560,621</b>	<b>\$ 1,561,355</b>	<b>\$ 13,374,956</b>

See Independent Auditor's Report and Notes to Financial Statements.

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2021**

	Year Ended December 31, 2021							
	Program Services				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Total	Management and General	Fund- raising	Total	2021
Wages	\$ 2,523,862	\$ 1,168,243	\$ 949,437	\$ 4,641,542	\$ 297,076	\$ 307,329	\$ 604,405	\$ 5,245,947
Employee Health, Retirement and Other Benefits	404,723	124,887	130,176	659,786	49,298	52,866	102,164	761,950
Payroll Taxes	225,292	104,870	85,415	415,577	48,341	30,398	78,739	494,316
<b>Total Wages and Related Expenses</b>	<b>3,153,877</b>	<b>1,398,000</b>	<b>1,165,028</b>	<b>5,716,905</b>	<b>394,715</b>	<b>390,593</b>	<b>785,308</b>	<b>6,502,213</b>
Contracted Services	287,998	28,823	72,445	389,266	131,906	-	131,906	521,172
Supplies	321,011	115,904	107,030	543,945	9,839	32,643	42,482	586,427
Telecommunications	64,354	22,362	18,938	105,654	15,686	1,015	16,701	122,355
Postage and Shipping	4	322	2,264	2,590	2,119	2,056	4,175	6,765
Occupancy	811,739	61,048	170,245	1,043,032	33,226	-	33,226	1,076,258
Equipment - Expendable or Rented	65,915	30,118	19,130	115,163	10,323	-	10,323	125,486
Printing, Publications and Promotions	9,945	(1,544)	12,771	21,172	206,770	5,031	211,801	232,973
Business Related Travel Costs	38,501	16,027	12,670	67,198	12,981	814	13,795	80,993
Conferences and Meetings	667	32	153	852	735	5	740	1,592
Dues to Y-USA and Other Organizations	88,276	220	15,633	104,129	250	-	250	104,379
Financing and Bank Costs	288,670	2,973	51,685	343,328	-	386	386	343,714
Business Insurance	171,395	5,451	31,609	208,455	-	915	915	209,370
Bad Debt Expense	4,368	8,882	2,991	16,241	-	-	-	16,241
Depreciation	417,073	-	73,601	490,674	4,584	-	4,584	495,258
<b>Total</b>	<b>\$ 5,723,793</b>	<b>\$ 1,688,618</b>	<b>\$ 1,756,193</b>	<b>\$ 9,168,604</b>	<b>\$ 823,134</b>	<b>\$ 433,458</b>	<b>\$ 1,256,592</b>	<b>\$ 10,425,196</b>

See Independent Auditor's Report and Notes to Financial Statements.

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
**(A Not-for-Profit Organization)**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2022 and 2021**

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 5,240,358	\$ 5,884,417
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	660,963	495,258
Lease Amortization	10,487	-
(Gain) Loss on Investments	635,624	(364,169)
(Gain) Loss on Sale of Assets	186	(15,246)
(Increase) Decrease in Beneficial Interest in Perpetual Trusts	29,423	(8,645)
Extinguishment of Debt - PPP Loan	-	(2,710,234)
(Increase) Decrease in Assets:		
Grants and Accounts Receivable	(443,085)	(36,619)
Pledges Receivable	(1,623,016)	(366,139)
Prepaid Expenses	(40,398)	(8,720)
Security Deposits	168	2,497
Inventory	1,299	426
Increase (Decrease) in Liabilities:		
Accounts Payable	166,874	(456,171)
Accrued Expenses	53,011	74,814
Deferred Revenue	15,196	(123,383)
Net Cash Provided by Operating Activities	<u>4,707,090</u>	<u>2,368,086</u>
<b>Cash Flows from Investing Activities</b>		
Net Purchase of Investments	(4,255,478)	(23,904)
Purchase of Equipment and Building Improvements	<u>(1,319,237)</u>	<u>(1,876,803)</u>
Net Cash Used by Investing Activities	<u>(5,574,715)</u>	<u>(1,900,707)</u>
<b>Cash Flows from Financing Activities</b>		
Repayments on Line of Credit	(40,461)	(62,500)
Repayments on Financing Lease Obligation	(33,808)	(31,934)
Borrowings on PPP Loan	-	1,355,117
Borrowings on Notes Payable	-	2,252,650
Repayments on Notes Payable	<u>(418,837)</u>	<u>(709,484)</u>
Net Cash Provided (Used) by Financing Activities	<u>(493,106)</u>	<u>2,803,849</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,360,731)	3,271,228
Cash and Cash Equivalents, at Beginning of Year	<u>6,013,096</u>	<u>2,741,868</u>
Cash and Cash Equivalents, at End of Year	<u><u>\$ 4,652,365</u></u>	<u><u>\$ 6,013,096</u></u>
<b><u>Supplemental Disclosure:</u></b>		
Loan Interest Paid	<u><u>\$ 287,505</u></u>	<u><u>\$ 234,048</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
**(A Not-for-Profit Organization)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**1. Nature of Activities**

Greater Valley Young Men's Christian Association (YMCA, the "Organization") is a not-for-profit organization, which is organized under the laws of the Commonwealth of Pennsylvania committed to advance our cause of strengthening community through youth development, healthy living and social responsibility. The YMCA is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families and communities to be healthy, confident, connected and secure.

*Program Activities*

Youth Development – Our YMCA is committed to nurturing the potential of every child and teen. We believe that all kids deserve the opportunity to discover who they are and what they can achieve. That is why we help young people cultivate the values, skills, and relationships that lead to positive behaviors, better health and educational achievement. Our YMCA programs, such as child care, arts and humanities, youth sports, day and specialty camp programs and other youth programmings, offer a range of experiences that enrich cognitive, social, physical and emotional growth.

Healthy Living – The YMCA is a leading voice on health and well-being. We bring families closer together, encourage good health and foster connections through fitness, sports, fun and shared interests. As a result, people in our community are receiving the support, guidance and resources they need to achieve greater health in spirit, mind and body. This is particularly important as our nation struggles with the obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment. Healthy Living programs include group adult classes, diabetes prevention, health screening, walking groups and other recreation activities.

Social Responsibility – Our YMCA believes in giving back and supporting our neighbors. We have been listening and responding to our community's most critical social needs. YMCA programs, such as housing, are examples of how we deliver training, resources and support that empower our neighbors to effect change, bridge gaps and overcome obstacles. We engage YMCA members, participants and volunteers in activities that strengthen our community and pave the way for future generations to thrive.

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

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**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

*Basis of Presentation*

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A brief description of each follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

*Net Assets With Donor Restrictions* – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

*Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Any cash held for investment purposes is included as part of the investment account and not as cash and cash equivalents on the Statement of Cash Flows. Restricted cash and cash equivalents held as of December 31, 2022 and 2021 was \$3,172,488 and 1,383,844, respectively.

*Inventory*

The Organization has YMCA apparel stores located at all of the branches and also sells aquatics merchandise at several of the branches. Inventory is stated at the lower of cost or market value on a first-in, first-out basis.

*Loan Origination Fees*

Deferred financing fees are being amortized on the straight-line method over the term of the related debt. Expense from the amortization is charged against interest.

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**2. Summary of Significant Accounting Policies (Continued)**

*Grants and Accounts Receivable*

Accounts receivable consist primarily of receivables from program registrants and child care fees. An allowance is determined by management based on historical collections, specific participants' circumstances, and economic conditions. Member receivables are written off when management has exhausted collections efforts and deems the accounts uncollectible. The YMCA does not accrue interest on unpaid accounts receivable. Allowance for doubtful accounts as of December 31, 2022 and 2021 was \$16,375 and \$30,211, respectively.

*Land, Building and Equipment*

Building and equipment purchased or acquired prior to January 1, 2016 is recorded in the accompanying financial statements at insured value, based upon the value provided by the insurance company. Land acquired prior to January 1, 2016 is held at cost.

Land, building and equipment purchased or acquired, including through merger, on or after January 1, 2016 is stated at cost. Depreciation is computed by use of the straight-line method based on estimated useful lives.

	<u>Years</u>
Building and Improvements	15 - 50
Leasehold Improvements	15
Furniture and Fixtures	5 - 10
Equipment	3 - 10
Vehicles	5 - 7

Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the original useful lives of the respective assets are expensed as incurred.

*Revenue and Revenue Recognition for Contributions*

The Organization receives contributions to support operating activities, endowments and capital projects. These contributions and grants can be from individuals, foundations, corporations, trusts or government agencies. The Organization records contributions receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. The Organization's government grants that are non-exchange transactions are recorded once all conditions are met. The Organization discounts multi-year pledges that are expected to be collected after one year using a discount rate. Multi-year pledges are recorded at fair value at the date of the pledge. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible contributions receivable are charged to the allowance. An expense is recorded at the time the allowance is adjusted. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

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**2. Summary of Significant Accounting Policies (Continued)**

*Revenue and Revenue Recognition from Exchange Transactions*

The Organization has multiple revenue streams that are accounted for as exchange transactions including membership, childcare, program fees, and government contract revenues.

Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), Revenue from Contracts with Customers, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

*Membership Dues, Childcare, and Program Fees*

Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs. Members join for varying lengths of time and generally pay a onetime joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to classes, programs and activities, and discounts to fee-based programs. The Organization offers a variety of programs including family, child care, day camp, teen, scholastic, fitness, aquatics, and health services. Program fees for short duration programs of two months or less, such as aquatics classes, are typically paid in advance at the time of registration. Program fees for longer duration programs, such as fee-based childcare, are usually paid monthly in advance. Cancellation provisions vary by program, but most transactions are cancellable with 15 to 30 days notice. Refunds may be available for services not provided. Financial assistance is available to members and program participants.

Membership dues, childcare, and program fees are recognized ratably over the period the membership or program service is provided on a straight-line basis. Membership joining fees are non-refundable and are recognized in the month it is collected.

Membership dues, childcare, and program fees paid to the Organization in advance are recorded as deferred revenue.

*Donated Materials and Services*

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Donated services of a specialized skill that would be purchased in the absence of this donation are recorded at the estimated market rate for the corresponding hours spent.

No amounts have been reflected in the statements for general donated services in-as-much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising campaigns.



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**2. Summary of Significant Accounting Policies (Continued)**

*Expense Allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

*Use of Estimates*

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

*Concentration of Credit Risk*

The Organization maintains its cash accounts with two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. At December 31, 2022, the Organization's uninsured cash balances totaled approximately \$4,520,971.

*Income Tax Status*

The Organization is exempt from federal income tax under the provisions of Section 501 (c)(3) of the Internal Revenue Code and applicable state law. Accordingly, no provision for income taxes is required in the accompanying financial statements.

The Organization has concluded that there are no material unrecognized tax benefits or accrued interest or penalties that would require recognition in the financial statements as of December 31, 2022. The Organization files its Form 990, *Return of Organization Exempt from Income Tax*, in the U.S. Federal jurisdiction and the Bureau of Charitable Organizations for the State of Pennsylvania. The Organization's Forms 990 are subject to examination by the IRS, generally for three years after they were filed.

*Other Matters*

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the net asset class that owned the assets. Ordinary income from investments, receivables, and the like is accounted for in the net asset class owning the assets, except for income derived from investments of endowment funds, which is accounted for, if without restrictions, as revenue of the current net asset without donor restriction class, or if restricted, as revenue in the appropriate net asset with donor restriction class.

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**2. Summary of Significant Accounting Policies (Continued)**

*Operating Measure*

The Organization includes all changes in net assets without donor restriction and net assets with donor restrictions in its "operating activities" on the Statement of Activities except:

- Interest and Dividends
- Net Realized/Unrealized Gain/(Loss) on Investments
- Net Realized/Unrealized Gain/(Loss) on Sale of Capital Assets
- Change in Beneficial Interest in Perpetual Trusts

*Accounting for Paycheck Protection Program (PPP)*

The Organization was the recipient of the federally issued Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") Paycheck Protection Program (PPP) as a result of the COVID-19 pandemic.

Proceeds of \$1,355,117 from the PPP loan program were received in April 2020. The Organization elected to treat the loan proceeds as a financial liability as of December 31, 2020. If the Small Business Administration (SBA) did not confirm forgiveness of the loan, or only partly confirmed forgiveness of the loan, the Organization would have been obligated to repay the bank principal and interest (at a fixed rate of 1.00%) based upon terms established in a separate letter with the bank based upon a maturity date of two years from the funding date. On February 10, 2021, the Organization received full forgiveness in the amount of \$1,355,117. Forgiveness on loan extinguishment for the year ended December 31, 2021, was \$1,355,117.

On December 27, 2020, the Consolidated Appropriations Act, 2021 (the "CA Act") was signed. Included in the CA Act is a second round of Paycheck Program loans for businesses facing significant revenue declines in any 2020 quarter compared to the same quarter in 2019. Eligible second-time borrowers were required to have 300 or fewer employees, a 25% gross revenue decline during any quarter in 2020 as compared to the same quarter in 2019 and have used or will use the full amount of the Paycheck Protection loan. The second round of Paycheck Program loans are capped at the lesser of 2.5x a borrower's LTM average monthly payroll consisting of no more than \$100,000 per employee plus health and retirement benefits, or \$2,000,000 per borrower. The Organization has the option to choose the length of the covered period of expenses of not fewer than eight weeks, but not longer than twenty-four weeks. The Organization received \$1,355,117 related to this program in February 2021. On November 12, 2021, the Organization received full forgiveness in the amount of \$1,355,117. Forgiveness on loan extinguishment for the year ended December 31, 2021, was \$1,355,117.

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**2. Summary of Significant Accounting Policies (Continued)**

*Employee Retention Credit*

The CARES Act extended the Employer Retention Credit ("ERC") through September 30, 2021. The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages paid to an employer after March 12, 2020, and before January 1, 2021, capped at \$5,000 per employee. For 2021, the ERC amount is increased to 70% of qualified wages paid to an employee, capped at \$7,000 per employee, per quarter.

The Organization determined it is eligible for the ERC for the period January through September 30, 2021, based on having a 20% or more decline in gross receipts compared to 2019 in quarter 1. The Organization has computed the credits to total \$1,885,827, which is included on the Statements of Activities. All amounts were received prior to year end December 31, 2021.

*Adoption of New Accounting Standards*

The Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) that affect the Organization, as noted below.

Effective January 1, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU 2020-07 is applied on a retrospective basis.

The Organization has determined that its' volunteer services do not meet the criteria for recognition under ASU 2020-07.

Effective January 1, 2022, the Organization adopted ASU 2016-02, *Leases*. Topic 842 was issued to increase transparency and comparability among entities by recognizing lease assets and lease liabilities on the Statement of Financial Position and disclosing key information about leasing arrangements. Under the provisions of Topic 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, on the Statement of Financial Position. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the leasing activities.

The Organization elected the option to apply the transition requirements at the effective date of January 1, 2022, which allows the effects of initially applying Topic 842 to be recognized as a cumulative effect adjustment to retained earnings in the prior period adoption. Consequently, the financial statements and disclosures required under Topic 842 have not been updated as of and for the year ended December 31, 2021. The Organization also elected the package of practical expedients, which permits the Organization to not reassess prior conclusions about lease identification, classification, and initial direct costs and to account for the lease and nonlease components of such as maintenance as a single lease component.

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**2. Summary of Significant Accounting Policies (Continued)**

*Adoption of New Accounting Standards (Continued)*

The most significant effects of the adoption of Topic 842 on the Organization's financial statements relate to the recognition of the right-to-use assets and operating lease obligations recorded on the Statement of Financial Position and providing new disclosures about leasing activities. The Organization recognized the corresponding right-of-use assets based on the operating lease obligations. There beginning net assets as of January 1, 2022 was \$13,537.

**3. Grants and Accounts Receivable**

	2022	2021
	<hr/>	<hr/>
Childcare	\$ 121,321	\$ 106,517
Membership	16,040	9,924
Programs	15,225	11,385
YMCA Management Fees	24,467	11,467
Other	510,914	119,425
	<hr/>	<hr/>
	687,967	258,718
Less: Allowance for Doubtful Accounts	<hr/>	<hr/>
	(16,375)	(30,211)
	<hr/>	<hr/>
Total	<u><u>\$ 671,592</u></u>	<u><u>\$ 228,507</u></u>

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**4. Pledges Receivable**

	2022	2021
Less Than One Year	\$ 750,244	\$ 642,590
One Year to Five Years	1,801,633	155,960
Over Five Years	10,000	-
	<u>2,561,877</u>	<u>798,550</u>
Less: Unamortized Discount	(147,643)	(7,332)
Less: Allowance for Uncollectible Pledges Receivable	<u>-</u>	<u>-</u>
Total	<u><u>\$ 2,414,234</u></u>	<u><u>\$ 791,218</u></u>

Pledges received are in relation to the annual support campaign to support the Organization and the Slate Belt expansion project. A discount of 4.5% was calculated on pledges receivable with an expected date greater than one year. In addition, uncollectible pledges are expected to be insignificant; therefore management has decided an allowance for uncollectible pledges receivable was not necessary.

**5. Fair Value Measurements**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement and Disclosure*, defines fair value, establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- |         |  |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.  |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none"> <li>• Quoted prices for similar assets or liabilities in active markets;</li> <li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li> <li>• Inputs other than quoted prices that are observable for the asset or liability;</li> <li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li> </ul> |

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**5. Fair Value Measurements (Continued)**

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 Organization currently does not have any Level 2 inputs.

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

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.

*Certificates of Deposit:* The carrying value for fixed-rate time certificates of deposit approximates fair value. The value is estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates to a schedule of aggregated expected monthly maturities on time deposits.

*Mutual Funds:* Valued at the net asset value ("NAV") of shares held by the Organization at year end.

*Beneficial Interests in Perpetual Trusts:* Measured based on quoted markets prices of the underlying securities and other relevant information generated by market transactions, at the Organization's share, based on its pro-rata share of distributable income of the Trusts.

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

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**5. Fair Value Measurements (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022 and 2021:

	Assets at Fair Value as of December 31			
<u>2022</u>	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 138,748	\$ -	\$ -	\$ 138,748
Certificates of Deposit	3,801,113	-	-	3,801,113
Common Stock	421,947	-	-	421,947
Mutual Funds				
Small/Mid Cap	212,212	-	-	212,212
Large Cap	1,117,097	-	-	1,117,097
Developed International	84,286	-	-	84,286
Other International	90,254	-	-	90,254
Fixed Income				
U.S. Treasuries	108,169	-	-	108,169
Multi-Sector	542,176	-	-	542,176
Beneficial Interest in Perpetual Trusts	-	-	114,562	114,562
Total Assets at Fair Value	<u>\$ 6,516,002</u>	<u>\$ -</u>	<u>\$ 114,562</u>	<u>\$ 6,630,564</u>
<u>2021</u>	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 226,414	\$ -	\$ -	\$ 226,414
Mutual Funds				
Small/Mid Cap	265,295	-	-	265,295
Large Cap	1,382,195	-	-	1,382,195
Developed International	131,885	-	-	131,885
Emerging International	32,872	-	-	32,872
Other International	117,053	-	-	117,053
Fixed Income				
U.S. Treasuries	63,528	-	-	63,528
Mortgage/Asset Backed	37,411	-	-	37,411
Multi-Sector	639,495	-	-	639,495
Beneficial Interest in Perpetual Trusts	-	-	143,985	143,985
Total Assets at Fair Value	<u>\$ 2,896,148</u>	<u>\$ -</u>	<u>\$ 143,985</u>	<u>\$ 3,040,133</u>

Changes in Fair Value of Level 3 Assets:

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within their 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.

We evaluate the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets.

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**5. Fair Value Measurements (Continued)**

The table below sets forth a summary of certain changes in the fair value of the Organization's Level 3 assets for the years ended December 31, 2022 and 2021.

	Beneficial Interest in Perpetual Trusts	
	2022	2021
Purchases	\$ -	\$ -
Issuances	6,370	7,697
Transfers In	-	-
Transfers Out	-	-

**6. Beneficial Interest in Perpetual Trusts**

The Organization is an income beneficiary of two perpetual trusts. The trusts are held and administered by a corporate trustee. Under the terms of the trusts, the Organization, among other unrelated organizations, has the irrevocable right to receive a portion of the income earned on the trusts' assets, in perpetuity, but is not entitled to receive the assets held in trust. The arrangements were recognized as contribution revenue and as an asset when the Organization was notified of the trusts' existences. Accordingly, the Organization records an asset "Beneficial Interest in Perpetual Trusts" equivalent to the present value of the expected future cash flows from the trusts. In this case, the present value is estimated to be equal to the Organization's pro-rata fair market value of the assets of the trusts. Income distributions received from the trusts were \$6,370 and \$7,697 in 2022 and 2021, respectively.



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**7. Land, Buildings and Equipment**

A portion of land, building, and equipment are carried at insured value, and a portion is carried at cost. See Note 2 for a further explanation.

	<u>2022</u>	<u>2021</u>
Assets Held at Insured Value	\$ 28,427,464	\$ 28,427,464
Assets Held at Cost		
Land	33,000	33,000
Land Improvements	97,615	877
Building and Building Improvements	8,451,073	7,741,407
Equipment	2,476,813	2,031,453
Vehicles	105,435	105,435
Construction in Progress	31,507	-
	<u>39,622,907</u>	<u>38,339,636</u>
Less: Accumulated Depreciation	<u>(2,942,000)</u>	<u>(2,316,817)</u>
Land, Buildings and Equipment, Net	<u>\$ 36,680,907</u>	<u>\$ 36,022,819</u>

Depreciation and amortization charged to expense for the years ended December 31, 2022 and 2021 was \$660,963 and \$495,258, respectively.

**8. Line of Credit**

The Organization has a \$300,000 line of credit with a bank at an interest rate based upon the Wall Street Journal U.S. Prime Rate, with a floor of 3.25% (7.50% at December 31, 2022). The line is collateralized by accounts receivable, inventory, general intangibles, and equipment of the Organization. The outstanding balance on the line of credit as of December 31, 2022 and 2021 was \$0 and \$40,461, respectively. Interest paid on the line of credit was \$220 and \$2,703 for the years ended December 31, 2022 and 2021, respectively.

**9. Letter of Credit**

During 2020, the Organization entered into a Prime Rate \$291,842 unsecured letter of credit with a bank at a variable interest rate (8.00% at December 31, 2022). There was no outstanding balance on the line of credit as of December 31, 2022 and no interest was paid on the line of credit. This letter of credit was carved out of the \$4,000,000 open-ended construction mortgage, as noted in Note 10. The letter of credit was reduced to \$22,565. In March 2023, the letter of credit was renewed.

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**10. Notes Payable**

The Organization has a \$3,394,050 note payable to the bank which is due in monthly installments of \$17,232, including interest at a fixed rate of 2.97%, until July 23, 2020 followed by an interest rate at the Wall Street Journal U.S. Prime Rate (3.45% at December 31, 2022). One final payment of all unpaid principal and interest shall then be due on April 23, 2040 (as amended, below). The note is secured by real estate of several of the Organization's branches. The outstanding balance on the note was \$2,854,427 and \$2,968,627 as of December 31, 2022 and 2021, respectively. Interest paid on the note was \$102,022 and \$104,320 for the years ended December 31, 2022 and 2021, respectively.

In December 2019, the note payable was amended and is now due in monthly installments of \$18,018, including interest at a fixed rate of 3.45%, until December 23, 2026 followed by a variable interest rate at the bank's prime rate. One final payment of all unpaid principal and interest shall then be due on June 23, 2040. The note contains a prepayment penalty during the fixed rate period.

During September 2019, the Organization entered into a \$4,000,000 open-ended construction mortgage with a bank which can be drawn upon, as needed. There is an assignment of loan and promissory note with the Northampton County General Purpose Authority to secure liabilities. The note is secured by real estate at 315 West Pennsylvania Avenue in the Borough of Pen Argyl. Interest only payments are due until September 2021, at which point, interest and principal payments are due annually. The outstanding balance on the note was \$3,700,918 and \$3,938,525 as of December 31, 2022 and 2021, respectively. Interest paid on the note was \$154,794 and \$101,132 for the years ended December 31, 2022 and 2021, respectively. Unamortized loan origination fees related to the note were \$52,977 and \$56,094 for the years ended December 31, 2022 and 2021, respectively.

The Organization had a \$650,000 note payable to the bank which was due in monthly installments of \$3,801 beginning in July, 2015, including interest at a fixed rate of 5.00%. Beginning July, 2020, monthly installments will remain at \$3,801 however interest will be adjusted to the Wall Street Journal Prime Rate plus 1.75%, due in full June, 2025 (5.00% at December 31, 2020). During June 2021, the loan was refinanced at an amount of \$825,000 and is payable over a period of 10 years. The note payable to the bank is due in monthly installments of \$8,236 beginning in July, 2021, including interest at a fixed rate of 3.65% thru June 2028. Beginning July, 2028, interest will be an adjustable rate equal to the Margin (1.75%) over LIBOR. The note is secured by real estate at 425 and 317 South 15<sup>th</sup> Street in Allentown. The outstanding balance on the note was \$719,869 and \$790,631 as of December 31, 2022 and 2021, respectively. Interest paid on the note was \$28,069 and \$28,824 for the years ended December 31, 2022 and 2021, respectively. Unamortized loan origination fees related to the loan were \$11,370 and \$11,985 for the years ended December 31, 2022 and 2021, respectively.

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
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**10. Notes Payable (Continued)**

Maturities of long-term debt are as follows:

2023	\$ 351,691
2024	364,357
2025	377,884
2026	391,915
2027	406,468
Thereafter	<u>5,382,899</u>
	<u><u>\$ 7,275,214</u></u>

**11. Right-of-Use Assets and Liabilities**

The Organization leases exercise equipment under an agreement qualifying for treatment as a financing lease which expires in August 2023. The lease is secured by the equipment. Additionally, the Organization leases various program equipment and properties under various noncancellable operating leases expiring at various dates through 2030.

Right-of-use asset and lease liability is recorded on the Statement of Financial Position at December 31, 2022 as follows:

	<u>Operating</u>	<u>Financing</u>
<b>Assets:</b>		
Right-of-Use Asset, Net	\$ 1,445,747	\$ -
Right-of-Use Asset, Net (Included in Land, Buildings and Equipment)	<u>-</u>	<u>14,288</u>
Total Right-of-Use Assets	<u><u>\$ 1,445,747</u></u>	<u><u>\$ 14,288</u></u>
<b>Liabilities:</b>		
Current Portion of Right-of-Use Liability	\$ 167,875	\$ 13,731
Right-of-Use Liability, Net of Current Portion	<u>1,301,896</u>	<u>-</u>
Total Right-of-Use Liabilities	<u><u>\$ 1,469,771</u></u>	<u><u>\$ 13,731</u></u>

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**11. Right-of-Use Assets and Liabilities (Continued)**

Future Minimum lease payments under the leases are as follows:

Year Ending December 31,	<u>Operating</u>	<u>Financing</u>
2023	\$ 183,351	\$ 13,977
2024	185,937	-
2025	188,956	-
2026	192,411	-
2027	195,948	-
Thereafter	597,615	-
	<hr/>	<hr/>
Total Minimum Lease Payments	1,544,218	13,977
Less: Amount Representing Interest	<u>(74,447)</u>	<u>(246)</u>
	<hr/>	<hr/>
Present Value of Minimum Lease Payments	<u>\$ 1,469,771</u>	<u>\$ 13,731</u>

Other information related to the Organization's financing and operating leases as of December 31, 2022 are as follows:

Weighted-Average Remaining Lease Term

Financing Lease	8 months
Operating Leases	94 months

Weighted-Average Discount Rate

Financing Lease	5.00%
Operating Leases	1.11%

Disclosures Related to the Period Prior to the Adoption of the New Lease Standard

Total rental expense under the non-cancelable operating leases for the year ended December 31, 2021 was \$171,154.

Other Disclosures Relating to Lease Agreements

During July, 2021, the Organization entered into a lease agreement with the Township of Upper Saucon in relation to certain lots held by the township totaling approximately 61.74 acres. The lessee will pay the lessor annual base rent of one dollar, annually. The term of the lease is for twenty-nine years from the date of the agreement, contingent on the lessee meeting certain stipulations within the agreement.

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**12. Net Assets**

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions consist of the following:

	For the Year Ended December 31,	
	2022	2021
Without Restrictions	\$ 6,882,144	\$ 4,382,003
Fixed Assets (Net of Debt)	29,456,309	28,345,576
Board Designated:		
Nazareth Endowment Fund	4,042	5,132
Suburban North Endowment Fund	46,229	52,101
Capital Improvements/Repairs	820,336	417,254
Total Net Assets Without Donor Restrictions	<u>\$ 37,209,060</u>	<u>\$ 33,202,066</u>

The Board of Directors of the Greater Valley YMCA has several standing board policies that affect the presentation of board designations on net assets. The Board of Directors have established one type of endowment fund, which covers all locations. The Suburban North and Nazareth YMCA Endowment Funds have been established for covering the program and management related costs incurred by Greater Valley YMCA to operate those locations.

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**12. Net Assets (Continued)**

*Net Assets With Donor Restrictions*

Net assets with donor restrictions for the following purposes or periods:

	2022	2021
Purpose Restricted:		
Bottle Fillers	\$ 1,500	\$ -
Camp Sponsorship	22,363	24,043
Capital Improvements	-	98,872
Capital Improvements - Youth Programming	15,125	18,328
Children and Youth/Kids to Camp	19,925	8,153
Childcare	10,000	108,760
Childcare Renovations	31,888	47,565
Expansion	2,995,579	473,244
Health and Wellness	13,867	11,000
Food Program	17,956	64,500
Health and Wellness Youth Programs	-	10,300
Meals Programs	2,500	-
Operations	5,000	-
Travel	111	-
Swim Team	18,095	14,639
Preschool Scholarships (EITC)	22,977	62,953
Outreach	-	2,500
Diabetes Prevention Program	7,800	5,684
Warming Station	-	240,451
	<u>\$ 3,184,686</u>	<u>\$ 1,190,992</u>
Endowment:		
Earnings on Endowment	730,914	1,475,358
Marhefka Fund	419,013	419,013
Acopian Fund	<u>1,000,000</u>	<u>1,000,000</u>
	2,149,927	2,894,371
Beneficial Interest in Perpetual Trust:		
Lichtenwalner Trust	99,151	124,557
Lentz Trust	<u>15,411</u>	<u>19,428</u>
	114,562	143,985
Total Net Assets With Donor Restrictions	<u><u>\$ 5,449,175</u></u>	<u><u>\$ 4,229,348</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
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**13. Endowment Net Assets**

The Organization's endowment consists of funds established for the purpose of supporting programs and services of the Organization. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law*

The Organization follows Commonwealth of Pennsylvania law and its own governing documents with respect to the management of endowment funds. In the absence of donor restrictions, the net appreciation of a donor-restricted endowment fund is spendable.

As a result of this interpretation, the Organization classifies the original value of an endowment gift, the original value of subsequent gifts donated and accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as net assets with donor restrictions. These gifts are held in perpetuity until they are appropriated for expenditure by the Organization in a manner consistent with the laws of the Commonwealth of Pennsylvania.

*Endowment Return Objectives, Risk Parameters and Strategies*

The primary goal of the investment policy is to meet the short and long-term needs and goals of the Organization while carefully controlling risk. Basic to the process is the establishment of mutually agreed upon objectives and the development of an investment program designed to meet those needs. Preservation of capital and a stable level of current income are foremost in the fixed income strategy. The portfolio is invested in common stock and mutual funds; plus liquidity as the primary objective and goals. To achieve these goals, the Organization closely follows the stock market and constantly reviews the fund returns to realize the highest level of income.

*Spending Policy*

The Organization is permitted to spend the earnings of the fund annually. This is defined as the interest and dividends earned in the fiscal period.

As of December 31, 2022, total endowment composition by net asset fund is:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor Restricted Endowment	\$ -	\$ 2,149,927	\$ 2,149,927
Board Designated Endowment	50,271	-	50,271
	<u>\$ 50,271</u>	<u>\$ 2,149,927</u>	<u>\$ 2,200,198</u>

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
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**13. Endowment Net Assets (Continued)**

As of December 31, 2021, total endowment composition by net asset fund is:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor Designated Endowment	\$ -	\$ 2,894,371	\$ 2,894,371
Board Designated Endowment	57,233	-	57,233
	<u>\$ 57,233</u>	<u>\$ 2,894,371</u>	<u>\$ 2,951,604</u>

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Balance, Beginning of Year	\$ 57,233	\$ 2,894,371	\$ 2,951,604
Gifts and Contributions	-	-	-
Investment Income	-	35,578	35,578
Net Appreciation (Depreciation)	(6,962)	(654,481)	(661,443)
Interest on Loan Repayments	-	591	591
Amounts Released for Operations	-	(126,132)	(126,132)
Balance, End of Year	<u>\$ 50,271</u>	<u>\$ 2,149,927</u>	<u>\$ 2,200,198</u>

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Balance, Beginning of Year	\$ 8,492	\$ 2,621,147	\$ 2,629,639
Gifts and Contributions	47,151	-	47,151
Investment Income	41	18,476	18,517
Net Appreciation (Depreciation)	5,748	357,854	363,602
Interest on Loan Repayments	-	1,087	1,087
Amounts Released for Operations	(4,199)	(104,193)	(108,392)
Balance, End of Year	<u>\$ 57,233</u>	<u>\$ 2,894,371</u>	<u>\$ 2,951,604</u>



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**14. Endowment Loans**

In late 2011, a 10-year loan to the general fund was authorized for use of \$350,000 from the Acopian Trust in the Endowment with an interest rate of 1.00%. Monthly payments on the loan are \$3,220 and the outstanding balance on the loan as of December 31, 2022 and 2021 was \$0 and \$12,851, respectively. During 2020, due to the pandemic, 4 months of payments were suspended. Interest paid on the loan was \$27 and \$336 for the years ended December 31, 2022 and 2021, respectively. During 2022, the loan was paid off in full.

A previous review of the Bethlehem YMCA endowment fund conducted by a member of a bank's trust department determined the value, at that date, as \$186,909. As the value of the endowment fund was \$76,320, at that date, a loan was set up for repayment to the general fund. The loan is a 10-year loan to the general fund with an interest rate of 1.00%. Monthly payments on the loan are \$1,118 and the outstanding balance on the loan as of December 31, 2022 and 2021 was \$49,700 and \$62,081, respectively. Interest paid on the loan was \$564 and \$687 for the years ended December 31, 2022 and 2021, respectively. During 2020, due to the pandemic, 5 months of payments were suspended.

Principal repayments on the loan are as follows:

Years ending December 31,	2023	\$	12,505
	2024		12,631
	2025		12,758
	2026		11,806

**15. Defined Contribution Plans**

The Organization participates in two plans (Plans) sponsored by the YMCA Retirement Fund (the "Fund"). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York, organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The participating Plans include:

- the Retirement Plan – a defined contribution plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code (IRC), as amended, and,
- the Tax-Deferred Savings Plan – a retirement income account plan as defined in IRC Section 403(b).

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**15. Defined Contribution Plans (Continued)**

The Retirement Plan requires that all employees participate in the plan upon completing 1,000 hours of service during each of two years and attaining 21 years of age and also requires a contribution rate ranging from 8%-12% of compensation. The Organization may elect to pay the contribution in full or share with the employee. Employee contributions are made after – tax. The Organization contributes 8% of eligible employees' compensation on an annual basis.

The Tax-Deferred Savings plan allows all employees, upon hire, to elect to contribute a percentage of their eligible compensation to the plan, subject to certain IRC limits. There is no employer contribution.

All contributions to the Plans vest immediately. Each of the plans, as defined contribution plans, have no unfunded benefit obligations. Total YMCA employer contributions to the Plan were \$303,481 and \$270,820 for the years ended December 31, 2022 and 2021, respectively.

**16. Related Parties**

The Organization pays dues to the YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2022 and 2021 was \$143,075 and \$95,543, respectively.

**17. Limited Partnership**

The Young Men's Christian Association of Bethlehem, which merged into the Organization effective May 1, 2015, is the general partner of Bethlehem YMCA Affordable Housing LP, a 35-unit low-income housing project limited partnership. The Greater Valley YMCA has a 0.01% interest in Bethlehem YMCA Affordable Housing LP. FASB ASC 810, *Consolidation*, determines when a general partner, or the group of general partners as a group, controls a limited partnership or similar entity when the limited partners have certain rights. The guidance presumes that a general partner controls a limited partnership and, therefore, should consolidate the partnership. This presumption can be overcome if the limited partners have kick-out or substantive participating rights. Management has determined that Bethlehem YMCA Affordable Housing LP should be consolidated into the Organization's financial statements. Management has decided not to include the financial statements of the Bethlehem YMCA Affordable Housing LP in accompanying financial statements.

**18. Advertising Expense**

Advertising costs are expensed as incurred and were \$285,046 and \$232,975 the years ended December 31, 2022 and 2021, respectively.

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**NOTES TO FINANCIAL STATEMENTS**  
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**19. Contributions of Nonfinancial Assets**

Contributed materials, supplies, and services as of December 31, 2022 and 2021 are as follows:

Contributed Nonfinancial Asset	Revenue Recognized	December 31, 2022		Valuation Techniques and Inputs
		Program Services Benefited	Donor Restriction	
				Fair value is estimated based upon current rates of similar:
Childcare Supplies and Equipment	\$ 75,350	Education	None	Supplies
TV Advertising	174,850	Advertising	None	Services
Radio Advertising	10,000	Advertising	None	Services
Turkeys for Thanksgiving	2,760	Community Service	None	Supplies
Food	24,525	Community Service	None	Supplies
Water	10,000	Community Service	None	Supplies
Professional Fees- DJ	1,485	Events	None	Services
Entertainment - Clown	816	Events	None	Services
Photography Sponsor	8,000	Special Events- Gala	None	Supplies
Decor Services	9,150	Special Events- Gala	None	Services
Video Production	5,500	Special Events- Gala	None	Services
Photo Installation	7,250	Special Events- Gala	None	Services
Signs/Backdrop/Gift tags	2,542	Special Events- Gala	None	Supplies
	<u>\$ 332,228</u>			
Contributed Nonfinancial Asset	Revenue Recognized	December 31, 2021		Valuation Techniques and Inputs
		Program Services Benefited	Donor Restriction	
				Fair value is estimated based upon current rates of similar:
TV Advertising	\$ 174,850	Advertising	None	Services
Professional Fees- DJ	895	Events	None	Services
Entertainment - Clown	807	Events	None	Services
Mattress's	1,673	Community - Warming Station	None	Supplies
	<u>\$ 178,225</u>			

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**20. Liquidity and Availability**

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

	2022	2021
Cash and Cash Equivalents	\$ 4,652,365	\$ 6,013,096
Accounts Receivable	671,592	228,507
Pledges Receivable	2,414,234	791,218
Investments	6,516,002	2,896,148
Total Financial Assets at Year End	14,254,193	9,928,969
Expected Distributions from Beneficial Interest in Perpetual Trusts	6,370	7,697
Less those Unavailable for General Expenditures within One Year Due to:		
Contractual or Donor-Imposed Restrictions:		
Restricted by Donor with Time or Purpose Restrictions	(5,334,613)	(4,085,363)
Board-Designations:		
Quasi-Endowment Fund	(50,271)	(57,233)
Capital Improvements/Repairs	(820,336)	(417,254)
	<u>\$ 8,055,343</u>	<u>\$ 5,376,816</u>

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Board-designated endowments of \$50,271 are not subject to an annual spending rate. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As described in Note 8, the Organization has a \$300,000 line of credit available as of December 31, 2022, which it could draw upon in the event of an anticipated liquidity need.

Membership dues and childcare fees are collected on a monthly basis in order to support general operating expenditures.

**21. Subsequent Events**

Management has evaluated subsequent events through June 9, 2023, the date the financial statements were available to be issued, and has determined that with the exception to the item noted in footnote 9, no material subsequent events exist that require disclosure.

## SUPPLEMENTARY INFORMATION

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
**(A Not-for-Profit Organization)**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**Year Ended December 31, 2022**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Additional Award Identification	Pass-Through Entity Identifying Number	Expenditures	Expenditures to Sub-Recipients
<b><u>Direct Awards</u></b>					
<b>U.S. Department of Homeland Security</b>					
COVID-19 - Emergency Food and Shelter National Board Program	97.024	COVID-19	N/A	\$ 44,663	\$ -
Total U.S. Department of Homeland Security				44,663	-
<b><u>Pass Through Awards</u></b>					
<b>U.S. Department of Health and Human Services</b>					
<b>CCDF Cluster:</b>					
Passed Through the Pennsylvania Department of Education:					
Child Care and Development Block Grant	93.575		N/A	254,400	-
COVID-19 - Child Care and Development Block Grant	93.575	COVID-19	N/A	1,123,380	-
Total CCDF Cluster from U.S Department of Health and Human Services				1,377,780	-
<b>U.S. Department of Housing and Urban Development</b>					
<b>CDBG - Entitlement Grants Cluster:</b>					
Passed Through the City of Allentown:					
Community Development Block Grants	14.218		N/A	15,000	-
COVID-19 - Community Development Block Grants	14.218	COVID-19	N/A	36,322	-
Passed Through the City of Bethlehem:					
Community Development Block Grants	14.218		N/A	360,708	-
Total CDBG - Entitlement Grants Cluster				412,030	-
Passed Through the City of Allentown:					
COVID-19 - HOME Investment Partnerships Program	14.239	COVID-19	N/A	307,445	-
COVID-19 - Emergency Solutions Grant Program	14.231	COVID-19	N/A	41,101	-
Total U.S. Department of Housing and Urban Development				760,576	-
<b>U.S. Department of Agriculture</b>					
<b>Child Nutrition Cluster</b>					
Passed Through the Pennsylvania Department of Education:					
Summer Food Service Program for Children	10.559		529884	64,029	-
Total Child Nutrition Cluster				64,029	-
Passed Through the Pennsylvania Department of Education:					
Child and Adult Care Food Program	10.558		529884	250,242	-
Total U.S. Department of Agriculture				314,271	-
<b>U.S. Department of Treasury</b>					
<b>Coronavirus State and Local Fiscal Recovery Funds Cluster</b>					
Passed Through the County of Northampton:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19	N/A	100,000	-
Total Coronavirus State and Local Fiscal Recovery Funds Cluster from U.S. Department of Treasury				100,000	-
Total Expenditures of Federal Awards				\$ 2,597,290	\$ -

See accompanying notes to the schedule of expenditures of federal awards.

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
**(A Not-for-Profit Organization)**  
**NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**Year Ended December 31, 2022**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Greater Valley Young Men's Christian Association 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 Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operation of Greater Valley Young Men's Christian Association, it is not intended to and does not present the net position, changes in net position or cash flows of Greater Valley Young Men's Christian Association.

**2. Basis of Accounting**

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 type of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Costs**

The Association did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the Association did not use the 10% de minimis cost rate.

**4. Sub-Recipients**

There were no federal awards passed through to subrecipients during the year.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Greater Valley Young Men's Christian Association  
Allentown, PA

We have audited, in accordance with the 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, the financial statements of Greater Valley Young Men's Christian Association (a not-for-profit 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, and have issued our report thereon dated June 9, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Greater Valley Young Men's Christian Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater Valley Young Men's Christian Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater Valley Young Men's Christian Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Valley Young Men's Christian Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Congbell, Rappold & Yasuta LLP*

June 9, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Greater Valley Young Men's Christian Association  
Allentown, PA

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Greater Valley Young Men's Christian Association's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Greater Valley Young Men's Christian Association's major federal programs for the year ended December 31, 2022. Greater Valley Young Men's Christian Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Greater Valley Young Men's Christian Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Greater Valley Young Men's Christian Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Greater Valley Young Men's Christian Association's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Greater Valley Young Men's Christian Association's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Greater Valley Young Men's Christian Association's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Greater Valley Young Men's Christian Association's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Greater Valley Young Men's Christian Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Greater Valley Young Men's Christian Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Greater Valley Young Men's Christian Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cory Bell, Rappold & Yasuta LLP*

June 9, 2023

**GREATER VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**  
**(A Not-for-Profit Organization)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2022**

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Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_ yes    X no

Significant deficiencies identified that are  
not considered to be material weakness(es)?

\_\_\_\_ yes    X none reported

Noncompliance material to financial statements noted?

\_\_\_\_ yes    X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_ yes    X no

Significant deficiencies identified that are  
not considered to be material weakness(es)?

\_\_\_\_ yes    X none reported

Type of auditor's report issued on compliance  
for major programs:

Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with the Uniform  
Guidance?

\_\_\_\_ yes    X no

Identification of major programs:

AL Number(s)

Name of Federal Program or Cluster

93.575

Child Care and Development Block Grant  
(Child Care and Development Fund Cluster)

Dollar threshold used to distinguish between  
type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_ yes    X no

Section II – Financial Statement Findings

- NONE-

Section III – Federal Award Findings and Questioned Costs

- NONE-