YOUNG MEN'S CHRISTIAN ASSOCIATION
BUFFALO NIAGARA
(d/b/a YMCA BUFFALO NIAGARA)

Financial Statements
With Independent Auditor's Report

December 31, 2022

Dopkins & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Dopkins & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
and the Board of Directors
Young Men's Christian Association Buffalo Niagara
(d/b/a YMCA Buffalo Niagara)

Opinion
We have audited the accompanying financial statements of Young Men's Christian Association Buffalo Niagara (d/b/a YMCA Buffalo Niagara) (the Association), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 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 audit opinion.

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

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

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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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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.

Report on Summarized and Comparative Information
We have previously audited the Association's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 2022. In our opinion, the summarized and comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dopkins & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

July 21, 2023

YMCA BUFFALO NIAGARA

STATEMENT OF FINANCIAL POSITION
December 31, 2022
(With Comparative Financial Information as of December 31, 2021)

ASSETS	**2022**	2021
Current Assets		
Cash and cash equivalents	**$ 1,126,285**	$ 2,623,808
Receivables, net	**740,937**	1,449,132
Employee Retention Credit receivable	**2,817,092**	-
Prepaid expenses	**7,993**	18,467
Total current assets	**4,692,307**	4,091,407
Other Assets		
Cash designated for capital expenditure	**3,216,226**	472,928
Capital campaign pledges receivable, net, less current maturities	**185,917**	1,623,841
Investments	**14,031,238**	16,462,400
Beneficial interest in trusts	**131,594**	159,306
Interest rate swaps	**242,673**	-
	17,807,648	18,718,475
Right-of-Use Asset - Operating Lease	**386,505**	-
Property and Equipment, net	**38,484,917**	40,346,643
Total assets	**$ 61,371,377**	$ 63,156,525

LIABILITIES AND NET ASSETS		
Current Liabilities		
Current maturities of long-term debt	**$ 1,318,832**	$ 2,120,392
Current maturities of capital leases	**-**	176,321
Current portion of operating lease liability	**138,676**	-
Accounts payable	**639,499**	750,929
Accrued expenses	**579,693**	476,654
Deferred revenue	**1,475,435**	1,482,488
Deferred naming rights revenue	**600,000**	-
Total current liabilities	**4,752,135**	5,006,784
Deferred Naming Rights Revenue	**-**	600,000
Long-Term Debt, less current maturities	**16,634,664**	22,252,388
Operating Lease Liability, less current portion	**266,230**	-
Capital Leases, less current maturities	**-**	58,042
Interest Rate Swaps	**-**	455,811
Total liabilities	**21,653,029**	28,373,025
Net Assets		
Without donor restrictions:		
Undesignated	**24,864,072**	15,616,953
Board designated - endowment	**12,695,797**	15,137,589
	37,559,869	30,754,542
With donor restrictions	**2,158,479**	4,028,958
Total net assets	**39,718,348**	34,783,500
Total liabilities and net assets	**$ 61,371,377**	$ 63,156,525

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Total
Operating activities:				
Public support:				
Annual campaign	$ 490,250	$ -	**$ 490,250**	$ 522,932
Special events, net	230,622	-	**230,622**	217,850
Contributions	774,550	79,465	**854,015**	796,520
United Way	13,161	-	**13,161**	18,143
	1,508,583	79,465	**1,588,048**	1,555,445
Operating revenue:				
Membership fees	7,493,510	-	**7,493,510**	5,397,844
Program service fees	6,547,892	-	**6,547,892**	5,268,821
Government contracts	3,991,374	-	**3,991,374**	2,248,541
Rental income	98,278	-	**98,278**	84,269
Merchandise sales	12,537	-	**12,537**	16,081
Miscellaneous	56,934	-	**56,934**	5,167
	18,200,525	-	**18,200,525**	13,020,723
Total operating revenues	19,709,108	79,465	**19,788,573**	14,576,168
Operating expenses:				
Program services:				
Youth development	10,980,373	-	**10,980,373**	10,114,855
Healthy living	7,880,157	-	**7,880,157**	6,768,879
Social responsibility	174,696	-	**174,696**	129,080
	19,035,226	-	**19,035,226**	17,012,814
Support services:				
Management and general	2,488,321	-	**2,488,321**	2,419,986
Fundraising	268,340	-	**268,340**	264,094
	2,756,661	-	**2,756,661**	2,684,080
Total operating expenses	21,791,887	-	**21,791,887**	19,696,894
Operating loss	(2,082,779)	79,465	**(2,003,314)**	(5,120,726)
Non-operating activities:				
Investment income (loss), net	(2,365,937)	(68,835)	**(2,434,772)**	2,112,737
Change in fair value of beneficial interest in trusts	5,832	(27,712)	**(21,880)**	19,961
Change in fair value of interest rate swaps	698,484	-	**698,484**	476,914
Net gain on sale of property and equipment	3,537	-	**3,537**	45,240
Capital campaign contributions	547,199	105,100	**652,299**	2,736,764
Contribution of nonfinancial assets	-	-	**-**	2,071,447
Employee Retention Credit (Note 18)	2,817,092	-	**2,817,092**	-
Paycheck Protection Program forgiveness (Note 18)	4,986,002	-	**4,986,002**	-
Other income	237,400	-	**237,400**	-
Net assets released from restriction	1,958,497	(1,958,497)	**-**	-
Total non-operating activities	8,888,106	(1,949,944)	**6,938,162**	7,463,063
Change in net assets	6,805,327	(1,870,479)	**4,934,848**	2,342,337
Net assets, beginning of year	30,754,542	4,028,958	**34,783,500**	32,441,163
Net assets, end of year	$ 37,559,869	$ 2,158,479	**$ 39,718,348**	$ 34,783,500

See Notes to Financial Statements.

YMCA BUFFALO NIAGARA

STATEMENT OF CASH FLOWS
Year Ended December 31, 2022
(With Comparative Financial Information for the Year Ended December 31, 2021)

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ 4,934,848	$ 2,342,337
Adjustments to reconcile change in net assets		
to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	2,516,756	2,860,144
Amortization of deferred financing costs	36,873	36,873
Noncash operating lease expense	18,401	-
Non-operating cash contributions from capital campaign	(350,600)	(207,822)
Non-operating contributions receivable from capital campaign	(105,100)	(2,528,941)
Net realized and unrealized (gains) losses on investments	2,746,031	(1,862,134)
Change in fair value of beneficial interest in trusts	21,880	(19,961)
Net gain on sale of property and equipment	(3,537)	(45,240)
Paycheck Protection Program forgiveness	(4,986,002)	-
Contributions of marketable securities	(10,868)	(158,061)
Contribution of nonfinancial assets	-	(2,071,447)
Change in fair value of interest rate swaps	(698,484)	(476,914)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	(322,167)	350,872
Employee Retention Credit receivable	(2,817,092)	-
Prepaid expenses	10,474	18,841
Increase (decrease) in:		
Accounts payable	(107,270)	(171,964)
Accrued expenses	103,039	(164,854)
Deferred revenue	(7,053)	946,575
Net cash and cash equivalents provided by (used in) operating activities	980,129	(1,151,696)
Cash Flows From Investing Activities		
Purchases of property and equipment	(664,153)	(2,288,383)
Proceeds from sale of property and equipment	8,500	130,240
Proceeds from sale of investments	2,074,320	3,260,765
Purchase of investments	(2,378,321)	(3,355,673)
Distributions received through beneficial interest in trusts	5,832	5,799
Net cash and cash equivalents used in investing activities	(953,822)	(2,247,252)
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loans	-	4,986,002
Principal payments on long-term debt	(1,470,155)	(1,571,916)
Principal payments on finance leases	(234,363)	(298,888)
Proceeds from capital campaign pledges	2,923,986	207,822
Net cash and cash equivalents provided by financing activities	1,219,468	3,323,020
Increase (decrease) in cash and cash equivalents	1,245,775	(75,928)
Cash and cash equivalents:		
Beginning	3,096,736	3,172,664
Ending	$ 4,342,511	$ 3,096,736
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 579,403	$ 618,434
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Property and equipment purchases included in accounts payable	$ 49,834	$ 53,994
Contribution of nonfinancial assets	$ -	$ 2,071,447
Non-operating contributions receivable from capital campaign	$ 105,100	$ 2,528,941

YMCA BUFFALO NIAGARA

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	PROGRAM SERVICES					SUPPORT SERVICES				TOTAL	
	Youth Development	Healthy Living	Social Responsibility	**2022 Total**	2021 Total	Management and General	Fund - Raising	**2022 Total**	2021 Total	**2022**	2021
Salaries	$ 6,039,246	$ 3,604,197	$ 77,476	**$ 9,720,919**	$ 8,037,061	$ 1,251,258	$ 193,889	**$ 1,445,147**	$ 1,405,707	**$ 11,166,066**	$ 9,442,768
Employee benefits	405,885	332,162	6,206	**744,253**	737,425	249,642	38,375	**288,017**	296,009	**1,032,270**	1,033,434
Payroll taxes	570,786	346,267	7,030	**924,083**	709,930	92,423	15,621	**108,044**	84,582	**1,032,127**	794,512
Total salaries and related expenses	7,015,917	4,282,626	90,712	**11,389,255**	9,484,416	1,593,323	247,885	**1,841,208**	1,786,298	**13,230,463**	11,270,714
Purchased services	24,443	18,545	116	**43,104**	242,033	509,013	12,400	**521,413**	532,263	**564,517**	774,296
Supplies	594,931	203,721	36,639	**835,291**	676,021	10,826	5,847	**16,673**	17,906	**851,964**	693,927
Telephone	74,375	59,914	896	**135,185**	140,210	9,936	-	**9,936**	10,585	**145,121**	150,795
Postage and shipping	8,250	6,003	1,557	**15,810**	6,696	404	347	**751**	3,778	**16,561**	10,474
Occupancy	1,400,048	1,080,847	16,919	**2,497,814**	2,170,986	202,280	-	**202,280**	194,353	**2,700,094**	2,365,339
Equipment rental and maintenance	99,897	67,476	1,357	**168,730**	146,939	19,309	-	**19,309**	19,993	**188,039**	166,932
Advertising and promotion	5,588	41,586	161	**47,335**	16,899	3,642	1,048	**4,690**	10,601	**52,025**	27,500
Travel	139,394	27,212	4,668	**171,274**	111,463	17,290	-	**17,290**	1,354	**188,564**	112,817
Training and meetings	30,861	20,869	87	**51,817**	34,658	27,017	453	**27,470**	17,691	**79,287**	52,349
Membership dues	96,333	96,834	469	**193,636**	213,450	46,709	360	**47,069**	26,123	**240,705**	239,573
Finance costs	345,302	556,736	360	**902,398**	855,707	47,188	-	**47,188**	61,560	**949,586**	917,267
Miscellaneous	33,319	33,329	1,432	**68,080**	54,256	125	-	**125**	511	**68,205**	54,767
Total expenses before depreciation	9,868,658	6,495,698	155,373	**16,519,729**	14,153,734	2,487,062	268,340	**2,755,402**	2,683,016	**19,275,131**	16,836,750
Depreciation	1,111,715	1,384,459	19,323	**2,515,497**	2,859,080	1,259	-	**1,259**	1,064	**2,516,756**	2,860,144
	$ 10,980,373	$ 7,880,157	$ 174,696	**$ 19,035,226**	$ 17,012,814	$ 2,488,321	$ 268,340	**$ 2,756,661**	$ 2,684,080	**$ 21,791,887**	$ 19,696,894

Note 1. Nature of the Association and Significant Accounting Policies

Nature of the Association:

Young Men's Christian Association Buffalo Niagara (d/b/a YMCA Buffalo Niagara) (YMCA or the Association) is a nonprofit organization with the following mission statement:

> "YMCA Buffalo Niagara is a charitable, community-based organization committed to providing programs designed to build a healthy spirit, mind and body for all."

The Association's goal is to advance its cause of strengthening the 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 its neighbors, the YMCA enables youth, adults, families and communities to be healthy, confident, connected and secure.

Program activities:

A summary of the Association's significant program activities follows:

Youth Development – The YMCA is committed to nurturing the potential of every child and teen. The YMCA believes that all children deserve the opportunity to discover who they are and what they can achieve. That is why the YMCA helps young people cultivate the values, skills and relationships that lead to positive behaviors, better health and educational achievement. YMCA programs, such as school age child care, summer camp and preschool education, 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. The YMCA brings families closer together, encourages good health and fosters connections through fitness, sports, fun and shared interests. As a result, people in the community are receiving the support, guidance and resources they need to achieve greater health in spirit, mind and body. This is particularly important as the nation struggles with an obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment.

Social Responsibility – The YMCA believes in giving back and supporting its neighbors. The YMCA has been listening and responding to the community's most critical social needs. YMCA programs, such as the senior citizen center, volunteer service programs, and CPR & First Aid training, are examples of how the YMCA delivers training, resources and support that empower its neighbors to effect change, bridge gaps and overcome obstacles. The YMCA engages members, participants and volunteers in activities that strengthen the community and pave the way for future generations to thrive.

As part of the YMCA's mission, the programs are accessible, affordable and open to all faiths, backgrounds, abilities and income levels. The YMCA provides financial assistance to people who otherwise are not able to participate.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

YMCA of the USA:

The Association is a member of the National Council of Young Men's Christian Associations of the United States of America. The Association is an independent autonomous organization, recognized as a member of, but separate from the National Council. The Association must meet annual certification requirements to remain a member.

A summary of the Association's significant accounting policies follows:

Basis of accounting:

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation:

The Association records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, a board-designated endowment.
>
> Net assets with donor restrictions – Net assets subject to donor-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.

Operating activities:

Operating activities reflect all transactions increasing or decreasing net assets except those contributions received for long-term investment purposes or governmental assistance received in response to the Coronavirus Pandemic (Note 18), investment returns, changes in the fair value of the interest rate swaps, and gains/losses from sale of property and equipment.

Public support:

The Association receives public support in the form of contributions through its annual campaign, special events, the United Way and other fundraising efforts. Contributions are received from individuals, foundations and corporations to support specific programming activities, capital projects, general operations, and endowments.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Public support (continued):

All contributions are considered to be available for unrestricted use unless specifically restricted by a donor. Unconditional contributions not subject to a pledge agreement with the Association are recorded as revenue when received. The Association records unconditional promises to give as contribution revenues and pledges receivable, net of an estimate for uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional contributions containing a measurable performance or other barrier and right of return for contributions received are reported as deferred revenue. Conditional promises to give are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

The Association reports gifts of land, buildings and equipment at estimated fair value as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Association recorded contributed nonfinancial assets amounting to $2,071,447 for the year ended December 31, 2021, which includes three parcels of land in Buffalo, New York. The property contains no donor restrictions and will be used for the future site of the Association's North Buffalo branch. The Association recorded the contributed land at fair value, as provided by an independent appraiser, using the sales comparison approach.

Donor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions in the statement of activities and changes in net assets.

Revenue recognition and deferred revenue:

Membership and program service fees consist of revenues earned from providing health, fitness, education, childcare, summer camp and recreation programs to families and individuals. Certain programs are also available to the public. Membership and program service fees are specific to distinct performance obligations that are satisfied over time. Accordingly, revenue is recognized ratably on a straight-line basis in an amount that reflects the consideration the Association expects to be entitled to, net of financial assistance provided (Note 14), in exchange for providing services. Financial assistance represents reductions from gross membership and program service fees for individuals that demonstrate financial need. Financial assistance is estimated in the same period the revenue is recognized based on the amount an individual is most likely to receive in accordance with the terms of the financial assistance. Membership and program service fees are generally due in advance of the membership or program service period and are reported as deferred revenue until the membership or program service period occurs.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Revenue recognition and deferred revenue (continued):

Contracts with governmental agencies consist of revenues earned from providing education, recreation and child care programs primarily to school districts. Contracts with governmental agencies are recognized as revenue over time as the distinct performance obligations are satisfied, which is generally as related expenditures are incurred over the service period. Advances from governmental agencies are reported as deferred revenue until the performance obligations are satisfied.

Revenues may be affected by consumer recreation and fitness trends as well as general economic conditions. There is generally not an extension of credit and, therefore, no financing component to revenue transactions.

Donated services:

The Association receives services from a large number of volunteers who give significant amounts of their time to the programs of the Association. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure their value.

Cash, cash equivalents and cash designated for capital expenditure:

The Association reports all cash accounts, except amounts designated for capital expenditure, as cash and cash equivalents on the accompanying statement of financial position. The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to its cash balances.

The following table provides a reconciliation of cash and cash equivalents reported on the statement of financial position to the statement of cash flows:

	2022	2021
Cash and cash equivalents	**$ 1,126,285**	$ 2,623,808
Cash designated for capital expenditure	**3,216,226**	472,928
	$ 4,342,511	$ 3,096,736

Receivables:

Receivables include amounts for trade accounts, fundraising pledges, and investment income. Receivables are carried at their original amount less an estimate made for doubtful receivables based on a periodic review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectable. Recoveries of receivables previously written off are recorded when received. Receivables are considered to be past due if any portion of the balance is outstanding past its original due date. The Association does not accrue interest on unpaid receivables.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Investments:

The Association has investments in debt, marketable equity securities and money market funds. Investments are reported at fair value, with realized and unrealized holding gains and losses reported in the statement of activities and changes in net assets. Interest on debt securities and money market funds is recognized in income as earned, and dividends on marketable equity securities are recognized in income when declared. Realized gains and losses are determined on the basis of the specific securities sold.

Beneficial interest in trusts:

The Association recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits. The Association is an income beneficiary under the trusts, the corpus of which is not controlled by the Association. Although the Association has no control over the administration of the investment of the trusts' assets, the fair value of the Association's beneficial interest is recognized in the statement of financial position. The Association values the beneficial interest in trusts based upon the Association's interest in the underlying assets of the trusts reported at fair value by the trustees.

Leases:

On January 1, 2022, the Association adopted the Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases*, and all the related amendments (ASC 842) using the modified retrospective transition method for all lease arrangements in effect on that date.

The results for reporting periods beginning on January 1, 2022 are presented under ASC 842, while prior period amounts were not adjusted and continue to be reported in accordance with the Association's historical accounting under Accounting Standards Codification Topic 840, *Leases* (ASC 840).

The Association made an accounting policy election under ASC 842 not to recognize right-of-use (ROU) assets or lease liabilities for leases with a term of 12 months or less. The Association elected the "package of practical expedients" under the transition guidance within ASC 842, in which the Association does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Association has not elected to adopt the "hindsight" practical expedient and, therefore, measured the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The adoption of ASC 842 resulted in the recording of ROU assets and lease liabilities related to the Association's operating leases in the amount of $514,492. The adoption of ASC 842 did not have a significant impact on the Association's change in net assets and cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Leases (continued):

The Association determines if an arrangement is a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Association obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract.

ROU assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from lease arrangements. ROU assets and lease liabilities are recognized at the lease commencement date (or January 1, 2022, for existing leases upon the adoption of ASC 842) based on the present value of lease payments over the lease term. To determine the present value of lease payments, the Association uses the implicit discount rate when readily determinable, otherwise it applies an incremental borrowing rate comparable to the lease term. ROU assets and lease liabilities also consist of any prepaid lease payments and deferred rent liabilities. The lease terms used to calculate ROU assets and lease liabilities include options to extend the lease or purchase the underlying asset when it is reasonably certain that the Association will exercise those options.

Amortization of ROU assets pursuant to operating lease arrangements is recorded as rental expense over the lease term.

Property and equipment:

Property and equipment are stated at cost. The Association capitalizes items that are over $5,000 and provide future value. Depreciation is computed on the straight-line basis over the following estimated useful lives:

	Years
Buildings and improvements	5 - 40
Equipment	3 - 20

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

The carrying value of the Association's long-lived assets is periodically reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful, depreciable lives may need to be changed. The Association considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over its remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value if less than book value.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Interest rate swaps:

The interest rate swaps are recorded in the statement of financial position at their fair value. Changes in fair value are recorded in the statement of activities and changes in net assets.

Deferred financing costs:

Financing costs related to debt instruments are deferred and presented in the statement of financial position as a direct reduction from the carrying amount of the related debt. Amortization of deferred financing costs is presented as a component of interest expense.

Deferred naming rights revenue:

In 2011, the Association received a $2,000,000 conditional sponsorship for naming rights of the Independent Health Family Branch YMCA. Sponsorship revenue of $1,400,000 was contingent on the construction of the facility and $600,000 was contingent on the facility remaining open for ten years. The YMCA recognized $1,400,000 as revenue in 2013 when the building was placed in service. The balance of $600,000 remains in the accompanying statement of financial position as deferred naming rights revenue until the final condition is resolved, which is expected to occur in 2023.

Endowments:

The Association's endowments consist of donor-restricted and board-designated endowment funds. The donor-restricted endowment is established through donor-restricted contributions. The Board of Trustees of the Association has set aside funds through unrestricted donor contributions representing a portion of the Association's net assets without donor restrictions in a board-designated endowment.

The New York Prudent Management of Institutional Funds Act (NYPMIFA or the Act), New York's version of the Uniform Prudent Management of Institutional Funds Act, governs the management and investment of funds held by not-for-profit corporations and other institutions. The Association has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds which is prudent, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) 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. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Association in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Endowments (continued):

When making a determination to appropriate or accumulate donor-restricted endowment funds, the Association considers the following: the duration and preservation of the endowment fund; the purposes of the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Association; where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Association; and the investment policies of the Association.

From time-to-time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or relevant law requires the Association to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported in net assets with donor restrictions. The reporting of such deficiencies as a reduction of Association-controlled net assets with donor restrictions does not legally create an affirmative obligation of the Association to restore the fair value of those funds from net assets without donor restrictions.

The Association, under the direction of the Board of Trustees, has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Association while seeking to maintain the purchasing power of the endowment assets after considering the effects of inflation. Under these policies, endowment assets are invested in a manner that is intended to achieve returns, net of fees, in excess of a relevant balanced benchmark, as defined by the target asset allocation, while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

The Board of Trustees will review the fund's performance at least annually and will appropriate for distribution an amount it feels is appropriate. Annual endowment fund spending is expected to be no more than 5% of the average market value for the last twenty quarters, unless modified and approved by a majority of the Board of Trustees. All endowment expenditures will be made in accordance with any donor restrictions or board designations.

Note 1. Nature of the Association and Significant Accounting Policies (Continued)

Income taxes:

The Association has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as an organization described in Section 501(c)(3), except for income taxes pertaining to unrelated business income.

The Financial Accounting Standards Board (FASB) guidance requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Accordingly, no provision for uncertain income tax positions is reflected in these financial statements. Interest and penalties would be recognized as tax expense; however, there are no interest or penalties recognized. The tax years after 2018 are still open to audit for both federal and state purposes.

Functional allocation of expenses:

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting function of the Association. Those expenses include personnel, occupancy, finance costs and depreciation. Expenses are allocated to the program or supporting functions based on the revenue produced by each program or function.

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.

Summarized comparative financial information:

The statements of activities and changes in net assets and functional expenses include prior year summarized comparative financial information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Subsequent events:

Management has evaluated subsequent events through July 21, 2023, which is the date the financial statements were available to be issued.

Note 2. Liquidity Management

The Association regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on board-designated endowment investments not required for annual operations. The Association had financial assets consisting of cash, cash equivalents and certain receivables amounting to $4,606,473 and $3,161,886 at December 31, 2022 and 2021, respectively, to meet annual operating needs for the following fiscal year. The Association has additional sources of liquidity available, including a revolving credit facility (Note 8) and board-designated endowment investments (Note 12), which are subject to appropriation by the Board of Trustees. The Association's revenue bonds (Note 9) require the Association to maintain a minimum of $6,500,000 of cash and investments not subject to donor restrictions.

Note 3. Receivables

Receivables at December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Current maturities of capital campaign pledges (Note 4)	**$ 70,271**	$ 906,001
Trade accounts	**557,891**	403,565
Annual campaign pledges	**105,205**	134,513
Interest and dividends	**7,570**	5,053
	$ 740,937	$ 1,449,132

Receivables are presented net of an allowance for doubtful accounts of $53,736 and $55,497 at December 31, 2022 and 2021, respectively.

Note 4. Capital Campaign Pledges Receivable

The Association has sponsored a capital campaign to assist in financing the construction of a new facility in North Buffalo, New York. The status of this campaign at December 31, 2022 and 2021 is summarized as follows:

	2022	2021
Total pledges since inception	**$ 3,420,379**	$ 2,964,679
Less payments received to date	**3,131,808**	207,822
Gross pledges receivable	**288,571**	2,756,857
Less allowance for doubtful pledges receivable	**14,555**	138,368
Pledges receivable, net	**274,016**	2,618,489
Less present value of estimated future payments at 5.0%	**17,828**	88,647
Total present value of pledges receivable	**256,188**	2,529,842
Less current maturities of pledges receivable	**70,271**	906,001
Pledges receivable less current maturities	**$ 185,917**	$ 1,623,841

Note 4. Capital Campaign Pledges Receivable (Continued)

Gross pledges receivable at December 31, 2022 are due as follows:

Years ending December 31,		
2023	$	70,271
2024		102,333
2025		76,633
2026		36,334
2027		3,000
	$	288,571

A capital campaign pledge made in 2021 by one donor amounted to $2,500,000 and was fully collected in 2022.

Note 5. Investments

Investments at December 31, 2022, stated at fair value, consist of the following:

		Cost		**Net Unrealized Gain (Loss)**		**Fair Value**
Common stocks	**$**	**4,281,161**	**$**	**2,091,619**	**$**	**6,372,780**
Bonds		**400,249**		**110,534**		**510,783**
Mutual funds		**5,764,646**		**(434,837)**		**5,329,809**
Exchange traded funds		**697,095**		**(6,587)**		**690,508**
Money market funds		**1,127,358**		**-**		**1,127,358**
	$	**12,270,509**	**$**	**1,760,729**	**$**	**14,031,238**

Investments at December 31, 2021, stated at fair value, consist of the following:

		Cost		Net Unrealized Gain		Fair Value
Common stocks	$	4,095,057	$	3,677,705	$	7,772,762
Bonds		547,608		208,791		756,399
Mutual funds		5,287,033		523,605		5,810,638
Exchange traded funds		856,303		115,802		972,105
Money market funds		1,150,496		-		1,150,496
	$	11,936,497	$	4,525,903	$	16,462,400

Note 5. Investments (Continued)

A summary of net investment income (loss) for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Unrealized gain (loss)	**$ (2,765,174)**	$ 993,037
Realized gain on sale of securities	**19,143**	869,097
Interest and dividend income	**385,491**	323,140
Investment expenses	**(74,232)**	(72,537)
Total investment income (loss), net	**$ (2,434,772)**	$ 2,112,737

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the financial position of the Association.

Note 6. Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority level to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 – Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The asset'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.

Note 6. Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for the Association's assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021:

Common stocks: Valued at the daily closing price as reported on public exchanges.

Bonds: Valued at approximate fair value as determined by a service provider to the bond custodian using a pricing model.

Mutual funds: Mutual funds, except for money market mutual funds, are valued at the daily closing price as reported by the fund. Mutual funds owned by the Association are open-end funds that are registered with the Securities and Exchange Commission (SEC). These funds are required to publish their daily net asset value (NAV) and to transact at that price. The Association deems funds owned by them to be actively traded.

Exchange traded funds: Exchange traded funds (ETF) are traded at quoted prices throughout the day and valued at the end of the day at NAV as determined by the fund based upon the fair value of the underlying investments held by the fund less its liabilities. The ETFs are registered with the SEC and are deemed to be actively traded.

Money market funds: Money market funds generally transact at $1.00 NAV as reported by the fund and is based on the amortized cost of the underlying securities of the fund. The $1.00 NAV is considered to be the price to sell the money market fund and its estimated fair value. The Association's investments in money market funds have a daily redemption frequency. There are no required redemption notice periods and there are no unfunded commitments at December 31, 2022 and 2021.

Beneficial interest in trusts: Valued based upon the Association's interest in the fair value of the underlying trust assets as reported by the trustees. The underlying assets of the trusts are primarily invested in equity securities and mutual funds that are valued daily on public exchanges.

Interest rate swaps: Valued by the issuing financial institution using a proprietary market-based model.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association 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.

Note 6. Fair Value Measurements (Continued)

Financial instruments at December 31, 2022, stated at fair value, consist of the following:

	Level 1	Level 2	Level 3	Total
Investments:				
Common stocks:				
Consumer discretionary	$ 523,453	$ -	$ -	$ 523,453
Consumer staples	507,321	-	-	507,321
Energy	425,031	-	-	425,031
Energy (International)	219,038	-	-	219,038
Financials	450,813	-	-	450,813
Healthcare	839,613	-	-	839,613
Industrials	468,642	-	-	468,642
Information technology	1,189,742	-	-	1,189,742
Materials	362,960	-	-	362,960
Materials (International)	76,284	-	-	76,284
Transportation (International)	20,512	-	-	20,512
Real estate	904,570	-	-	904,570
Telecom services	271,397	-	-	271,397
Utilities	113,404	-	-	113,404
	6,372,780	-	-	6,372,780
Bonds:				
Corporate short-term	-	49,962	-	49,962
International	-	49,506	-	49,506
Structured notes	-	411,315	-	411,315
	-	510,783	-	510,783
Mutual funds:				
International large-cap	1,447,986	-	-	1,447,986
Domestic mid-cap	399,466	-	-	399,466
Domestic small-cap	280,463	-	-	280,463
Bond	1,904,052	-	-	1,904,052
Alternative	1,297,842	-	-	1,297,842
	5,329,809	-	-	5,329,809
Exchange traded funds:				
Domestic small-cap	176,800	-	-	176,800
Bonds	513,708	-	-	513,708
	690,508	-	-	690,508
Money market funds	-	1,127,358	-	1,127,358
	$ 12,393,097	$ 1,638,141	$ -	$ 14,031,238
Beneficial interest in trusts	$ -	$ -	$ 131,594	$ 131,594
Interest rate swaps	$ -	$ 242,673	$ -	$ 242,673

Note 6. Fair Value Measurements (Continued)

Financial instruments at December 31, 2021, stated at fair value, consist of the following:

	Level 1	Level 2	Level 3	Total
Investments:				
Common stocks:				
Consumer discretionary	$ 913,250	$ -	$ -	$ 913,250
Consumer staples	498,455	-	-	498,455
Energy	148,726	-	-	148,726
Energy (International)	210,728	-	-	210,728
Financials	720,864	-	-	720,864
Healthcare	1,011,856	-	-	1,011,856
Industrials	508,935	-	-	508,935
Information technology	1,890,481	-	-	1,890,481
Materials	325,812	-	-	325,812
Materials (International)	73,453	-	-	73,453
Real estate	879,805	-	-	879,805
Telecom services	463,898	-	-	463,898
Utilities	126,499	-	-	126,499
	7,772,762	-	-	7,772,762
Bonds:				
Corporate short-term	-	101,817	-	101,817
International	-	152,337	-	152,337
Structured notes	-	502,245	-	502,245
	-	756,399	-	756,399
Mutual funds:				
International large-cap	1,304,698	-	-	1,304,698
International small-cap	616,426	-	-	616,426
Domestic mid-cap	519,521	-	-	519,521
Domestic small-cap	287,086	-	-	287,086
Bond	1,690,644	-	-	1,690,644
Alternative	1,392,263	-	-	1,392,263
	5,810,638	-	-	5,810,638
Exchange traded funds:				
Domestic small-cap	213,550	-	-	213,550
Bonds	758,555	-	-	758,555
	972,105	-	-	972,105
Money market funds	-	1,150,496	-	1,150,496
	$ 14,555,505	$ 1,906,895	$ -	$ 16,462,400
Beneficial interest in trusts	$ -	$ -	$ 159,306	$ 159,306
Interest rate swaps	$ -	$ (455,811)	$ -	$ (455,811)

Note 6. Fair Value Measurements (Continued)

The following table sets forth a summary of changes in the fair value of Level 3 assets for the years ended December 31, 2022 and 2021:

	2022	2021
Balance, beginning of year	**$ 159,306**	$ 145,144
Change in fair value	**(21,880)**	19,961
Distributions received	**(5,832)**	(5,799)
Balance, end of year	**$ 131,594**	$ 159,306

Note 7. Property and Equipment

Property and equipment at December 31, 2022 and 2021 consist of the following:

	2022	2021
Land	**$ 7,347,396**	$ 7,347,396
Buildings and improvements	**56,442,628**	56,014,199
Equipment	**4,936,381**	4,862,236
Construction-in-progress	**135,200**	21,195
	68,861,605	68,245,026
Less accumulated depreciation	**30,376,688**	27,898,383
Total property and equipment, net	**$ 38,484,917**	$ 40,346,643

Note 8. Revolving Credit

The YMCA has a bank revolving credit facility with a maximum borrowing capacity of $1,000,000 at December 31, 2022. Borrowed amounts bear interest at the prime rate. There were no outstanding borrowings on this facility at either December 31, 2022 or 2021.

Note 9. Long-Term Debt

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

	2022	2021
Civic facility revenue bond with a bank due in monthly principal payments ranging from $75,000 to $87,000 plus interest through July 2033. Interest is variable and is equal to thirty-day LIBOR plus 2.15%, times 67% (4.17% at December 31, 2022). Effective July 1, 2023, as a result of a mandatory redemption feature, the bond was repurchased and reissued with the bank at the amount equaling the outstanding principal and interest. The reissued bond requires monthly repayment of principal in the same amount and term plus interest at the variable rate equal to adjusted term SOFR plus the applicable margin, times 79%. The applicable margin is determined quarterly based on the debt service coverage ratio with the margin ranging from 2.75% to 5% (5% at reissuance).	**$ 10,251,596**	$ 11,131,965
Less deferred financing costs	**203,868**	223,132
	10,047,728	10,908,833
Civic facility revenue bond with a bank due in monthly principal payments ranging from $35,000 to $50,000 plus interest through March 2039. The bond has a mandatory redemption feature where the owner of the bond can put it back to the YMCA in March of 2029. At that time the bonds are repriced with the bank or sold to a new owner. Variable interest is equal to thirty-day LIBOR plus 2.15% times 65% (4.08% at December 31, 2022). Effective July 1, 2023 the bond agreement with the bank was amended to revise the variable interest rate to be equal to adjusted term SOFR plus the applicable margin of 2.15%, times 65%.	**8,190,457**	8,605,244
Less deferred financing costs	**284,689**	302,299
	7,905,768	8,302,945
Loans payable under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP), forgiven in full during 2022 (Note 18).	**-**	4,986,002
Business loan agreement with a bank, paid in full during 2022.	**-**	175,000
	17,953,496	24,372,780
Less current maturities	**1,318,832**	2,120,392
	$ 16,634,664	$ 22,252,388

Note 9. Long-Term Debt (Continued)

The revenue bonds are secured by a mortgage on property in Amherst, West Seneca, and Lockport, New York along with property and equipment at three other branches. The revenue bonds are subject to certain covenants which, among other things, require the Association to maintain a certain amount of net assets, debt service coverage, and unrestricted cash and investments. At December 31, 2022, the Association was in compliance with these requirements or received a waiver. The reissued and amended bonds require certain of these financial covenants.

Aggregate maturities of long-term debt at December 31, 2022 are as follows:

Years ending December 31,	
2023	$ 1,318,832
2024	1,342,950
2025	1,367,519
2026	1,392,547
2027	1,418,043
Thereafter	11,602,162
Total	$ 18,442,053

The Association maintains interest rate swap agreements with a bank to eliminate the risk of changes in interest rates on the civic facility revenue bonds. The notional amount for one swap agreement equals the outstanding principal balance at December 31, 2022 and 2021 of $10,251,596 and $11,131,965, respectively, and effectively changes the Association's interest rate exposure for the original bond to a fixed rate of 3.00% through January 2023. The notional amount for the second swap agreement at December 31, 2022 and 2021 is $6,668,314 and $7,012,291, respectively, and effectively changes the Association's interest rate exposure to a fixed rate of 3.05% through December 2028.

The Association is exposed to credit loss in the event of non-performance by the counterparties to the interest rate swap agreements; however, the Association does not anticipate such non-performance. The valuation of the interest rate swap agreements resulted in an asset of $242,673 and a liability of $455,811 as of December 31, 2022 and 2021, respectively.

Interest expense amounted to $641,450 and $692,073 for the years ended December 31, 2022 and 2021, respectively. Interest expense is included in finance costs in the accompanying statement of functional expenses.

Note 10. Operating Lease

The Association leases an administrative building under a non-cancelable operating lease agreement requiring minimum payments through 2025.

The following table presents the maturities of the Association's operating lease liabilities as of December 31, 2022:

Years ending December 31,	
2023	$ 149,377
2024	149,377
2025	123,482
Total undiscounted cash flows	422,236
Less the amount representing interest at 3.25%	17,330
Total operating lease liability	$ 404,906

Single lease costs related to the operating lease amounted to $142,883 for the year ended December 31, 2022. Cash paid for amounts included in the measurement of the operating lease liability amounted to $124,481 for the year ended December 31, 2022. Rent expense under ASC 840, including rent under non-cancelable operating leases, and rent under month-to-month rental agreements, amounted to $496,124 for the year ended December 31, 2021. Single lease costs for 2022 and rent expense for 2021 are included in occupancy and equipment costs in the statement of functional expenses.

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2022 and 2021 are available for the following purposes or periods:

	2022	2021
Subject to the passage of time:		
Capital campaign receivables restricted for North Buffalo facility.	**$ 256,188**	$ 2,528,941
Capital campaign receivables restricted for Lockport facility.	**-**	900
Subject to expenditure for a specified purpose:		
Contributions received to fund specific program operations.	**-**	15,000
Contributions received to fund construction of the North Buffalo facility.	**435,256**	-
Restricted in perpetuity with income subject to appropriation or expenditure:		
Donor-restricted endowment (Note 12) - investments in perpetuity at the original gift amount plus accumulated gains or losses, the income from which is expendable, once approved, to support specific YMCA branch operations.	**1,335,441**	1,324,811
Beneficial interest in trusts, the income from which is expendable, once approved, to support general YMCA operations and programming in the City of Niagara Falls.	**131,594**	159,306
	$ 2,158,479	$ 4,028,958

During 2022, net assets of $1,958,497 were released from donor restrictions primarily through satisfaction of time restrictions.

Note 12. Endowment Funds

The Association's endowment consists of donor-restricted endowment funds and funds that have been designated by the Board of Trustees to function as an endowment.

Changes in endowment net assets and net asset composition as of and for the years ended December 31, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2020	$ 13,015,662	$ 1,331,635	$ 14,347,297
Investment return:			
Net gain (loss) on investments	1,868,958	(6,824)	1,862,134
Interest and dividends	323,140	-	323,140
Investment expenses	(72,537)	-	(72,537)
	2,119,561	(6,824)	2,112,737
Appropriation of endowment net assets for expenditure	(160,695)	-	(160,695)
Cash contributions	5,000	-	5,000
Donated securities	158,061	-	158,061
Endowment net assets, December 31, 2021	15,137,589	1,324,811	16,462,400
Investment return:			
Net loss on investments	**(2,677,196)**	**(68,835)**	**(2,746,031)**
Interest and dividends	**385,491**	**-**	**385,491**
Investment expenses	**(74,232)**	**-**	**(74,232)**
	(2,365,937)	**(68,835)**	**(2,434,772)**
Appropriation of endowment net assets for expenditure	**(86,723)**	**-**	**(86,723)**
Cash contributions	**-**	**79,465**	**79,465**
Donated securities	**10,868**	**-**	**10,868**
Endowment net assets, December 31, 2022	**$ 12,695,797**	**$ 1,335,441**	**$ 14,031,238**

Note 12. Endowment Funds (Continued)

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

	2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Restricted in perpetuity	**$ -**	**$ 1,416,516**	**$ 1,416,516**
Accumulated investment losses on amounts to be retained in perpetuity	**-**	**(81,075)**	**(81,075)**
Board designated endowment fund	**12,695,797**	**-**	**12,695,797**
	$ 12,695,797	**$ 1,335,441**	**$ 14,031,238**

The Board of Trustees has allocated $3,000,000 of the board designated endowment towards the future construction of the new facility in North Buffalo, New York.

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Restricted in perpetuity	$ -	$ 1,337,051	$ 1,337,051
Accumulated investment losses on amounts to be retained in perpetuity	-	(12,240)	(12,240)
Board designated endowment fund	15,137,589	-	15,137,589
	$ 15,137,589	$ 1,324,811	$ 16,462,400

The aggregate fair value and cost of underwater donor-restricted endowment fund investments at December 31, 2022 and 2021 is as follows:

	2022	2021
Fair value	**$ 549,737**	$ 233,100
Cost	**630,812**	245,340
	$ (81,075)	$ (12,240)

Note 13. Special Events

As part of its fundraising efforts, the Association holds periodic special events. Revenue from special events is recognized in the period in which the event is held and is presented net of direct expenses in the statement of activities and changes in net assets. Special event revenue and direct expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Revenue	$ 525,394	$ 516,108
Direct expenses	294,772	298,258
Special event revenue, net	$ 230,622	$ 217,850

Note 14. Financial Assistance Provided

Gross membership and program service fees along with financial assistance provided for the years ended December 31, 2022 and 2021 amounted to:

	2022	2021
Gross membership fees	$ 7,995,314	$ 5,589,445
Less financial assistance provided	501,804	191,601
Membership fees, net	$ 7,493,510	$ 5,397,844
Gross program service fees	$ 7,180,412	$ 5,903,811
Less financial assistance provided	632,520	634,990
Program service fees, net	$ 6,547,892	$ 5,268,821

Note 15. Retirement Plans

The Association participates in the YMCA Retirement Fund Retirement Plan (the Retirement Plan) which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the IRC, as amended, and The YMCA Retirement Fund Tax-Deferred Savings Plan (the Tax-Deferred Savings Plan) which is a retirement income account plan as defined in Section 403(b)(9) of the IRC. Both plans are sponsored by The Young Men's Christian Association Retirement Fund (the Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York. The Fund is organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

Note 15. Retirement Plans (Continued)

In accordance with an agreement between the Fund and the Association, contributions to the Retirement Plan are a percentage of the participating employees' salaries. These amounts are paid by the Association. Total cash contributions charged to retirement costs were $589,793 and $580,615 for the years ended December 31, 2022 and 2021, respectively.

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

Note 16. Related Parties

The Association pays dues to YMCA of the USA and Alliance of New York State YMCAs. Dues paid to YMCA of the USA for the years ended December 31, 2022 and 2021 were $162,529 and $185,109, respectively. Dues paid to Alliance of New York State YMCAs for the years ended December 31, 2022 and 2021 were $31,427 and $15,712, respectively.

Note 17. Contingencies

In the normal course of business, various legal actions and claims are asserted against the Association.

In 2020, a complaint was filed against the Association alleging abuse for a period of time during the 1990s by an alleged former employee of the Association. The plaintiff seeks punitive damages from the Association which have not been quantified. The Association is investigating the claim but denies liability. The case is in discovery with trial scheduled to commence with jury selection November 29, 2023. The Association has discovered it had insurance policies in effect from July 1, 1996 through 2000 with coverage for abuse. The insurance company is currently paying the Association's defense costs, and is working with the Association's attorneys to defend this claim. The Association has continued efforts to obtain coverage from two other insurers that provided insurance policies for the earlier part of the 1990s.

In 2020 a complaint was filed against the Association alleging abuse for periods of time during the 1950s by an alleged former employee of YMCA of Niagara Falls. The assets and operations of the YMCA of Niagara Falls were transferred to the Association during 2005 and the plaintiff asserts the Association was liable as successor to the YMCA of Niagara Falls as a matter of law. The case is in discovery with trial scheduled to commence with jury selection November 15, 2023.

In 2021 a complaint was filed against the Association alleging abuse for periods of time during the 1960s and 1970s by alleged former employees of the YMCA of Lockport. The assets and operations of the YMCA of Lockport were transferred to the Association during 2017. The complaint was dismissed by the trial court without prejudice, however, the plaintiff appealed the order to dismiss which will be argued during the Appellate Division, Forth Department's September term. Plaintiff also filed a motion to reconsider in the trial court, which is scheduled to be returned September 25, 2023.

Note 17. Contingencies (Continued)

At this time, management is unable to reasonably estimate the ultimate effect of an adverse decision resulting from these claims on the Association's financial position, results of operations or cash flows.

Note 18. Coronavirus Contingencies and Uncertainties

On March 13, 2020, the President of the United States of America declared a national state of emergency related to the health pandemic from the COVID-19 virus (the Coronavirus Pandemic). The Coronavirus Pandemic continued into 2021 and 2022. At the onset of the Coronavirus Pandemic, certain international travel bans, restrictions to non-essential businesses and other restrictions by local, federal and foreign governments were imposed. During 2020, the Association closed all branch locations and discontinued its general programming and other activities. During this period of closure, the Association continued to provide only certain limited childcare services that were deemed essential. Once allowed to reopen, the Association was allowed a phased resumption through June 2021 of its general programming and activities. Because of the closures and reduction of general activities and programming, some Association members canceled or temporarily suspended their memberships resulting in a decline in membership and program service fee revenue. The continuing impact of the response to the Coronavirus Pandemic to overall economic activity and the Association is uncertain.

In response to the Coronavirus Pandemic, the United States Congress passed several relief bills. One of these bills established the Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration. Under this program, the Association was awarded two loans totaling $4,986,002. The Association was notified in 2022 that the SBA approved its application for forgiveness of the entire PPP loan balance and recorded the forgiveness in non-operating activities in the statement of activities and changes in net assets for the year ended December 31, 2022. The forgiveness of the PPP loan may be subject to audit by the SBA through the year 2028.

The Employee Retention Credit (ERC) was also established in response to the economic adversity caused by the Coronavirus Pandemic to encourage businesses to keep employees on their payroll. Employers who meet certain eligibility requirements can apply for the ERC, which is a refundable payroll tax credit issued by the Internal Revenue Service. The Association has determined it is eligible for the ERC related to the first three calendar quarters of 2021 payroll and has filed amended payroll tax forms resulting in an amount receivable to the Association of $2,817,092. The Association has recorded the ERC in non-operating activities in the statement of activities and changes in net assets for the year ended December 31, 2022. The ERC may be subject to audit by the Internal Revenue Service through 2025, except for the third quarter of 2021 which is subject to audit through 2027.

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