The Granite YMCA

Financial Statements

For the Year Ended May 31, 2023 With Comparative Information for the Year Ended May 31, 2022 With Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Granite YMCA

Opinion

We have audited the financial statements of The Granite YMCA (the YMCA), which comprise the statement of financial position as of May 31, 2023, the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 YMCA as of May 31, 2023, and the results of its operations, changes in its net assets, its functional expenses, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the YMCA 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.

Emphasis of Matters

As discussed in Note 2 to the financial statements, the YMCA adopted the provisions of Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, effective June 1, 2022. Our opinion is not modified with respect to this matter.

As discussed in Note 3 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the YMCA, as of and for the year ended May 31, 2022, before they were restated for the matter discussed in Note 3 to the financial statements, were audited by other auditors, whose report, dated October 20, 2022, expressed an unmodified opinion on those financial statements.

The Board of Trustees
The Granite YMCA

As part of our audit of the 2023 financial statements, we also audited the adjustments described in Note 3 that were applied to restate the 2022 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the YMCA other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

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 YMCA'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.

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 YMCA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the YMCA's ability to continue as a going concern for a reasonable period of time.

The Board of Trustees
The Granite YMCA

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.

Baker Newman & Noyes LLC

Manchester, New Hampshire
October 17, 2023

THE GRANITE YMCA

STATEMENTS OF FINANCIAL POSITION

May 31, 2023 and 2022

ASSETS

	2023	2022 As Restated (Note 3)
Current assets:		
Cash and cash equivalents	$ 3,841,945	$ 7,781,472
Restricted cash	49,653	45,902
Accounts receivable	442,466	394,944
Pledges receivable, net	111,388	100,793
Prepaid expenses	215,330	237,874
Total current assets	4,660,782	8,560,985
Property, plant and equipment	21,975,923	20,092,296
Other assets:		
Investments	16,958,253	14,732,557
Pledges receivable, less current portion	83,098	259,912
Cash surrender value of life insurance policy	23,658	22,170
Beneficial interest in trusts	2,691,644	2,322,308
Operating lease right-of-use assets	1,037,830	–
Total other assets	20,794,483	17,336,947
Total assets	$47,431,188	$45,990,228

LIABILITIES AND NET ASSETS

	2023	2022 As Restated (Note 3)
Current liabilities:		
Current portion of long-term debt	$ 463,912	$ 437,488
Current portion of operating lease liabilities	231,417	–
Accounts payable	940,696	423,232
Accrued expenses	549,536	417,529
Deferred revenue	3,869,225	3,365,720
Grant obligation	566,030	608,130
Total current liabilities	6,620,816	5,252,099
Long-term debt, net of current portion	3,517,781	4,029,410
Operating lease liabilities, net of current portion	817,952	–
Interest rate swap agreement	–	92,192
Total liabilities	10,956,549	9,373,701
Net assets:		
Without donor restrictions:		
Undesignated	21,957,311	21,903,217
Board-designated	3,077,803	2,039,727
Total net assets without donor restrictions	25,035,114	23,942,944
With donor restrictions:		
Restricted by purpose or time	5,014,850	6,240,809
Restricted in perpetuity	6,424,675	6,432,774
Total net assets with donor restrictions	11,439,525	12,673,583
Total net assets	36,474,639	36,616,527
Total liabilities and net assets	$47,431,188	$45,990,228

See accompanying notes.

THE GRANITE YMCA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended May 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Public support:			
Annual campaign income	$ 524,977	$ 26,457	$ 551,434
Government subsidies	1,733,431	843,775	2,577,206
Grant income	359,367	84,000	443,367
In-kind contributions	60,281	–	60,281
United Way allocation	92,498	25,500	117,998
Net assets released from restrictions – operating activities	2,742,649	(2,742,649)	–
Total public support	5,513,203	(1,762,917)	3,750,286
Revenue:			
Program and camp fees	15,273,777	63,621	15,337,398
Membership dues	5,037,964	–	5,037,964
Less financial assistance	(1,508,908)	–	(1,508,908)
Net program, camp fees and membership dues	18,802,833	63,621	18,866,454
Merchandise sales	155,595	26,499	182,094
Rental income	214,214	–	214,214
Investment income, endowment appropriation	–	303,091	303,091
Total revenue	19,172,642	393,211	19,565,853
Total public support and revenue	24,685,845	(1,369,706)	23,316,139
Expenses:			
Program services:			
Youth development	16,874,090	–	16,874,090
Healthy living	3,979,896	–	3,979,896
Social responsibility	1,094,956	–	1,094,956
Total program services	21,948,942	–	21,948,942
Supporting services:			
Fundraising	443,935	–	443,935
Management	1,256,551	14,425	1,270,976
Total supporting services	1,700,486	14,425	1,714,911
Total expenses	23,649,428	14,425	23,663,853
Income (loss) from operations	1,036,417	(1,384,131)	(347,714)

THE GRANITE YMCA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

For the Year Ended May 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Nonoperating activities:			
Contributions for capital assets	$ –	$ 99,848	$ 99,848
Contributions for endowment	–	23,136	23,136
Investment loss, net of endowment appropriation	(39,522)	(342,247)	(381,769)
Change in beneficial interest in trust	–	369,336	369,336
Change in fair value of interest rate swap agreement	60,192	–	60,192
Other	35,083	–	35,083
Total nonoperating activities	55,753	150,073	205,826
Change in net assets	1,092,170	(1,234,058)	(141,888)
Net assets beginning of year, as restated (Note 3)	23,942,944	12,673,583	36,616,527
Net assets end of year	$25,035,114	$11,439,525	$36,474,639

See accompanying notes.

THE GRANITE YMCA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended May 31, 2022
As Restated
(Note 3)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Public support:			
Annual campaign income	$ 710,532	$ –	$ 710,532
Government subsidies	2,181,243	2,412,085	4,593,328
Grant income	450,454	104,641	555,095
In-kind contributions	148,099	–	148,099
United Way allocation	239,902	–	239,902
Net assets released from restrictions – operating activities	1,734,156	(1,734,156)	–
Total public support	5,464,386	782,570	6,246,956
Revenue:			
Program and camp fees	12,719,754	–	12,719,754
Membership dues	4,275,756	–	4,275,756
Less financial assistance	(1,336,227)	–	(1,336,227)
Net program, camp fees and membership dues	15,659,283	–	15,659,283
Merchandise sales	151,393	–	151,393
Rental income	206,547	–	206,547
Investment income, endowment appropriation	–	382,432	382,432
Total revenue	16,017,223	382,432	16,399,655
Total public support and revenue	21,481,609	1,165,002	22,646,611
Expenses:			
Program services:			
Youth development	14,440,955	–	14,440,955
Healthy living	3,951,219	–	3,951,219
Social responsibility	952,226	–	952,226
Total program services	19,344,400	–	19,344,400
Supporting services:			
Fundraising	431,628	–	431,628
Management	1,141,916	–	1,141,916
Total supporting services	1,573,544	–	1,573,544
Total expenses	20,917,944	–	20,917,944
Income from operations	563,665	1,165,002	1,728,667

THE GRANITE YMCA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

For the Year Ended May 31, 2022
As Restated
(Note 3)

	Without Donor Restrictions	With Donor Restrictions	Total
Nonoperating activities:			
Net assets released from restrictions - capital expenditures	$ 204,692	$ (204,692)	$ –
Contributions for capital assets	–	404,644	404,644
Government grants for capital assets	–	150,039	150,039
Contributions for endowment	–	92,569	92,569
Investment loss, net of endowment appropriation	(286,902)	(951,269)	(1,238,171)
Change in beneficial interest in trust	9,805	(68,753)	(58,948)
Change in fair value of interest rate swap agreement	106,747	–	106,747
Other	(10,735)	–	(10,735)
Total nonoperating activities	23,607	(577,462)	(553,855)
Change in net assets before acquisition	587,272	587,540	1,174,812
Contribution of net assets from acquisition	5,987,467	1,050,569	7,038,036
Change in net assets	6,574,739	1,638,109	8,212,848
Net assets beginning of year	17,368,205	11,035,474	28,403,679
Net assets end of year	$23,942,944	$12,673,583	$36,616,527

See accompanying notes.

THE GRANITE YMCA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended May 31, 2023
(With Comparative Totals for the Year Ended May 31, 2022)

	2023								
	Youth Development	Healthy Living	Social Respon-sibility	Total Program Services	Manage-ment	Fund-raising	Total Support Services	Total	2022 Total
Expenses:									
Salaries	$ 9,404,267	$2,090,139	$ 540,562	$12,034,968	$ 589,819	$ 278,195	$ 868,014	$12,902,982	$11,564,141
Benefits	1,012,596	233,495	81,213	1,327,304	78,317	34,551	112,868	1,440,172	1,300,228
Payroll taxes	858,154	188,191	47,919	1,094,264	47,776	23,015	70,791	1,165,055	1,031,249
Total salaries and related expenses	11,275,017	2,511,825	669,694	14,456,536	715,912	335,761	1,051,673	15,508,209	13,895,618
Legal and audit	32,948	10,897	2,886	46,731	20,349	1,329	21,678	68,409	90,729
Contract services	592,544	86,568	17,563	696,675	117,904	18,125	136,029	832,704	486,223
Information technology	124,792	47,799	13,353	185,944	94,137	6,147	100,284	286,228	247,500
Supplies	851,177	82,231	222,247	1,155,655	38,167	28,966	67,133	1,222,788	1,039,774
Telephone and postage	119,847	25,534	2,012	147,393	6,332	4,042	10,374	157,767	165,966
Occupancy	1,862,826	651,817	91,788	2,606,431	196,543	18,658	215,201	2,821,632	2,320,305
Interest	118,720	41,993	56	160,769	393	26	419	161,188	177,938
Insurance	175,813	43,905	14,172	233,890	5,169	338	5,507	239,397	238,640
Promotion and printing	181,844	53,177	341	235,362	2,404	6,945	9,349	244,711	302,484
Transportation	108,323	303	1,589	110,215	–	392	392	110,607	100,100
Conferences and training	131,553	35,624	6,583	173,760	29,587	5,892	35,479	209,239	173,275
Fair share dues	190,903	14,124	9,360	214,387	328	823	1,151	215,538	232,927
Dues	21,945	4,895	935	27,775	6,595	456	7,051	34,826	21,859
Fundraising expense	194	1,204	–	1,398	–	16,035	16,035	17,433	9,674
Merchandise for resale	76,656	6,652	–	83,308	–	–	–	83,308	77,555
Provision for bad debt	26,982	6,403	8,801	42,186	6,144	–	6,144	48,330	–
Total expenses before depreciation and amortization	15,892,084	3,624,951	1,061,380	20,578,415	1,239,964	443,935	1,683,899	22,262,314	19,580,567
Depreciation and amortization	982,006	354,945	33,576	1,370,527	31,012	–	31,012	1,401,539	1,337,377
Total expenses	$16,874,090	$3,979,896	$1,094,956	$21,948,942	$1,270,976	$ 443,935	$1,714,911	$23,663,853	$20,917,944

See accompanying notes.

THE GRANITE YMCA

STATEMENTS OF CASH FLOWS

Years Ended May 31, 2023 and 2022

	2023	2022 As Restated (Note 3)
Cash flows from operating activities:		
Change in net assets	$ (141,888)	$ 8,212,848
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Noncash lease expense	11,539	–
Depreciation and amortization	1,390,734	1,337,377
Net realized and unrealized loss on investments	493,421	1,077,503
Change in fair value of interest rate swap agreement	(92,192)	(106,747)
Change in fair value of beneficial interest in trusts	(369,336)	(455,696)
Contributions restricted for endowment and capital assets	(122,984)	(497,213)
Grants restricted for capital assets	–	(150,039)
Amortization of debt issuance costs	10,805	–
Contribution of net assets from acquisition	–	(7,038,036)
Forgiveness of grant obligations	(42,100)	(42,100)
Forgiveness of Paycheck Protection Program loan	–	(2,145,600)
Change in operating assets and liabilities:		
Accounts receivable	(47,522)	1,642,540
Prepaid expenses and other assets	22,544	(83,269)
Pledges receivable	166,219	(60,454)
Accounts payable and accrued expenses	400,865	69,396
Deferred revenue	503,505	566,033
Net cash provided by operating activities	2,183,610	2,326,543
Cash flows from investing activities:		
Purchases of investments	(8,237,608)	(3,871,729)
Proceeds from sale of investments	5,518,491	3,483,609
Purchases of property and equipment	(3,025,755)	(766,598)
Purchases of cash surrender value of life insurance policy	–	(22,170)
Change in surrender value of life insurance policy	(1,488)	–
Net cash used by investing activities	(5,746,360)	(1,176,888)
Cash flows from financing activities:		
Restricted contributions for endowment and capital assets	122,984	497,213
Cash grants restricted for capital assets	–	150,039
Proceeds from grant obligations	–	650,230
Proceeds from issuance of long-term debt	–	712,691
Payments on long-term debt	(496,010)	(474,688)
Net cash (used) provided by financing activities	(373,026)	1,535,485
Net change in cash, cash equivalents and restricted cash	(3,935,776)	2,685,140
Cash, cash equivalents and restricted cash, beginning of year	7,827,374	5,142,234
Cash, cash equivalents and restricted cash, end of year	$ 3,891,598	$ 7,827,374

THE GRANITE YMCA

STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended May 31, 2023 and 2022

	2023	2022 As Restated (Note 3)
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 161,188	$ 177,937
Noncash investing and financing activities:		
Fair value of donated assets	$ –	$ 98,946
Debt assumed upon acquisition	$ –	$ 2,051,947
Assets assumed upon acquisition	$ –	$ 9,089,983
Property and equipment purchases financed by accounts payable	$ 248,606	$ –
Right-of-use assets and operating lease liabilities recorded upon adoption of ASC 842	$ 510,978	$ –
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 750,075	$ –

See accompanying notes.

1. Nature of Organization

Organization

The Granite YMCA (the YMCA) creates a community where all are welcome, and builds a healthy spirit, mind and body based on the values of caring, honesty, respect and responsibility. This includes advancing their cause of strengthening community through youth development, healthy living and social responsibility. The YMCA is a powerful association of men, women and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families and communities to be healthy, confident, connected and secure.

Branches of The Granite YMCA include the YMCA of Downtown Manchester, Concord Family YMCA, YMCA Allard Center in Goffstown, YMCA of Strafford County in Rochester, YMCA of Greater Londonderry, YMCA of the Seacoast in Portsmouth and YMCA Camping Services, which include Camp Foss and Camp Mi-Te-Na.

On June 1, 2021, the YMCA acquired the Concord Family YMCA in Concord, New Hampshire. Upon the acquisition, the YMCA assumed all assets and liabilities of the Concord Family YMCA, as further discussed in Note 3.

Program Activities

- *Youth Development*: The YMCA is committed to nurturing the potential of every child and teen. The YMCA believes that all kids 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. The YMCA programs, such as resident camps Mi-Te-Na and Foss and their wide variety of day camps, offer a range of experiences that enrich cognitive, social, physical and emotional growth. Examples of youth development programs include: child care, resident camps, traditional and specialty day camp programs, gymnastics, swimming, teen center and other youth programming.

- *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 its 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. Examples of healthy living programs include: group wellness classes for youth and adults, programs for cancer survivors, diabetes prevention, youth obesity programs, health screening, yoga and other recreational activities and social groups.

1. Description of Organization (Continued)

- *Social Responsibility*: The YMCA believes in giving back and supporting its neighbors. The YMCA has been listening and responding to its community's most critical social needs. Programs such as the Support, Training and Adventure for Youth program (STAY), START, STRIVE and Power Scholars programs are designated to serve youth that may be "at risk" for a variety of reasons. The STAY program works with middle school age youth within the school and provides support, tutoring and adventure for youth. The START program is located within two Manchester inner city school districts and provides a place for school age children to go after school, at reduced rates, to participate in structured academic activities and for daily, nutritious snacks. STRIVE serves those middle school/high school students that have been suspended or expelled from school; they come to the YMCA during the time they are not allowed in school. Here they receive tutoring and life skills education. The Power Scholars Academy is a six-week summer learning loss prevention program provided to Manchester middle school students who are seeking enrichment and academic support to improve their school performance. These are examples of how the YMCA delivers training, resources and support that empower its communities to affect change, bridge gaps and overcome obstacles. The YMCA engages YMCA members, participants and volunteers in activities that strengthen its community and pave the way for future generations to thrive.

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

Supporting services consist of the following:

- Fundraising - includes costs associated with the annual Reach Out for Youth and Families fundraising campaigns, capital campaign, grant writing and special events which provide funding for YMCA financial assistance for memberships, summer camp, child care and a host of other enriching activities.

- Management - provides necessary support services such as institutional leadership, budget and accounting control, personnel administration, facility planning, establishment of institutional policies, board liaison, information technology coordination, public information services and membership services.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the YMCA have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP).

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Cash and Cash Equivalents

The YMCA considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash allocated to the investment portfolio as part of the YMCA's investment strategy is reported as investments. The YMCA maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The YMCA has not experienced any losses in such accounts and believes it is not exposed to any significant risk on these accounts.

Cash, cash equivalents and restricted cash reported in the statements of cash flows consisted of the following at May 31:

	2023	2022
Cash and cash equivalents	$3,841,945	$7,781,472
Restricted cash	49,653	45,902
	$3,891,598	$7,827,374

Restricted cash represents amounts held for the repayment of long-term debt.

Accounts Receivable

Accounts receivable are reported at the amounts management expects to collect on outstanding balances at the end of the year due for services and programs. Accounts receivables are generally collected within 30 days. Management determines collectability by regularly evaluating individual receivables. Receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as revenue when received. The YMCA does not accrue interest on unpaid accounts receivable. The allowance for uncollectible accounts receivable was not significant at May 31, 2023 or 2022. Accounts receivable as of May 31, 2023, 2022 and 2021 were $442,466, $394,944 and $2,037,484, respectively.

2. Summary of Significant Accounting Policies (Continued)

Contributions and Pledges

The YMCA records unconditional promises to give (pledges) as receivables and contributions within the appropriate net asset category based on the existence or absence of donor-imposed restrictions. A conditional promise to give is a contribution with a measurable performance or other barrier and a right to return. The YMCA recognizes conditional promises to give when the measurable performance or barrier imposed by the donor are substantially met or explicitly waived by the donor. Pledges receivable are recognized as revenue when the unconditional promise to give is made and are recorded at the net present value of estimated future cash flows. The YMCA estimates the allowance for uncollectible pledges based on specific review, current economic conditions and historical loss factors, as applicable.

Investments

Investments are reported at fair value in the accompanying statements of financial position. Realized gains and losses on investments are computed on a specific identification basis. The changes in net unrealized and realized gains and losses on investments are recorded in nonoperating activities in the accompanying statements of activities and changes in net assets. Donated securities are stated at fair value determined at the date of donation. See Note 6 for fair value measurement disclosures for investments.

Property, Plant and Equipment

Investment in property, plant and equipment is stated at cost, less accumulated depreciation, or at fair value if donated. Fixed assets obtained by the YMCA as a result of acquisitions are recorded at estimated fair value as of the date of the acquisition in accordance with generally accepted accounting principles guidance for acquisitions by a not-for-profit entity. Major additions and improvements in excess of $5,000 are capitalized, while ordinary maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. The cost and accumulated depreciation of assets sold or retired are removed from the accounts, and any gains or losses are reflected in the statements of activities and changes in net assets.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment in fiscal years 2023 or 2022.

Deferred Revenue

Membership dues and program and camp fees that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which they apply. For the fiscal years ended May 31, 2023, 2022 and 2021 deferred revenue was $3,869,225, $3,365,720 and $2,799,687, respectively.

2. Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Trusts

The YMCA is the beneficiary of certain trusts held and administered by others as further discussed in Note 8. The interest in the trusts is recorded at fair value and such amount is included in net assets with donor restrictions, with any resulting gains or losses reported as donor restricted investment income/loss.

Net Assets

In accordance with GAAP, the YMCA is required to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate net assets for an operating reserve and board-designated endowment from net assets without donor restrictions. See Note 15.

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 those resources be maintained in perpetuity.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as either net assets released from restrictions for operations (for noncapital-related items) or net assets released from restrictions for capital-related items.

Debt Issuance Costs

Costs associated with the issuance of debt are initially capitalized and amortized to interest expense over the respective life of the related obligation. The unamortized portion of debt issuance costs is presented as a component of debt.

Derivative Financial Instruments

Derivative financial instruments are recognized as either assets or liabilities at their fair value on the statements of financial position, with the changes in the fair value reported in nonoperating activities in the statements of activities and changes in net assets. As discussed in Note 12, the YMCA terminated its interest rate swap agreement during fiscal year 2023.

2. Summary of Significant Accounting Policies (Continued)

Operating Activities

Operating activities reflect all transactions increasing or decreasing net assets except those items associated with long-term investment, such as contributions for endowment and facilities and equipment, investment returns in excess of amounts designated for current operations, changes in the fair value of the interest rate swap agreement, and contributions of net assets resulting from acquisitions.

Revenue Recognition

The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions, including membership and program and camp fees, residence program and related services, and government contract revenues. The YMCA recognizes revenue from exchange transactions when the earnings process is complete and goods have been delivered or services performed.

Because the YMCA's performance obligations relate to contracts with a duration less than one year, the YMCA has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14(a), *Revenue from Contracts with Customers,* and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

Membership Dues and Program and Camp Fees

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

Membership dues and program and camp fees are recognized ratably over the period the membership or program and camp service is provided on a straight-line basis in an amount that reflects the consideration the YMCA expects to be entitled to in exchange for those services. All the YMCA's revenue from contracts with customers are from performance obligations satisfied over time and the YMCA typically satisfies its performance obligations equally throughout the membership and/or program and camp period. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Membership joining fees are ratably recognized over a one-year period from the membership start date.

2. Summary of Significant Accounting Policies (Continued)

Membership dues and program and camp fees paid to the YMCA in advance represent contract liabilities and are recorded as other deferred revenue. Amounts billed but unpaid are contract assets and recorded as account receivables.

Contributed Materials and Services

Contributions of donated materials and services are recorded at their fair value in the period received. For the years ended May 31, 2023 and 2022, the YMCA received donated materials of $5,981 and $98,946, respectively, relating to equipment, supplies, furniture and fixtures.

The YMCA recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets, (b) require specialized skills, (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. For the years ended May 31, 2023 and 2022, the YMCA received contributed services of $54,300 and $49,153, respectively.

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

Functional Allocation of Expenses

Expenses are charged directly to program, management or fundraising in general categories based on specific identification. Indirect expenses have been allocated based on full-time equivalent expenses and facility square footage usage.

Advertising Costs

The YMCA expenses advertising costs as incurred. For the years ended May 31, 2023 and 2022, advertising costs were approximately $223,000 and $290,000, respectively.

Employee Fringe Benefits

The YMCA provides and accrues for paid time off for vacation, holiday and sick leave under an earned time system for employees. The YMCA provides for a maximum payout of days to the employee upon termination based on length of service. The YMCA accrues a liability for such paid leave as it is earned, which is recorded within accrued expenses in the accompanying statements of financial position.

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The YMCA 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 of 1986 (IRC), as an organization described in Section 501(c)(3). The YMCA believes that it has appropriate support for the income tax positions taken and to be taken, and that its accruals for tax liabilities are adequate for all open tax years based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. Management has evaluated the YMCA's tax positions and concluded the YMCA has maintained its tax-exempt status, does not have any significant unrelated business income, has taken no significant uncertain tax positions that require disclosure in the accompanying financial statements and has no material liability for unrecognized tax benefits.

Leases

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. The standard, including subsequently issued amendments, collectively referred to as Accounting Standards Codification (ASC) 842, *Leases*, established the principles that lessees and lessors will apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. ASC 842 did not have a significant impact on lessor accounting. The YMCA adopted this standard using the modified retrospective transition approach as applied to leases existing as of or entered into after the adoption date (June 1, 2022) in fiscal year 2023. See Note 19 for a discussion of the YMCA's adoption of this standard and its impact on the financial statements and related disclosures.

At inception of a contract, the YMCA determines if a contract meets the definition of a lease. A lease is a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. The YMCA determines if the contract conveys the right to control the use of an identified asset for a period of time. The YMCA assesses throughout the period of use whether the YMCA has both of the following: (1) the right to obtain substantially all of the economic benefits from use of the identified asset, and (2) the right to direct the use of the identified asset. This determination is reassessed if the terms of the contract are changed. Leases are classified as operating or finance leases based on the terms of the lease agreement and certain characteristics of the identified asset. Right-of-use assets and lease liabilities are recognized at lease commencement date based on the present value of the minimum future lease payments.

The YMCA leases various office space, parking and equipment under noncancellable operating leases. The YMCA's policy is to not record leases with an original term of twelve months or less on its statement of financial position. The YMCA recognizes lease expense for these short-term leases on a straight-line basis over the lease term.

2. Summary of Significant Accounting Policies (Continued)

Certain lease agreements include rental payments that are adjusted periodically for inflation or other variables. In addition to rent, the leases may require the YMCA to pay additional amounts for taxes, insurance, maintenance and other expenses, which are generally referred to as nonlease components. Such adjustments to rental payments and variable nonlease components are treated as variable lease payments and recognized in the period in which the obligation for these payments was incurred. Variable lease components and variable nonlease components are not measured as part of the right-of-use asset and lease liability. Only when lease components and their associated nonlease components are fixed are they accounted for as a single lease component and are recognized as part of a right-of-use asset and lease liability. Total contract consideration is allocated to the combined fixed lease and nonlease component. This policy election applies consistently to all asset classes under lease agreements.

Certain leases contain clauses for renewal at the YMCA's option with renewal terms as discussed in Note 19. Payments to be made in option periods are recognized as part of the right-of-use lease assets and lease liabilities when it is reasonably certain that the option to extend the lease will be exercised or the option to terminate the lease will not be exercised, or is not at the YMCA's option. The YMCA determines whether the reasonably certain threshold is met by considering contract, asset, market, and entity-based factors.

The YMCA's lease agreements do not contain any significant residual value guarantees or material restrictive covenants imposed by the leases.

The YMCA does not have any sublease agreements.

Risks and Uncertainties

The YMCA 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 risk 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 such changes could materially affect the amounts reported in the statements of financial position.

Reclassifications

Certain 2022 amounts have been reclassified to permit comparison with the 2023 financial statements presentation format.

Subsequent Events

Events occurring after the statements of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through October 17, 2023, which is the date the financial statements were available to be issued. See also Note 20.

3. Accounting Corrections and Restatement

On June 1, 2021, the YMCA acquired the Concord Family YMCA. Upon the acquisition, the YMCA assumed all of the assets and liabilities of the Concord Family YMCA and recognized income from the acquisition of $3,195,712. In reviewing the accounting treatment of this transaction, the YMCA determined that the transaction was recorded at carrying value rather than fair value at the date of acquisition. During fiscal year 2023, an appraisal of the acquired land and building was performed which resulted in an increase of $3,842,324 from carrying value to fair value. As a result of this correction, beginning net assets increased at June 1, 2022 by $3,842,324.

The effect on the YMCA's previously issued 2022 financial statements for the correction of this error is summarized as follows:

	As Previously Reported	Restatement	As Restated
Property, plant and equipment	$16,249,972	$3,842,324	$20,092,296
Net assets without donor restrictions	20,100,620	3,842,324	23,942,944
Income from acquisition	3,195,712	3,842,324	7,038,036
Change in net assets	4,370,524	3,842,324	8,212,848

4. Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date consists of the following at May 31:

	2023	2022
Cash and cash equivalents	$ 3,841,945	$ 7,781,472
Restricted cash	49,653	45,902
Accounts receivable	442,466	394,944
Pledges receivable	194,486	360,705
Investments	16,958,253	14,732,557
Cash surrender value of life insurance	23,658	22,170
Beneficial interest in trusts	2,691,644	2,322,308
Total financial assets	24,202,105	25,660,058
Less financial assets held to meet donor-imposed restrictions:		
Restricted cash	(49,653)	(45,902)
Pledges receivable	(152,833)	(249,931)
Donor-restricted endowment funds	(7,613,715)	(8,039,984)
Less financial assets not available within one year:		
Cash surrender value of life insurance	(23,658)	(22,170)
Beneficial interest in trusts	(2,691,644)	(2,322,308)
Less board-designated endowment fund	(3,077,803)	(2,903,727)
Amount available for general expenditures within one year	$10,592,799	$12,076,036

4. Liquidity and Availability (Continued)

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

The YMCA's board-designated endowment of $3,077,803 and $2,903,727 at May 31, 2023 and 2022, respectively, is subject to an annual spending rate as described in Note 15. Although management does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of their liquidity management plan, the YMCA maintains a revolving line of credit of $750,000 to cover short term cash needs. See Note 11. Occasionally, the Board designates a portion of any operating surplus to its operating reserve.

5. Pledges Receivable

Pledges receivable represent amounts due from donors for multi-year, unconditional pledges. Pledges receivable are shown net of a discount on future collections. Payments on the pledges are expected to be received as follows at May 31:

	2023	2022
Promises to give expected to be collected in:		
Less than one year	$ 154,076	$ 120,481
One to five years	96,458	273,272
Total pledges receivable	250,534	393,753
Less discount to present value	(13,360)	(13,360)
Less allowance for uncollectible pledges	(42,688)	(19,688)
Net pledges receivable	194,486	360,705
Less current portion	(111,388)	(100,793)
Long-term pledges receivable, net of current portion	$ 83,098	$ 259,912

6. Investments and Fair Value Measurements

The FASB defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the YMCA's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy which requires the YMCA to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

6. Investments and Fair Value Measurements (Continued)

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

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the YMCA's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. There have been no changes in the methodologies used at May 31, 2023 and 2022.

The following presents the balances of assets and liabilities measured at fair value on a recurring basis at May 31:

	Level 1	Level 2	Level 3	Total
2023				
Assets:				
Money market funds	$ 815,573	$ –	$ –	$ 815,573
U.S. treasury obligations	2,953,964	–	–	2,953,964
Fixed income	–	3,894,276	–	3,894,276
Equity	9,294,440	–	–	9,294,440
Beneficial interest in trusts	–	–	2,691,644	2,691,644
Total assets	$13,063,977	$3,894,276	$2,691,644	$19,649,897
2022				
Assets:				
Money market funds	$ 1,097,541	$ –	$ –	$ 1,097,541
U.S. treasury obligations	1,183,335	–	–	1,183,335
Fixed income	–	2,907,208	–	2,907,208
Equity	9,544,473	–	–	9,544,473
Beneficial interest in trusts	–	–	2,322,308	2,322,308
Total assets	$11,825,349	$2,907,208	$2,322,308	$17,054,865
Liabilities:				
Interest rate swap agreement	$ –	$ 92,192	$ –	$ 92,192

The fair market value of the beneficial interest in trusts is based upon the YMCA's pro rata ownership of the total trusts and is determined from information obtained from the trusts based on their value of the underlying investments. As the actual assets are not readily available to the YMCA, the beneficial interest in trusts is considered to be level 3.

6. Investments and Fair Value Measurements (Continued)

The YMCA uses a lending institution's proprietary models, which consider past, present and future assumptions regarding market conditions to estimate the fair value of the liability for the interest rate swap agreement.

Investment return (loss) is summarized as follows at May 31:

	2023	2022
Interest and dividend income	$ 414,743	$ 221,764
Net realized gain	611,744	505,635
Net unrealized losses	(1,105,165)	(1,583,138)
Investment expenses	69,455	69,737
Total investment loss	$ (9,223)	$ (786,002)

7. Property, Plant and Equipment

Property, plant and equipment was comprised of the following at May 31:

	2023	2022 As Restated (Note 3)
Land	$ 2,275,576	$ 2,275,576
Building and improvements	32,796,196	31,184,355
Furniture, fixtures and equipment	5,641,559	5,399,012
Construction in progress	1,667,999	248,026
	42,381,330	39,106,969
Less accumulated depreciation	(20,405,407)	(19,014,673)
Total property, plant and equipment, net	$ 21,975,923	$ 20,092,296

8. Beneficial Interest in Trusts

The YMCA is an irrevocable beneficiary of two charitable remainder trusts held by a bank as trustee. These resources are neither in the possession of, nor under the control of the YMCA. The terms of one trust provide for income of the trust to be distributed to the current beneficiary. The second trust provides for income and principal to be distributed to the current beneficiary based on an incremental rate each year. Upon the beneficiaries' deaths, two trusts require the remaining principal be distributed to charitable beneficiaries.

8. Beneficial Interest in Trusts (Continued)

The YMCA of the Seacoast is a beneficiary of an agency endowment fund at the New Hampshire Charitable Foundation (the Foundation). Pursuant to the terms of the resolution establishing this fund, property contributed to the Foundation is held as a separate fund designated for the benefit of the YMCA of the Seacoast. In accordance with its spending policy, the Foundation makes distributions from the fund to the YMCA of the Seacoast. The distributions are approximately 4.0% of the market value of the fund per year. The estimated value of future distributions from the fund is included in these financial statements as required by generally accepted accounting principles; however, all property in the fund was contributed to the Foundation to be held and administered for the benefit of the YMCA of the Seacoast.

The Concord Family YMCA is the beneficiary of several irrevocable, perpetual trusts managed by local, independent financial institutions. The Concord Family YMCA received distributions from two trusts based on the income earned and annual distributions made by the trust. The Concord Family YMCA also receives distributions from a separate trust with a set annual distribution amount of $200.

The total fair value of the above beneficial interests in trusts as of May 31, 2023 and 2022 was $2,691,644 and $2,322,308, respectively.

The Concord Family YMCA also receives discretionary distributions each year from another trust. However, due to the fact that the trustee of this trust has the ability to change beneficiaries, this trust is not included in the statement of financial position as a beneficial interest in trust.

9. Funds Held by Others

The YMCA of the Seacoast is also a beneficiary of two designated funds at the Foundation. Pursuant to the terms of the resolution establishing these funds, property contributed to the Foundation is held as separate funds designated for the benefit of the YMCA of the Seacoast. In accordance with its spending policy, the Foundation makes distributions from the funds to the YMCA of the Seacoast. The distributions are approximately 4.0% of the market value of the funds per year. The funds are not included in these financial statements, since all property in the funds was contributed to the Foundation to be held and administered for the benefit of the YMCA of the Seacoast. For the years ended May 31, 2023 and 2022, $3,402 and $3,892, respectively, was received from the funds. At May 31, 2023 and 2022, the market value of the funds' assets was $89,379 and $107,226, respectively.

The Concord Family YMCA is a beneficiary of a designated fund at the Foundation. Pursuant to the terms of the resolution establishing this fund, property contributed to the Foundation is held as a separate fund designated for the benefit of the Concord Family YMCA. In accordance with its spending policy, the Foundation makes distributions from the fund to the Concord Family YMCA. The distributions are approximately 4.2% of a trailing twenty quarter average of the fair market value of the fund each year. The fund is not included in these financial statements since all property in the fund was contributed to the Foundation to be held and administered for the benefit of the Concord Family YMCA. For the years ended May 31, 2023 and 2022, $1,504 and $1,206, respectively, was received from the fund. At May 31, 2023 and 2022, the market value of the funds' assets was $27,702 and $33,226, respectively.

10. **Long-Term Debt**

Long-term debt consisted of the following at May 31:

	2023	2022
Bond payable to Citizens Bank, N.A. in the original amount of $3,800,000, in monthly sinking fund installments through October 2028. The interest rate is variable. The bond is secured by certain YMCA buildings. See further details below	$ 1,105,000	$ 1,275,000
Noninterest bearing note payable to the City of Manchester in annual installments of $13,000 due in August each year, through October 2024. The note is secured by real estate located in Manchester, New Hampshire	26,000	39,000
Note payable to the Strafford Economic Development Corporation (SEDC) dated August 16, 2012 in the original amount of $475,000. Monthly principal and interest payments in the amount of $2,634 are required through August 2027. The interest rate is 3% per annum. The note is secured by substantially all of the assets the YMCA holds in Rochester, New Hampshire	255,069	278,635
Note payable to New Hampshire Health and Education Facilities Authority (NHHEFA) dated July 5, 2018 in the original amount of $88,256. Monthly principal and interest payments in the amount of $1,509 were required through September 2022. The interest rate is 1% per annum. The note was secured by property and was paid in full in fiscal year 2023	–	7,537
Note payable to NHHEFA dated March 5, 2019 in the original amount of $83,106. Monthly principal and interest payments in the amount of $1,421 are required through June 2024. The interest rate is 1% per annum. The note is secured by property	18,375	35,147
Note payable to Citizens Bank dated June 1, 2019 in the original amount of $1,720,000. Monthly principal and interest payments in the amount of $12,170 are required through May 2024 with the remaining balance due June 2029. The interest rate is 3.35% per annum. The note is secured by substantially all of the assets in Manchester, New Hampshire	1,350,508	1,449,931
Note payable to Citizens Bank dated June 1, 2019 converted from drawn-down line of credit in the original amount of $900,000. Monthly principal and interest payments in the amount of $6,359 are required through May 2029 with the remaining balance due June 2029. The interest rate is 2.51% per annum. The note is secured by the second mortgage for certain property located in Manchester, New Hampshire	762,533	818,654

10. Long-Term Debt (Continued)

	2023	2022
Mortgage note payable to TD Bank in the original amount of $850,000. Monthly principal and interest payments in the amount of $4,038 are required through September 2027. The interest rate is 4.84% per annum. The note is secured by Concord real estate	$ 418,246	$ 435,162
Note payable to NHHEFA in the original amount of $37,716. Monthly principal and interest payments in the amount of $645 were required through February 2023. The interest rate was 1% per annum. The note was secured by property and was paid in full in fiscal year 2023	–	5,779
Note payable to New Hampshire Business Finance Authority in the original amount of $375,000. Monthly principal and interest payments in the amount of $5,895 were required through January 2023. The interest rate was 1% per annum. The note is secured by property and was paid in full in fiscal year 2023	–	46,985
Note payable to NHHEFA in the original amount of $59,500. Monthly principal and interest payments in the amount of $1,017 are required through June 2027. The interest rate is 1% per annum. The note is secured by property	48,838	59,500
Noninterest bearing note payable to Liberty Energy in the original amount of $50,000. Monthly payments in the amount of $595 are required through August 2024	13,097	20,238
Note payable to NHHEFA in the original amount of $110,000. Monthly principal and interest payments in the amount of $1,880 are required through August 2024. The interest rate is 1% per annum. The note is secured by property	33,579	55,687
	4,031,245	4,527,255
Less current portion of long-term debt	(463,912)	(437,488)
Less debt issuance costs	(49,552)	(60,357)
	$3,517,781	$4,029,410

Future maturities of long-term debt are as follows at May 31:

2024	$ 463,912
2025	453,633
2026	439,539
2027	457,291
2028	845,498
Thereafter	1,371,372
	$4,031,245

The loan agreement contains certain financial and nonfinancial covenants. At May 31, 2023, the YMCA was in compliance with its financial covenants.

10. Long-Term Debt (Continued)

Bond Payable

During 2007, the NHHEFA sold $3,800,000 of its Revenue Bonds, Greater Manchester Family YMCA Issue, Series 2007, and loaned the proceeds of the bonds to the YMCA to finance certain improvements to the YMCA's facilities. The Series 2007 Bonds were issued with a variable interest rate determined on a weekly basis. Prior to issuing the Bonds, the YMCA entered into an interest rate swap agreement for the life of the bond issue to hedge the interest rate risk associated with the Series 2007 Bond as discussed in Note 12. The bonds mature in 2028 and can be repaid at any time.

During 2009, a downgrading of the credit rating of the bank providing the letter-of- credit occurred, which resulted in a significant increase of the weekly variable rate. Since it became evident that the credit markets would not soon return to normalcy, the YMCA elected to convert the Series 2007 Bonds from a weekly rate mode to a bank purchase mode. This new bank purchase mode created a rate period in which the Series 2007 Bonds bear interest at the tax adjusted bank purchase rate of 68 percent of the sum of the adjusted period LIBOR (30 day) rate and 250 basis points.

The bank purchase mode commenced on September 1, 2009 and expired on November 30, 2021. It was further amended on September 12, 2022 through September 2023 with interest per annum equal to the product of (a) .79 multiplier by the sum of (b) the sum of the Bloomberg Short-Term Bank Yield Index (BSBY) rate plus 2.16%. This expiration date may be extended by the bank and the YMCA has the option to convert back to the weekly rate mode. In June 2023, the loan agreement was amended to remove the bank purchase mode expiration date. As such, the bonds now continue to bear interest at the bank purchase rate until their maturity date of October 1, 2028, subject to earlier redemption or conversion to a new interest rate mode in accordance with the bond indenture.

11. Line of Credit

The YMCA has a revolving line of credit with Citizens Bank for $750,000. The line of credit is used for operating cash flow purposes if needed. Any amounts drawn on the line of credit are payable on demand with interest equal to one month LIBOR rate, plus a 2.25% interest margin under the LIBOR Advantage program. On September 21, 2022, the interest was amended at a rate per annum equal to the BSBY rate for the interest period in effect for the loan plus 2.25% (7.36% at May 31, 2023). The line is secured by substantially all of the YMCA's non-real estate assets. At May 31, 2023 and 2022, there was no outstanding balance owed on the line of credit.

The line of credit agreement contains certain financial and nonfinancial covenants. At May 31, 2023, the YMCA was in compliance with its financial covenants.

12. Interest Rate Swap Agreement

The YMCA uses derivative financial instruments principally to manage interest rate risk. As discussed in Note 10, during 2007, the YMCA executed an interest rate swap agreement to hedge the interest rate on the Series 2007 Bonds discussed in Note 10. Pursuant to the swap agreement, the initial notional amount and amortization will match the par amount and amortization of the Series 2007 Bonds. Under the terms of the swap agreement, the YMCA will pay the fixed rate of 3.75% on the notional amount and in exchange, the counterparty will pay the YMCA a variable rate on the notional amount based on 67% of the one-month LIBOR rate. The cost of the interest rate swap for the years ended May 31, 2023 and 2022 was added to interest expense in the statement of functional expenses. The fair value of the swap agreement amounted to a liability of $92,192 at May 31, 2022. During fiscal year 2023, the YMCA terminated the swap agreement and made a termination payment of approximately $32,000.

For the years ended May 31, 2023 and 2022, the change in fair value of the interest rate swap agreement totaled $60,192 and $106,747, respectively.

13. Community Development Block Grant Obligations

In September 2013, the Concord Family YMCA was awarded a Community Development Block Grant (CDBG). According to the terms of the agreement, the YMCA is a sub-recipient of a Community Development Finance Authority Community Development Block Grant through the County of Merrimack, New Hampshire. The grant, amounting to $364,000, was used to repair and replace components of the HVAC system in the firehouse building, which houses the childcare center. This grant also requires that at least 51% of those individuals benefiting from the funded renovations be members of low to moderate income families. A portion of the grant obligation is forgiven for each year the Concord Family YMCA complies with such participant-benefit conditions (at the annual rate of 5% for the twenty years ending September 30, 2034). For the years ended May 31, 2023 and 2022, grant obligations forgiven amounted to $18,000. The outstanding grant obligation of $205,508 must be repaid to the County of Merrimack if the participant-benefit conditions are not met.

In July 2017, the Concord Family YMCA was awarded another CDBG. According to the terms of this agreement, the Concord Family YMCA is a sub-recipient of a grant from the City of Concord, New Hampshire. The grant, amounting to $478,000, was used to make improvements to the firehouse building, which houses the childcare center. This grant also requires that at least 66% of those individuals benefiting from the funded renovations be members of low to moderate income families. A portion of the grant obligation is forgiven for each year the Concord Family YMCA complies with such participant-benefit conditions (at the annual rate of 5% for the twenty years ending June 30, 2038). For the years ended May 31, 2023 and 2022, grant obligations forgiven amounted to $23,900. The outstanding grant obligation of $360,522 must be repaid to the City of Concord, New Hampshire if the participant-benefit conditions are not met.

The balance of these grant obligations at May 31, 2023 and 2022 amounted to $566,030 and $608,130, respectively, and have been classified as short-term due to the subjective nature of the obligations.

14. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at May 31:

	2023	2022
Programs:		
Youth development	$ 179,599	$ 1,342,876
Healthy living	4,916	153,134
Social responsibility	10,000	65,000
Fundraisers	243,322	233,464
Capital expenditure	759,689	622,269
Time:		
Beneficial interest in trusts	2,628,284	2,211,869
Cumulative appreciation on investments restricted in perpetuity	1,189,040	1,612,197
Endowments restricted in perpetuity	6,424,675	6,432,774
Total net assets with donor restrictions	$11,439,525	$12,673,583

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of events specified by the donors, or by a change in the restrictions specified by the donor. Those amounts released from restrictions are as follows during the years ended May 31:

	2023	2022
Programs:		
Youth development	$2,014,552	$1,035,861
Healthy living	148,217	24,477
Social responsibility	80,000	213,985
Fundraisers	132,218	77,401
Capital expenditure	–	204,692
Cumulative appreciation on investments restricted in perpetuity	367,662	382,432
Total net assets with donor restrictions	$2,742,649	$1,938,848

15. Endowment Composition

The YMCA's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments for the following purposes:

- Youth development
- Healthy living
- Social Responsibility

Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

15. Endowment Composition (Continued)

Purpose of the Endowment

The endowment fund is intended to provide for the operation and special programs of the YMCA. In doing so, the endowment fund provides a secure, long-term source of funds to establish or maintain programs that are consistent with the mission of the YMCA.

Interpretation of Relevant Law

The state of New Hampshire has passed a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Trustees of the YMCA has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the YMCA retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Endowment net asset composition by type of fund follows as of May 31:

	Without Donor Restrictions	With Donor Restrictions	Total
2023			
Donor restricted	$ –	$7,613,715	$ 7,613,715
Board designated – general reserve	1,507,324	–	1,507,324
Board designated – capital reserve	1,570,479	–	1,570,479
Total funds	$3,077,803	$7,613,715	$10,691,518
2022			
Donor restricted	$ –	$8,039,984	$ 8,039,984
Board designated – general reserve	1,422,080	–	1,422,080
Board designated – capital reserve	1,481,647	–	1,481,647
Total funds	$2,903,727	$8,039,984	$10,943,711

15. Endowment Composition (Continued)

The changes in endowment net assets for the years ended May 31, 2023 and 2022 consisted primarily of investment return/loss as well as the appropriation of endowment assets. During fiscal year 2022, the YMCA also recorded a transfer of endowment assets totaling $395,511 upon acquisition of the Concord Family YMCA, as discussed in Note 3.

Return Objectives and Risk Parameters

The YMCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the YMCA must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds.

Investment Objective

Endowment funds are invested in a diversified portfolio, consisting primarily of fixed income and equity mutual funds and other investments, which may reflect varying rates of return. The intended overall rate of return of the portfolio is a reasonable "real" rate, consistent with the risk levels established by the investment committee. The objective is that the minimum acceptable rate of return over a full market cycle of 3 to 5 years is one that equals or exceeds the assumed spending rate plus the rate of inflation.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The YMCA's spending policy is currently 4% of the average total endowment value over the trailing 5 years. In addition, the Board may authorize up to 50% of the amount by which the 5 year average net total return exceeds the 5 year average annual CPI. These funds will be spent on programs submitted with the annual budget that are approved by the Board of Trustees. The spending policy is implemented with the intent not only to provide funds for the YMCA's immediate aims but also to preserve and grow assets to meet future spending needs.

Measurement of investment performance against policy objectives will be computed on a total return basis, net of management fees and transaction costs and net of the average annual spending amount. Total return is defined as dividend or interest income, plus realized and unrealized capital appreciation or depreciation at fair market value.

Funds With Deficiencies

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 UPMIFA requires the YMCA to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related restricted amounts are reported in net assets with donor restrictions. As of May 31, 2023 and 2022, there were no such amounts.

16. Financial Assistance Provided

The YMCA provides financial assistance, through contributions and other fundraising, to help defray the costs of membership and program and other fees for individuals with need. Membership dues and program and camp fees are recorded net of such assistance in the accompanying financial statements. Such amounts were as follows at May 31:

	2023	2022
Program and camp fees	$15,337,398	$12,719,754
Less financial assistance provided	(889,506)	(670,221)
Program and camp fees, net	$14,447,892	$12,049,533
Membership dues	$ 5,037,964	$ 4,275,756
Less financial assistance provided	(619,402)	(666,006)
Membership dues, net	$ 4,418,562	$ 3,609,750

17. Defined Contribution Plans

The YMCA participates in the YMCA Retirement Fund 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 Internal Revenue Code of 1986, as amended, and the YMCA Retirement Fund Tax-Deferred Savings Plan, which is a retirement income account plan as defined in section 403(b)(9) of the code. Both plans are sponsored by the Young Men's Christian Association Retirement Fund (the Fund). The Fund is a not-for-profit, tax exempt pension fund incorporated in the State of New York (1922), organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. 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.

In accordance with their agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the YMCA. For the years ended May 31, 2023 and 2022, total contributions charged to retirement costs aggregated $540,945 and $525,012, respectively.

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

18. Related Parties

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

The YMCA pays dues to National Council of Young Men's Christian Associations of the United States of America. For the years ended May 31, 2023 and 2022, dues expense totaled $215,538 and $232,927, respectively.

19. Lease Commitments

Adoption of ASC Topic 842, Leases (ASC 842)

The YMCA has various leases as further discussed below. ASC 842 became effective for the YMCA on June 1, 2022 and was adopted using the modified retrospective method for all leases that had commenced as of the effective date, along with certain available practical expedients. The YMCA elected to recognize any effects of applying the new standard as a cumulative-effect adjustment to the opening balance of net assets in the period of adoption, which there were none. In addition, the YMCA elected to adopt the package of practical expedients permitted under the transition guidance within the new standard. The practical expedient package applied to leases that commenced prior to the effective date of the new standard and permits a reporting entity not to: i) reassess whether any expired or existing contracts are or contain leases, ii) reassess the historical lease classification for any expired or existing leases, and iii) reassess initial direct costs for any existing leases. The reporting results for fiscal year 2023 reflect the application of ASC 842 guidance while the historical results for fiscal year 2022 were prepared under the guidance of ASC 840. The adoption of the new standard did not have a significant impact upon the YMCA's statements of activities and changes in net assets and cash flows. The adoption of the new standard resulted in the following impact: the recording of right-of-use assets and corresponding lease liabilities pertaining to the YMCA's operating leases on the accompanying 2023 statement of financial position.

Operating Leases

The YMCA leases various office space, parking and equipment under noncancellable operating leases. The original lease terms are three to five years with certain options for the YMCA to renew the leases for specific periods subsequent to the original lease terms. The monthly payments during 2023 ranged from $2,850 to $6,223 and the leases expire at various periods through July 2032 (after consideration of renewal periods). The YMCA also leases various equipment under short-term leases.

19. Lease Commitments (Continued)

Operating lease right-of-use assets and operating lease liabilities are reported in the YMCA's 2023 statement of financial positions as follows:

Operating lease right-of-use assets	$1,037,830
Current portion of operating lease liabilities	$ 231,417
Operating lease liabilities, less current portion	817,952
Total operating lease liabilities	$1,049,369

The components of operating lease costs for fiscal year 2023 were as follows:

Operating lease costs	$250,843
Short-term lease costs	54,082
Total lease costs	$304,925

Supplemental Cash Flow Information

Supplemental cash flow information is as follows for the fiscal year ended May 31, 2023:

Operating leases – operating cash flows (fixed payments)	$239,304
Operating leases – right-of-use assets and operating lease liabilities recorded upon adoption of ASU 842	510,978
Operating leases – right-of-use assets obtained in exchange for new operating lease liabilities	750,075

Lease Term and Discount Rate

Lease term and discount rate are as follows for the fiscal year ended May 31, 2023:

Weighted-average remaining lease term (in years)	6.79
Weighted-average discount rate	2.68%

At the lease commencement date, the discount rate implicit in the lease is used to discount the lease liability if readily determinable. If not readily determinable or leases do not contain an implicit rate, the YMCA has made a policy election to use a risk-free rate as the discount rate for all classes of underlying assets.

19. Lease Commitments (Continued)

As of May 31, 2023, maturities of operating lease liabilities for each of the following five years and a total thereafter were as follows:

2024	$ 256,012
2025	254,561
2026	81,207
2027	83,657
2028	86,169
Thereafter	387,555
Total minimum future lease payments	1,149,161
Less imputed interest	(99,792)
Total lease liabilities	$1,049,369

As of May 31, 2022, the following is a summary of future minimum lease payments for the remaining lease years ending May 31:

2023	$279,665
2024	256,012
2025	233,758
2026	81,207
2027	83,657
Thereafter	14,010
Total lease liabilities	$948,309

Total rent expense for the year ended May 31, 2022 was $231,910.

20. Subsequent Events

Effective June 1, 2023, the YMCA acquired the Somersworth Early Learning Center. There was no consideration paid for the acquisition, and the YMCA received net assets with an estimated fair value of approximately $1.2 million.