YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BOSTON, INC.

(D.B.A. YMCA of Greater Boston)

Financial Statements

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Directors
Young Men's Christian Association of Greater Boston, Inc.:

Opinion

We have audited the financial statements of Young Men's Christian Association of Greater Boston, Inc.(the Association), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the 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 U.S. generally accepted accounting principles.

Basis for Opinion

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

Emphasis of Matter

As discussed in note 1(i) to the financial statements, in 2022, the Association adopted new accounting guidance ASU No. 2016-02, *Leases (Topic 842)*, as amended. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

KPMG LLP

Boston, Massachusetts
May 19, 2023

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BOSTON, INC.

(D.B.A. YMCA of Greater Boston)

Statements of Financial Position

December 31, 2022 and 2021

Assets	**2022**	**2021**
Cash and cash equivalents	$ 7,140,256	14,577,155
Accounts receivable, net (note 3)	5,929,824	4,074,576
Contributions receivable, net (note 4)	52,900	52,900
Investments (notes 6 and 7):		
Other investments	11,265,177	5,709,909
Endowment	24,506,925	29,331,165
Beneficial interest in perpetual trusts (note 7)	815,751	1,040,090
Right-of-use lease asset, net (note 11)	5,975,849	—
Property, plant, and equipment, net (note 8)	109,257,761	108,731,375
Other assets	543,513	636,786
Total assets	$ 165,487,956	164,153,956
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 6,553,773	6,111,055
Deferred revenue	1,904,514	1,890,363
Lease liabilities (note 11)	6,084,370	—
Interest rate swap obligation (note 10)	800,404	2,077,377
Paycheck protection program loan (note 10)	—	8,765,400
Mortgages and interest payable (note 10)	6,899,332	6,496,595
Bonds payable (note 10)	40,356,848	41,794,224
Total liabilities	62,599,241	67,135,014
Net assets:		
Without donor restrictions	83,802,176	76,078,040
With donor restrictions	19,086,539	20,940,902
Total net assets	102,888,715	97,018,942
Commitments and contingencies (note 11)		
Total liabilities and net assets	$ 165,487,956	164,153,956

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BOSTON, INC.

(D.B.A. YMCA of Greater Boston)

Statement of Activities

Year ended December 31, 2022

		Without donor restrictions	With donor restrictions	Total 2022
Support:				
Sustaining contributions	$	2,794,049	—	2,794,049
In-kind contributions (note 13)		4,024,939	—	4,024,939
United Way		52,900	52,900	105,800
Other contributions and special events		3,564,371	1,843,236	5,407,607
Total support		10,436,259	1,896,136	12,332,395
Revenue:				
Program fees, including camping		23,513,752	—	23,513,752
Residence fees and facility rentals		1,038,668	—	1,038,668
Membership dues and joining fees		18,382,363	—	18,382,363
Contract and grant revenues		26,579,781	—	26,579,781
Other revenues		1,562,845	—	1,562,845
Investment income used in operations, net (notes 6 and 7)		736,310	—	736,310
Net assets released from restriction (note 9)		1,604,603	(1,604,603)	—
Total revenue		73,418,322	(1,604,603)	71,813,719
Total support and revenue		83,854,581	291,533	84,146,114
Expenses:				
Salaries, wages, and other employment costs		46,914,210	—	46,914,210
Contract and professional services		3,442,431	—	3,442,431
Supplies, telephone, and postage		9,765,789	—	9,765,789
Occupancy, transportation, and related costs		14,905,108	—	14,905,108
Depreciation and amortization		4,125,457	—	4,125,457
Other costs and expenses		4,512,676	—	4,512,676
Total expenses		83,665,671	—	83,665,671
Operating gain		188,910	291,533	480,443
Other revenues (expenses) and changes:				
Contributions for long-term investment		—	339,233	339,233
Capital contributions		—	284,329	284,329
Change in fair value of beneficial interest in perpetual trusts		—	(224,339)	(224,339)
Reinvested return on investments (notes 6 and 7)		(2,441,912)	(2,545,119)	(4,987,031)
Gain on PPP loan forgiveness		8,765,400	—	8,765,400
Change in fair value on interest rate swap agreement (note 10)		1,276,973	—	1,276,973
Other		(65,235)	—	(65,235)
Total other revenues (expenses)		7,535,226	(2,145,896)	5,389,330
Total change in net assets		7,724,136	(1,854,363)	5,869,773
Net assets, beginning of year		76,078,040	20,940,902	97,018,942
Net assets, end of year	$	83,802,176	19,086,539	102,888,715

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BOSTON, INC.

(D.B.A. YMCA of Greater Boston)

Statement of Activities

Year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total 2021
Support:			
Sustaining contributions	$ 2,861,218	—	2,861,218
United Way	433,405	52,900	486,305
Other contributions and special events	3,656,326	2,653,346	6,309,672
Total support	6,950,949	2,706,246	9,657,195
Revenue:			
Program fees, including camping	16,873,487	—	16,873,487
Residence fees and facility rentals	1,359,045	—	1,359,045
Membership dues and joining fees	13,461,808	—	13,461,808
Contract and grant revenues	29,444,761	—	29,444,761
Other revenues	827,141	—	827,141
Investment income used in operations, net (notes 6 and 7)	605,753	—	605,753
Net assets released from restriction (note 9)	2,079,735	(2,079,735)	—
Total revenue	64,651,730	(2,079,735)	62,571,995
Total support and revenue	71,602,679	626,511	72,229,190
Expenses:			
Salaries, wages, and other employment costs	36,920,088	—	36,920,088
Contract and professional services	2,538,788	—	2,538,788
Supplies, telephone, and postage	16,755,604	—	16,755,604
Occupancy, transportation, and related costs	13,379,638	—	13,379,638
Depreciation and amortization	4,459,511	—	4,459,511
Other costs and expenses	3,471,464	—	3,471,464
Total expenses	77,525,093	—	77,525,093
Operating loss	(5,922,414)	626,511	(5,295,903)
Other revenues (expenses) and changes:			
Contributions for long-term investment	—	5,665	5,665
Change in fair value of beneficial interest in perpetual trusts	—	74,161	74,161
Net assets released from restriction – capital (note 9)	3,600	(3,600)	—
Reinvested return on investments (notes 6 and 7)	721,940	1,628,758	2,350,698
Change in fair value on interest rate swap agreement (note 10)	631,950	—	631,950
Other	—	(93,080)	(93,080)
Total other revenues (expenses)	1,357,490	1,611,904	2,969,394
Total change in net assets	(4,564,924)	2,238,415	(2,326,509)
Net assets, beginning of year	80,642,964	18,702,487	99,345,451
Net assets, end of year	$ 76,078,040	20,940,902	97,018,942

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BOSTON, INC.

(D.B.A. YMCA of Greater Boston)

Statements of Functional Expenses

Years ended December 31, 2022 and 2021

2022

	Program costs			Total	Support services		Total	
	Healthy living	Youth development	Social responsibility	Total program costs	General administration	Fundraising	Total support services	Total
Salaries, wages, and other employment costs	$ 18,078,975	19,644,353	4,039,127	41,762,455	3,251,784	1,899,971	5,151,755	46,914,210
Contract and professional services	309,063	1,851,791	871,734	3,032,588	404,402	5,441	409,843	3,442,431
Supplies, telephone, and postage	1,087,290	1,832,307	6,749,677	9,669,274	76,081	20,434	96,515	9,765,789
Occupancy, transportation, and related costs	11,337,956	1,615,778	1,465,468	14,419,202	447,153	38,753	485,906	14,905,108
Depreciation and amortization	3,665,941	67,955	245,035	3,978,931	146,526	—	146,526	4,125,457
Other costs and expenses	2,125,896	856,245	244,263	3,226,404	750,418	535,854	1,286,272	4,512,676
Total	$ 36,605,121	25,868,429	13,615,304	76,088,854	5,076,364	2,500,453	7,576,817	83,665,671

2021

	Program costs			Total	Support services		Total	
	Healthy living	Youth development	Social responsibility	Total program costs	General administration	Fundraising	Total support services	Total
Salaries, wages, and other employment costs	$ 13,481,250	15,916,413	3,217,472	32,615,135	2,644,286	1,660,667	4,304,953	36,920,088
Contract and professional services	189,829	1,371,252	529,898	2,090,979	431,667	16,142	447,809	2,538,788
Supplies, telephone, and postage	664,236	1,350,614	14,670,367	16,685,217	50,285	20,102	70,387	16,755,604
Occupancy, transportation, and related costs	10,254,835	1,388,605	1,300,022	12,943,462	401,389	34,787	436,176	13,379,638
Depreciation and amortization	3,931,531	87,570	259,285	4,278,386	181,125	—	181,125	4,459,511
Other costs and expenses	1,670,623	585,309	215,756	2,471,688	629,706	370,070	999,776	3,471,464
Total	$ 30,192,304	20,699,763	20,192,800	71,084,867	4,338,458	2,101,768	6,440,226	77,525,093

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BOSTON, INC.

(D.B.A. YMCA of Greater Boston)

Statements of Cash Flows

Years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 5,869,773	(2,326,509)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities (gains)/losses:		
Realized and unrealized gains/(losses) on investments	4,763,499	(2,278,879)
Depreciation and amortization	4,125,457	4,459,511
ROU asset amortization	275,708	—
Change in fair value on interest rate swap agreement	(1,276,973)	(631,950)
Contributions restricted for long-term investment	(339,233)	(5,665)
Changes in assets and liabilities:		
Accounts and contributions receivable	(1,855,248)	1,901,527
Beneficial interest in perpetual trusts	224,339	(74,161)
Other assets	93,273	(221,418)
Accounts payable and accrued expenses	172,820	(3,632,743)
Deferred revenue	14,151	483,637
Lease liability	(167,187)	—
Net cash provided by (used in) operating activities	11,900,379	(2,326,650)
Cash flows from investing activities:		
Purchases of investments	(28,335,112)	(30,048,485)
Proceeds from sale of investments	22,840,585	34,239,629
Acquisition of property, plant, and equipment	(3,907,079)	(2,158,141)
Net cash (used in) provided by investing activities	(9,401,606)	2,033,003
Cash flows from financing activities:		
Contributions restricted for long-term investment	339,233	5,665
Payments on/proceeds from note payable	—	(1,000,000)
Forgiveness of debt/proceeds from paycheck protection program loan	(8,765,400)	8,765,400
Principal repayments of long-term debt	(1,509,505)	(1,550,603)
Net cash (used in) provided by financing activities	(9,935,672)	6,220,462
Net (decrease) increase in cash and cash equivalents	(7,436,899)	5,926,815
Cash and cash equivalents, beginning of year	14,577,155	8,650,340
Cash and cash equivalents, end of year	$ 7,140,256	14,577,155
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,565,003	1,683,108
Change in construction payable	671,874	(133,141)

See accompanying notes to financial statements.

(1) Organization

Young Men's Christian Association of Greater Boston, Inc. (D.B.A. YMCA of Greater Boston), a not-for-profit corporation was established in 1851 in the United States. The YMCA is dedicated to improving the health of mind, body, and spirit of individuals and families in our communities. We welcome men and women, boys and girls of all incomes, faiths and cultures.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting for not-for-profit entities. As such, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of fees for service and related expenses associated with the core activities of the Association. In addition to these exchange transactions, changes in this category of net assets include investment returns on board designated endowment funds, change in valuations of interest rate swaps, and certain types of philanthropic support.

Such philanthropic support includes gifts without restrictions, including those designated by the Board of Trustees (the Board) to function as endowment funds and restricted gifts and grants whose donor-imposed restrictions were met during the fiscal year, as well as previously restricted gifts and grants for buildings and equipment that have been placed in service.

The Association conducts its many programs at sixteen branches and three resident camps and, in addition, conducts several programs throughout Greater Boston. Costs classified as program costs are the total costs incurred at each location and the costs of area programs. Support costs are the costs of general administration and fundraising function for the Association as a whole and are not allocated to programs.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met by the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and grants for buildings and equipment not yet placed in service, endowment, contribution receivables, and investment returns on endowment funds, and endowments where the principal may be expended upon the passage of a stated period of time. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained by the Association in perpetuity, including gifts and pledges wherein the donor stipulates that only the income be made available for general or specific purposes. Other items in this net asset category include beneficial interest in perpetual trusts for which the ultimate purpose for the proceeds is to be held in perpetuity.

Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year, if any, are discounted at the appropriate rate commensurate with the risks involved.

	2022			2021		
Detail of net assets	**Without donor restrictions**	**With donor restrictions**	**Total**	**Without donor restrictions**	**With donor restrictions**	**Total**
Operating	$ 72,969,769	—	72,969,769	63,019,507	—	63,019,507
Capital projects	—	75,500	75,500	—	75,500	75,500
Program related	—	4,414,970	4,414,970	—	3,499,780	3,499,780
United way	52,900	52,900	105,800	—	52,900	52,900
Endowment funds	10,779,507	13,727,418	24,506,925	13,058,533	16,272,632	29,331,165
Beneficial interest trusts	—	815,751	815,751	—	1,040,090	1,040,090
Total	$ 83,802,176	19,086,539	102,888,715	76,078,040	20,940,902	97,018,942

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment which amount to $10,779,507, and $13,058,533 as of December 31, 2022 and 2021, respectively.

(b) Cash and Cash Equivalents

The Association considers all highly liquid investments with original maturities of three months or less to be cash equivalents, except any such investments that are part of the Association's endowment, which are reported as long-term investments.

(c) Beneficial Interest in Perpetual Trusts

Beneficial interest in perpetual trusts are reported at the estimated fair value of the Association's share of the underlying assets and are classified in Level 3 of the fair value hierarchy.

(d) Contributed Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. These amounts have been reported as both in-kind contribution revenue and in-kind expense on the statements of activities. The Association recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Association receives services from a large number of volunteers who give significant amounts of their time to the Association's programs and fund-raising campaigns, but which do not meet the criteria for financial statement recognition.

(e) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, or at market value on the date of receipt for donated property. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows: 40 to 50 years for buildings, 14 to 15 years for building improvements, and 3 to 10 years for equipment, including software. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

(f) Income Taxes

The Association is a nonprofit organization described under Internal Revenue Code (IRC) Section 501(c)(3) and is generally exempt from income taxes under the provisions of IRC Section 501(a). The Association believes it has taken no significant uncertain tax positions.

(g) Fair Value Measurements

Investments, beneficial interest in perpetual trusts and interest rate swaps are reported at fair value in the Association's financial statements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Generally Accepted Accounting Principles (GAAP) establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

- Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;
- Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data;
- Level 3 – unobservable inputs that are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Some of the Association's investments are held through limited partnerships for which fair value is estimated using NAVs reported by fund managers as a practical expedient.

(h) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

(i) Recently Adopted Accounting Pronouncements

Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by

Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 is intended to increase the transparency of contributed nonfinancial assets (in-kind goods and services) for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this ASU will not change the recognition and measurement requirements of in-kind goods and services and it does not apply to businesses enterprises.

In 2022, the Association adoption ASU 2020-07. The adoption of this ASU did not impact the Association's net asset classes, results of operations, or cash flows for the year ended December 31, 2022. Further details are included in Note 13 to these financial statements.

Leases

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* The update requires a lessee to recognize, on the statement of financial position, a liability to make lease payments and a right-of-use (ROU) lease assets representing a right to use the underlying asset for the lease term. Additionally, this guidance expanded related disclosure requirements. On January 1, 2022, the Association adopted the new standard and elected the optional transition method, as allowed by ASU 2018-11, *Lease (Topic 842): Targeted Improvements*, to apply the new standard as of the effective date.

The Association elected to apply the following practical expedients and policy elections at adoption:

Practical expedient package	The Association has not reassessed whether any expired or existing contracts are, or contain, leases.
	The Association has not reassessed the lease classification for any expired or existing leases.
	The Association has not reassessed the original treatment of the initial direct costs for any expired or existing leases.
Hindsight practical expedient	The Association has not elected the hindsight practical expedient, which permits the use of hindsight when determining lease term and impairment of operating lease assets.
Separation of lease and non-lease components	The Association has elected to establish an accounting policy to account for lease and non-lease components as a single component for our real estate class of assets.
Short-term policy	The Association has elected to establish a short-term lease exception policy, permitting the Association to not apply the recognition requirements of the new standard to short-term leases (i.e., lease with terms of twelve months or less)

Adoption of this ASU 2016-02, in 2022, resulted in the recognition of right-of-use lease assets of $7,046,692 and lease liabilities for operating leases of $7,322,390 as of January 1, 2022. Further details are included in Note 11 to these financial statements.

(3) Accounts Receivable

Accounts receivable, net consist of the following on December 31:

		2022	2021
Corporate and grant receivables:			
Government contracts	$	99,375	728,375
Other corporate and grant receivables		2,924,635	1,819,801
		3,024,010	2,548,176
Branch receivables		3,140,156	1,838,358
		6,164,166	4,386,534
Less allowance for doubtful receivables		(234,342)	(311,958)
Accounts receivable, net	$	5,929,824	4,074,576

(4) Contributions Receivable

Contributions receivable, net is summarized as follows at December 31:

		2022	2021
Unconditional promises expected to be collected in:			
Less than one year	$	121,400	122,900
Two to five years		50,000	50,000
		171,400	172,900
Less allowance for uncollectable accounts and present value adjustment		(118,500)	(120,000)
Contributions receivable, net	$	52,900	52,900

Contributions receivable are discounted at rates ranging from 0.72% to 2.69%.

(5) Financial Assets and Liquidity Resources

The following table reflects the Association's financial assets as of December 31, 2022 and 2021 reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other considerations of illiquid assets are perpetual endowments and accumulated earnings net of appropriations within one year or beneficial interests in perpetual trusts.

		2022	2021
Financial assets, at end of year	$	49,710,833	54,785,795
Less those unavailable for general expenditure within one year, due to:			
COVID 19 deferrals related to unemployment taxes and FICA Tax deferral		—	(515,464)
Contractual or donor-imposed restrictions:			
Restricted by donor with time or purpose restrictions		(75,500)	(75,500)
Perpetual endowments, and accumulated earnings subject to appropriation beyond one year		(14,134,919)	(14,147,771)
Investments held in beneficial interest in perpetual trusts		(815,751)	(1,040,090)
Board designated:			
Quasi-endowment fund, primarily for long-term investing subject to appropriation beyond one year		(10,451,447)	(12,930,817)
Financial assets available to meet cash needs for general expenditure within one year	$	24,233,216	26,076,153

As of December 31, 2022 and 2021, the Association has liquid assets on hand to cover 106 and 123 days, respectively, of operating expenses. The Association's practice is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(6) Investments

(a) Overall Investment Objective

The overall investment objective of the Association is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value above the impact of inflation. The Association diversifies its investments among various asset classes. Major investment policy decisions are authorized by the Investment Committee, which oversees the Association's investment program in accordance with established guidelines. In July 2022, the Association issued an investment policy, approved by the Investment Committee, for assets that represent reserve operating cash and will be invested in short-term government and corporate securities.

(b) Allocation of Investment Strategies

In addition to traditional stocks and fixed-income securities, the Association may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments, and are valued accordingly. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Moreover, the fair values of the Association's interests in shares or units of these funds, because of liquidity and commitment terms that vary depending on the specific fund or agreement, may differ from the fair value of the funds' underlying net assets.

(c) Basis of Reporting

Investments are reported at estimated fair value. If an investment is held directly by the Association and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in mutual funds registered with the Securities and Exchange Commission are based on share prices reported by the funds as of the last business day of the fiscal year. The Association's interests in alternative investment funds are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the Association's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of December 31, 2022 and 2021, the Association had no plans or intentions to sell investments at amounts different from NAV.

The following tables summarize the Association's Investments by major category in the fair value hierarchy as of December 31, 2022 and 2021, as well as related strategy, liquidity and funding commitments.

	Investments measured at NAV	Level 1	Level 2	Total 2022	% of Total
Cash equivalents	$ —	1,539,521	—	1,539,521	5 %
Fixed income	—	7,831,915	3,994,708	11,826,623	33
Equities	—	19,326,713	—	19,326,713	54
Commodities	—	436,436	—	436,436	1
	—	29,134,585	3,994,708	33,129,293	93
Hedge strategies:					
Long/short	670,023	1,972,786	—	2,642,809	7
Total investments	$ 670,023	31,107,371	3,994,708	35,772,102	100 %

	Investments measured at NAV	Level 1	Level 2	Total 2021	% of Total
Cash equivalents	$ —	1,917,241	—	1,917,241	5 %
Fixed income	—	646,732	9,371,067	10,017,799	29
Equities	—	20,565,787	—	20,565,787	59
Commodities	—	431,055	—	431,055	1
	—	23,560,815	9,371,067	32,931,882	94
Hedge strategies:					
Long/short	681,658	1,427,534	—	2,109,192	6
Total investments	$ 681,658	24,988,349	9,371,067	35,041,074	100 %

U.S. Treasuries and registered mutual funds are classified in Level 1 of the fair value hierarchy because their fair values are based on quoted prices for identical securities. The Association's fixed income investments include directly held corporate bonds, which although readily marketable, are valued using matrix pricing and are classified as Level 2.

(d) Liquidity

Investment liquidity as of December 31, 2022 and 2021 is aggregated in the tables below based on redemption or sale period.

	2022	2021
Daily:		
Cash equivalents	$ 1,539,521	1,917,241
Fixed Income	11,826,623	10,017,799
Equities	19,326,713	20,565,787
Commodities	436,436	431,055
Long/short	1,972,786	1,427,534
Total daily	35,102,079	34,359,416
Semi-annually:		
Long/short	670,023	681,658
Total semi-annually	670,023	681,658
	$ 35,772,102	35,041,074

Total return on investments consisted of the following for the years ended December 31:

		2022	2021
Investment return:			
Interest and dividends	$	635,408	801,683
Net realized (losses) gains		(218,224)	626,764
Net unrealized (losses) gains		(4,545,275)	1,652,115
External investment fees		(122,630)	(124,111)
Net return on investments	$	(4,250,721)	2,956,451

(7) Endowment

The Association's endowment consists of various individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board to function as endowment. Net assets associated with endowment funds, including funds designated by the Board to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Relevant Law

The Association is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Commonwealth of Massachusetts.

Under UPMIFA, the historic-dollar-value threshold is eliminated, and the governing Board has direction to determine appropriate expenditures of a donor-restricted endowment fund in accordance with a robust set of guidelines about what constitutes prudent spending. UPMIFA permits the Association to appropriate for expenditure or accumulate so much of an endowment fund as the Association determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established. Seven criteria are to be used to guide the Association in its yearly expenditure decisions: 1) duration and preservation of the endowment fund; 2) the purposes of the Association and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the Association; and, 7) the investment policy of the Association.

Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below historic dollar value. There is an expectation that, over time, the original gift amount will remain intact. This perspective is aligned with the accounting standards definition that endowment funds are those that must be held in perpetuity even though the historic-dollar-value may be expended on a temporary basis.

The Association has relied upon the Massachusetts Attorney General's interpretation of relevant state law that unappropriated endowment gains should generally be classified as donor-imposed restrictions.

The Association classifies as with donor restriction endowment funds (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns in accordance with the direction of the applicable donor gift instrument or appropriated for spending by the Board.

(b) Investment Policy

Securities and monetary assets accepted or acquired by the endowment fund of the Association are deemed to be permanent funds. These funds shall be invested for the long-term with the basic operating assumptions and guidelines reflecting that perspective. The goal of the Association's investment program outlined in Note 6 is to generate maximum total return from its endowment assets, consistent with acceptable risk levels and the Association need for a predictable level of spendable endowment revenue.

(c) Spending Policy

The Association's investment and spending guidelines limit the amount of total endowment return available for current use. For the years ended December 31, 2022 and 2021, this limit equaled 4% of the previous 12 quarters' fair value of the Association's endowment investments.

Changes in fair value of the Association endowment investments and net assets by type of fund were as follows for the years ended December 31, 2022 and 2021:

	Without donor restrictions	With donor restrictions: Original gift	With donor restrictions: Accumulated gains (losses)	With donor restrictions: Total	Total funds
Year ended December 31, 2022:					
Board designated funds	$ 10,779,507	1,000,000	(1,063)	998,937	11,778,444
Donor-restricted funds:					
Underwater funds	—	299,203	(15,914)	283,289	283,289
Other funds, including beneficial interest in perpetual trusts	—	5,147,291	8,113,652	13,260,943	13,260,943
Total endowment funds	$ 10,779,507	6,446,494	8,096,675	14,543,169	25,322,676

	Without donor restrictions	With donor restrictions: Original gift	With donor restrictions: Accumulated gains (losses)	With donor restrictions: Total	Total funds
Year ended December 31, 2021:					
Board designated funds	$ 13,058,533	1,000,000	224,410	1,224,410	14,282,943
Donor-restricted funds:					
Underwater funds	—	10,000	(1,918)	8,082	8,082
Other funds, including beneficial interest in perpetual trusts	—	5,207,821	10,872,409	16,080,230	16,080,230
Total endowment funds	$ 13,058,533	6,217,821	11,094,901	17,312,722	30,371,255

	2022: Without donor restrictions	2022: With donor restrictions	2022: Total
Endowment net assets, beginning of year	$ 13,058,533	17,312,722	30,371,255
Investment return:			
Investment income	245,447	324,339	569,786
External investment fees	(116,613)	—	(116,613)
Net depreciation – realized and unrealized	(2,079,800)	(2,800,536)	(4,880,336)
Total investment return	(1,950,966)	(2,476,197)	(4,427,163)
Contributions	—	339,233	339,233
Beneficial interest in perpetual trusts	—	(224,339)	(224,339)
Appropriation of endowment assets for expenditure	(328,060)	(408,250)	(736,310)
Endowment net assets, end of year	$ 10,779,507	14,543,169	25,322,676

		2021		
		Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$	3,985,814	15,602,714	19,588,528
Investment return:				
Investment income		259,743	427,542	687,285
External investment fees		(111,951)	—	(111,951)
Net appreciation – realized and unrealized		736,854	1,680,677	2,417,531
Total investment return		884,646	2,108,219	2,992,865
Contributions		—	5,665	5,665
Board transfer of designated funds		8,315,789	—	8,315,789
Beneficial interest in perpetual trusts		—	74,161	74,161
Appropriation of endowment assets for expenditure		(127,716)	(478,037)	(605,753)
Endowment net assets, end of year	$	13,058,533	17,312,722	30,371,255

(8) Property, Plant, and Equipment

Property, plant, and equipment is comprised of the following at December 31:

		2022	2021
Land, buildings, and improvements	$	180,916,636	179,052,123
Furnishings and equipment		23,735,530	22,720,367
Construction in progress		2,358,434	659,157
		207,010,600	202,431,647
Less accumulated depreciation		(97,752,839)	(93,700,272)
	$	109,257,761	108,731,375

Depreciation expense was $4,052,567 and $4,382,330 for the years ended December 31, 2022 and 2021, respectively.

(9) Net Assets Released from Restriction

Net assets with donor restrictions are released by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donor. During the years ended December 31, net assets released from restriction were as follows:

		2022	2021
Time and use restricted	$	1,604,603	2,083,335
	$	1,604,603	2,083,335

(10) Bonds, Note, Mortgages and Interest Payable

Long-term debt consists of the following at December 31:

		2022	2021
Bonds:			
Massachusetts Development Finance Agency (MDFA): Variable Rate Demand Revenue Bonds Series 2004A, due through 2032.	$	18,382,155	19,604,507
Massachusetts Development Finance Agency (MDFA): Variable Rate Demand Revenue Bonds Series 2007, due through 2032.		3,711,070	3,711,070
Massachusetts Development Finance Agency (MDFA): Variable Rate Demand Revenue Bonds Series 2012, due through 2032.		10,505,000	10,535,000
Massachusetts Development Finance Agency (MDFA): Variable Rate Demand Revenue Bonds Series 2015, due through 2032.		8,371,688	8,628,841
Total bonds payable		40,969,913	42,479,418
Less bond issue costs		(613,065)	(685,194)
Total bonds payable, net	$	40,356,848	41,794,224

(Continued)

	2022		2021	
	Principal	Accrued interest	Principal	Accrued interest
Mortgages and Interest Payable:				
Public Facilities Department of City of Boston:				
Community Development Block Grant Promissory note, maturity date, December 31, 2025.	$ 750,000	3,638,916	750,000	3,351,791
HOME Program Promissory note, maturity date, December 31, 2025	300,000	1,455,568	300,000	1,340,717
Housing Innovations Fund II Note:				
Community Economic Development Assistance Corporation Promissory note, maturity date, December 31, 2025	500,000	257,129	500,000	257,129
	1,550,000	5,351,613	1,550,000	$ 4,949,637
Total mortgages and accrued interest payable	6,901,613		6,499,637	
Less mortgage issuance costs	(2,281)		(3,042)	
Total mortgages and accrued interest payable, net	$ 6,899,332		6,496,595	

(a) Bonds Payable

The Association previously issued four series of Variable Rate Demand Bonds through MDFA each supported by a related credit facility. The proceeds from these bonds were used for renovations at various Association branches.

In April 2012, the Association issued $10,800,000 MDFA Series 2012 Bonds, and reissued the outstanding balances of the MDFA Series 2004A Bonds ($24,830,000) and Series 2007 Bonds ($8,005,000) as variable rate private bank notes to a single counterparty.

In April 2015, the Association issued $10,000,000 MDFA Series 2015 Bonds as fixed rate private bank notes to the same counterparty.

In September 2017, the Association and the counterparty restructured the terms of all outstanding private bank notes to convert the variable rate notes (2004, 2007 and 2012) to a fixed rate of 3.3% for 15 years through September 2032 and to convert the fixed rate note (2015) to a variable rate note based on 1-month LIBOR for 15 years through September 2032. The credit facility supporting the variable rate note is hedged and set to expire in September 2032. As of December 31, 2022, the variable rate for the outstanding note was 5.429%. Additionally, while the future principal payments of the notes have been restructured to provide a more level amortization, the original maturity dates have not changed. Subsequent to year end, the Association has agreed to amend the existing Series 2015 Bonds to replace the LIBOR index with Term SOFR, adjust the tax-exempt factor and make certain other conforming changes. In connection with this change the underlying swap agreement will also be amended to insert the SOFR index. These changes are scheduled to be completed in April 2023

As a condition of the bond agreements with Citizens Bank (the lender), the Association is required to maintain certain operating and financial covenants. In December 2020, the Debt Service Coverage Ratio ("DSCR") covenant was modified to an EBIDA test for reporting periods beginning December 31, 2020 and continuing for the quarterly reporting periods through June 30, 2021. The DSCR covenant was reinstated for September 30, 2021 and December 31, 2021.

In June 2022, the lender agreed again to modify its DSCR covenant to an EBIDA test for all the quarterly reporting periods through December 31, 2022. In addition to the waiver and modification of the DSCR covenant, the lender consented to the sale of the Constitution Inn discussed in Note 13. The liquidity and leverage ratio requirements remained unchanged for 2021 and 2022.

For the period ended December 31, 2022, the Association was in compliance with its operating and financial covenants.

As collateral for the Series 2004A, 2007 and 2012 and 2015 Bonds, certain YMCA facilities are included in a collateral pool including Burbank, North Suburban, Dorchester, East Boston, Wang, Roxbury, Waltham, Charlestown and West Roxbury.

(b) Note Payable

In December 2020, the Association entered into a committed revolving working capital line of credit that allowed it to borrow up to $5 million based upon the Association providing the bank a combination of pledged unrestricted investment securities and a second mortgage on its Charlestown real estate. The note carried a floating interest rate of LIBOR plus 2.75% with a LIBOR floor of 0.75% and the working capital line of credit was subject to the operating and financial covenants outlined above for the Bonds Payable. On December 31, 2021, all advances were repaid and the note matured and was not renewed by the Association.

(c) Interest Rate Swaps

In connection with its variable rate bonds, the Association has entered into interest rate swaps to help hedge against interest rate exposure by reducing the uncertainty of future cash flows.

Under the terms of the current swap, the Association will receive a variable payment from the counterparty based on 1-month LIBOR and pay the counterparty a fixed rate of 5.429% through September 2032. The fixed rate reflects the negative mark to market value of the Association's prior fixed rate swap. The fair value of the swap agreement at December 31, 2022 and 2021 was $800,404 and $2,077,377, respectively.

Because the inputs used to value the agreements can generally be corroborated by market data, the Association's interest rate swap at December 31, 2022 and 2021 is classified in Level 2 of the fair value hierarchy.

Scheduled principal repayments on long-term debt are as follows:

Year ending December 31:		
2023	$	1,535,650
2024		1,594,063
2025		1,654,844
2026		1,718,096
2027		1,783,929
Thereafter		32,070,266
	$	40,356,848

(d) Paycheck Protection Program Loan

In March 2021, in conjunction with the signing into law of the American Rescue Plan Act, the Association applied for a first draw under the Paycheck Protection Program ("PPP"). The Association received acceptance and approval of its application from the Small Business Administration ("SBA") for $8.8 million and closed on the loan in April 2021. The loan was scheduled to mature in five years and bears interest at 1% per annum.

In March 2022, the Association filed its application for the forgiveness of its loan obligations under the PPP loan. Pursuant to the terms of the loan, the full amount was used to cover payroll costs and other specified non-payroll costs during the Covered Period (April 30, 2021 through October 31, 2021). The Association complied with the required terms and received the approval of the full loan forgiveness from SBA on April 8, 2022.

(11) Operating Leases

Operating lease liabilities are recognized at the lease commencement date based on the present value of the fixed lease payments using the Association's risk-free discount rate, according to the Association's elected policy. Related operating right-of-use lease (ROU) assets are recognized based on the initial present value of the fixed lease payments, reduced by contributions from landlords, plus any prepaid rent and direct costs from executing the leases. ROU assets are tested for impairment in the same manner as long-lived assets. Certain of the Association's real estate leases have terms that extend for a significant number of years and provide for rental rates that increase or decrease over time. Lease terms include the noncancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options, and purchase options. Lease agreements with lease and non-lease components are combined as a single lease component for all classes of underlying assets.

Leases with an initial term of twelve months or less are not recorded on the statement of financial position. The Association recognizes lease expense for these leases on a straight-line basis over the lease term. Variable lease payments are recognized as lease expense as they are incurred.

The Association leases vehicles, office and fitness equipment, and office space including a ground lease under noncancelable operating leases that expire through 2056.

As of December, 31, 2022, operating lease right-of-use lease assets were $5,975,849 and operating lease liabilities were $6,084,370. Total operating lease costs included in occupancy, transportation, and related costs during 2022 and 2021 were $2,036,964 and $3,295,004, respectively.

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

Weighted-average remaining lease term:	
Operating leases	15.23 Years
Weighted-average discount rate:	
Operating leases	2.69 %

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

2023	$	902,084
2024		769,511
2025		678,023
2026		668,520
2027		346,604
Thereafter		2,803,555
Total future undiscounted lease payments		6,168,297
Less – present value discount/interest		83,927
Present value of lease liabilities	$	6,084,370

As reflected in the 2021 financial statements, the future minimum lease payments under ASC Topic 840, *Leases,* for noncancelable operating leases (with initial or remaining lease terms of one year) as of December 31, 2021 were:

2022	$	2,162,584
2023		1,098,085
2024		456,254
2025		392,791
2026		338,967
Thereafter		2,532,993
	$	6,981,674

(12) Retirement Funds

The Association participates in a defined contribution, individual account, money purchase retirement plan, which is administered by the YMCA Retirement Fund (Retirement Fund) (a separate corporation). The Retirement Fund is operated as a church pension plan and is a nonprofit, tax-exempt New York state corporation. Participation is available to all duly organized or reorganized YMCAs in the United States and satisfies the qualification requirements of Section 401(a) of the Code. The plan is for the benefit of substantially all full-time professional and support staff of the Association. In accordance with the agreement with the Retirement Fund, the Association contributes a percentage of each participating employee's salary after employees satisfy eligibility requirements and remits such amounts to the Retirement Fund monthly. Total Association contributions charged to retirement costs were $1,713,450 and $1,030,337 for the years ended December 31, 2022 and 2021, respectively.

The Retirement Fund also sponsors The YMCA Retirement Fund Tax-Deferred Savings Plan (Savings Plan) which is a church retirement income plan as defined by Section 403(b)(9) of the Code.

As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations and reported no fund deficits as of June 30, 2022. There were fund deficits reported of $197,935 as of June 30, 2021.

(13) Contributed Nonfinancial Assets

The Association received the following contributions of nonfinancial assets for the year ending December 31, 2022:

		2022
Food	$	2,699,900
Data processing software and licenses		788,880
Space		184,485
Legal fees		153,319
Campaign promotion, supplies, food and awards		72,600
Program supplies		60,755
Adveristing		51,000
Other contributions in kind		14,000
	$	4,024,939

Food contributions to the Association are immediately distributed to families in the network. Food contributions are valued at the Greater Boston Food Bank assigned $1.03 per pound. Pounds are tracked based on information provided by the Greater Boston Food Bank.

Information Services and licensing were received as contributions and value is provided by the donor based on current market rates.

Contributed warehouse space is received to organize and distribute food and its value is provided by the donor based on current market rates.

The Association received legal services at no cost. The Association received advertising at no cost. Campaign promotion and supplies, food and awards are event related and most contributions are auction or raffle items. Each gift was valued at current market rates.

All contributed nonfinancial assets were utilized by the Association's programs and supporting services. There were no donor-imposed restrictions associated with these contributions.

(14) Constitution Inn

In February 2022, the YMCA signed an Option Agreement for the sale of the Constitution Inn ("Inn) with a non-profit group ("Buyer") focused on developing affordable and mixed income housing in Boston. The Inn currently serves as the location of the YMCA's Charlestown branch and provided lodging accommodations until lodging operation were closed in October 2020. The Option Agreement which provides for the Buyer's due diligence and evaluation has been amended and now extends through June 2023 based on mutual agreement of the parties. If the Buyer moves forward, they will exercise their option to purchase the Inn and the transaction would move under a Purchase and Sale Agreement (PSA). The PSA would be subject to the Buyer receiving all required regulatory and financing approvals for the project and they would be afforded one year to receive those approvals, subject to extension. The YMCA has received consent of its lender to proceed with the sale subject to an agreed upon paydown of bond debt in connection with the sale.

Simultaneous with the closing of the sale, the YMCA has agreed to leaseback approximately 20,000 square feet of space at the current location for the continuation of health and wellness services for the Charlestown community.

(15) Subsequent Events

The Association considers events or transactions that occur after the statement of financial position date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on May 19, 2023 and subsequent events have been evaluated through that date.