Somerville Young Men's Christian Association

Financial Statement for the Year Ending
December 31, 2022

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McLARNEY & COMPANY, LLC
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Young Men's Christian Association Somerville

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Young Men's Christian Association Somerville (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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 Young Men's Christian Association Somerville 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2023, on our consideration of Young Men's Christian Association Somerville 's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Young Men's Christian Association Somerville 's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Young Men's Christian Association Somerville 's internal control over financial reporting and compliance.

McLarney & Company LLC

Chelmsford, MA

June 16, 2023

Somerville YMCA
Statement of Financial Position
December 31, 2022

	Total 2022
Assets	
Current Assets	
Cash and Cash Equivalent (Notes 1, 3)	1,266,805
Restricted Cash (Note 1, 3)	21,379
Certificate of Deposits (Notes 1, 3)	-
Accounts Receivable, Net of allowance of $0	174,179
ERTC Receivable	166,184
Prepaid Expenses	20,190
Real Estate Deposit	50,000
Total Current Assets	1,698,737
Property and Equipment	
Property and Equipment (Notes 1, 2)	1,629,373
Accumulated Depreciation	(1,046,663)
Property and Equipment Net (Notes 1, 2)	582,710
Right-of-use lease assets- operating lease	47,325
Less: Accumulated Amortization	(18,774)
Total right-to-use assets	28,551
Total Property, plant and equipment	611,261
Other Assets	
Certificate of Deposits (Notes 1, 3)	472,527
Investments	257,016
Total Assets	$ 3,039,540
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	$ 54,643
Accrued Expenses	50,622
Deferred Revenue	606
Current portion of Lease Liability- operating lease	18,981
Total Current Liabilities	124,853
Long Term Liabilities	
Long-term lease liability- operating lease	9,569
	9,569
Net Assets (Note 1)	
Without Donor Restrictions	2,883,738
With Donor Restrictions	21,379
Total Net Assets	2,905,117
Total Liabilities and Net Assets	$ 3,039,540

The accompanying notes and auditor's report
are an integral part of these financial statements.

Somerville YMCA
Statement of Activities and Changes to Net Assets
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2022
Revenue, Support and Gains (Note 1)			
Fees for service			
Fitness and Aquatic	492,241	-	492,241
Day Care	1,889,253	-	1,889,253
Dormitory	233,034	-	233,034
Government Grants	712,790		712,790
Other	14,535	-	14,535
Total Fees for Service	3,341,852	-	3,341,852
Contributions	249,919	-	249,919
Investment Return	(17,065)	-	(17,065)
Interest	13,273	-	13,273
Government Contracts - PPP (Note 1, 11)	-	-	-
Employee Retention Tax Credit (Note1, 9)	158,567	-	158,567
Other Income	11,989	-	11,989
Released from Restrictions	-	-	-
Total Revenue, Support and Gains	3,758,535	-	3,758,535
Expenses and Losses			
Program Services:			
Fitness and Aquatic	803,628	-	803,628
Day Care	1,766,327	-	1,766,327
Dormitory	198,960	-	198,960
Other	49,481	-	49,481
Total Program Expenses	2,818,396	-	2,818,396
Management and General	514,499		514,499
Fundraising and Development	10,381		10,381
Total Supporting Services Expenses	524,880	-	524,880
Total Expenses and losses	3,343,276	-	3,343,276
Change in Net Assets	415,259	-	415,259
Net Assets, Beginning of Year	2,468,479	21,379	2,489,858
Net Assets, Ending of Year (Note 1)	$ 2,883,738	$ 21,379	$ 2,905,117

The accompanying notes and auditor's report
are an integral part of these financial statements.

Somerville YMCA
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Dormitory	*Fitness & Aquatic*	*Day Care*	*Other*	*Total Program*	*Management & Admin.*	*Fundraising*	*Total 2022*
Functional Expenses:								
Salaries & Wages	$ 47,061	$ 506,855	$ 1,199,638	$ 6,510	$ 1,760,065	$ 294,204	$ -	$ 2,054,268
Payroll Taxes	3,746	40,350	95,501	518	140,115	23,421	-	163,536
Fringe Benefits (Note 4)	4,849	52,224	123,606	671	181,350	30,314	-	211,664
Office Expense	14,197	14,197	28,395	-	56,790	14,197	-	70,987
Physical Programs	-	30,010	-	-	30,010	-	-	30,010
Resale Expense	-	1,370	-	-	1,370	-	-	1,370
Equipment Expense	9,146	24,389	15,243	-	48,778	12,195	-	60,973
Promotions Expense	-	-	-	-	-	1,847	-	1,847
Transportation	-	-	56,755	-	56,755	6,306	-	63,061
Lease	-	-	17,280	-	17,280	1,920	-	19,200
National Dues	-	-	-	41,782	41,782	-	-	41,782
Training	-	5,186	10,371	-	15,557	5,186	-	20,742
Programs Expense	7,045	21,135	105,675	-	133,855	7,045	-	140,900
Professional Fees	-	-	-	-	-	100,301	-	100,301
Interest	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	10,381	10,381
Other Expense	-	-	-	-	-	17,566	-	17,566
Insurance	13,808	13,808	18,411	-	46,026	-	-	46,026
Depreciation (Note 1)	11,509	11,509	15,346	-	38,364	-	-	38,364
Maintenance	26,696	26,696	35,594	-	88,985	-	-	88,985
Utilities	33,385	33,385	44,513	-	111,284	-	-	111,284
Janitorial	27,517	22,514	-	-	50,031	-	-	50,031
Total Functional Expenses by Function	$ 198,960	$ 803,628	$ 1,766,327	$ 49,481	$ 2,818,396	$ 514,499	$ 10,381	$ 3,343,276

Somerville YMCA
Statement of Cash Flows
For the Year Ended December 31, 2022

		Total 2022
Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets	$	415,259
Adjustments to Reconcile Net Assets To Net Cash Provided by Operating Activities:		
Depreciation (Note A)		38,364
Realized (Gain)/Loss on Short Term Investments		4,911
Unrealized (Gain)/Loss on Short Term Investments		18,490
(Increase) / Decrease in accounts receivable		(48,895)
(Increase) / Decrease in prepaid expenses		(3,859)
Increase / (Decrease) in accounts payable		3,000
Increase / (Decrease) in accrued expenses		(8,438)
Increase / (Decrease) in deferred revenue		606
Noncash portion of lease expense for operating leases		18,774
Repayments of right-of-use lease liabilities- operating leases		(32,400)
Net Cash Provided by Operating Activities		405,814
Cash Flows From Investing Activities		
Purchases of Vehicle		(20,266)
Proceeds from Sales of Vehicle		20,266
Proceeds from Sales of Short Term Investments		110,038
Purchases of Short Term Investments		(378,128)
Real Estate Deposit		(50,000)
Net Cash Used by Investing Activities		(318,089)
Cash Flows From Financing Activites		
Maturities of Certificates of Deposits		-
Renewals of Certificates of Deposits		-
Net Cash Used by Financing Activities		-
Increase (Decrease) in Cash and Restricted Cash	$	87,725
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	$	1,200,459
Cash and Cash Equivalents and Restricted Cash - End of Year	$	1,288,184
Reconcilation 70 Cash and Cash Equivalents and Restricted Cash on the Statement of Financial Positon		
Cash and Cash Equivalent (Notes 1, 3)	$	1,266,805
Restricted Cash (Note 1, 3)	$	21,379
Total Cash	$	1,288,184

See Note 8 For Supplemental Cash Information.

The accompanying notes and auditor's report are an integral part of these financial statements.

1. Summary of Significant Accounting Policies:

Nature of activities:

The Somerville Young Men's Christian Association (the Organization) is a non-profit Organization incorporated in 1867 under the laws of The Commonwealth of Massachusetts. Its mission is to provide recreational, social, and educational programs to meet the needs of its members and surrounding community and to increase their potential. Program services include: preschool and after school day care programs, physical fitness and aquatic programs and providing dormitory housing for men. The Organization's primary source of revenue and support comes from fees charged for services provided and contributions.

Basis of accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Net Assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and investment funds.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Advertising costs:

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2022 was $1,847.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Somerville YMCA's ongoing educational programs and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue and Revenue Recognition

Revenue is recognized when the services are provided and earned. Program service fees and payments under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

1. Summary of Significant Accounting Policies Continued:

Revenue and Revenue Recognition Continued

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The organization records donated professional services at the respective fair values of the services received.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASC 606) and all related amendments. ASC 606 supersedes most existing revenue recognition guidance. ASC 606 provides a principles-based framework for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects in exchange for the goods or services provided. It also requires enhanced disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Project adopted ASC 606 and all related amendments using the modified retrospective transition method. The Project concluded that the adoption of the new standard did not require an adjustment to the opening net assets.

Contributions

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

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

The Organization receives goods of an immaterial value used in programs, in addition to, a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. We record donated professional services at respective fair values of the services received. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Functional Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Shipping & Handling Fees & Costs

All amounts billed to a customer in a sales transaction related to shipping and handling represent revenues earned and are reported as revenue. Costs incurred by the Organization for shipping and handling, including costs paid to third party shippers are reported as an expense.

Somerville YMCA
Notes to the Financial Statement
December 31, 2022

1. Summary of Significant Accounting Policies Continued:

Cash:
The organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long term purposes.

Certificates of Deposit:
Certificates of deposits have varying maturities from 4 months to 24 months. Certificates of deposits with maturities of more than 4 months but less than a year are considered to be current.

Receivables and Credit Policies:
Accounts Receivables from contracts with customers are reported as accounts receivable, net in the accompanying consolidated statements of financial position. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. The allowance for uncollectible accounts for the year ended December 31, 2022 was $0

Property, plant and equipment:
We record property and equipment additions over $1,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment 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 during the year ended December 31, 2022.

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

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

Fair value measurements
Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Somerville YMCA groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

1. Summary of Significant Accounting Policies Continued:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 and those differences could be material.

Income taxes:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

We record uncertain tax provisions in accordance with ASC 740 based on a two-step process whereby (1) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (2) for those tax positions that meet the more likely than not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. As of December 31, 2022, the Company had no uncertain tax positions or interest and penalties that qualify for either recognition or disclosure in the financial statements. We recognize interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statement of operations. Accrued interest and penalties are included on the related tax liability line in the consolidated balance sheet.

We are not subject to taxation in the United States or state jurisdiction. As of December 31, 2022, tax years for 2020, 2021 and 2022 are subject to examination by the tax authorities.

Financial Instruments and Credit Risk

The organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of our mission.

Somerville YMCA
Notes to the Financial Statement
December 31, 2022

1. Summary of Significant Accounting Policies Continued:

Employer Retention Tax Credit

A nongovernmental entity may account for employer retention tax credit as income in the period that the conditions have been substantially met. This guidance is analogized to IAS 20 to account for the employer retention tax credit. The entity would not recognize the government assistance until there is reasonable assurance that any conditions attached to the assistance will be met, and the assistance will be received. The earnings impact of the government grants or assistance would be recorded on a systematic basis over the periods in which the entity recognizes as expense the related costs for which the grants are intended to compensate.

Surplus Revenue Retention

If, through cost savings initiatives implemented consistent with programmatic and contractual obligations, a non-profit provider accrues an annual net surplus from the revenues and expenses associated with services provided to purchasing agencies which are subject to 808 CMR 1.00, the provider may retain, for future use, a portion of that surplus not to exceed 20% of said revenues. Surpluses may be used by the provider for any of its established charitable purposes, provided that no portion of the surplus may be used for any non-reimbursable cost set forth in 808CMR 1.05, the free care prohibition excepted. OSD shall be responsible for determining the amount of surplus that may be retained by each provider in any given year and may determine whether any excess surplus shall be used to reduce future prices or be recouped.

2. Property Plant and Equipment:

The following table summarizes property, plant and equipment with respective accumulated depreciation:

	2022
Land	373,400
Building & Improvements	1,025,418
Vehicles	35,053
Fixtures & Equipment	195,502
Total Assets	1,629,373
Less: Accumulated Depreciation	(1,046,663)
Total Fixed Assets, Net	$ 582,710

3. Liquidity and Availability

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

Financial assets at year end:	**2022**
Cash and Cash Equivalents	$ 1,288,184
Certificate of Deposits	472,527
Accounts Receivable	174,179
Total Financial Assets	1,934,889
Less amounts not available to be used within one year:	
Restricted Cash	21,379
Certificates of Deposit - Long Term	472,527
	493,906
Financial assets available to meet general expenditures over the next twelve months	$ 1,440,984

3. Liquidity and Availability Continued:

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds. The Organization's goal is generally to maintain 90 days of operating expenses (approximately $600,000).

4.- Long-Term Investments:

Long-term investments are stated at fair value and consist of the following at December 31:

	2022		Unrealized Appreciation (Depreciation)
	Cost	Fair Value	
Cash	$ 5,733	$ 5,733	$ -
Equities	269,773	251,283	(18,490)
US Bonds	-	-	-
Totals	$ 275,506	$ 257,016	$ (18,490)

All The Organizations investment assets are classified within Level 1 because they comprise open-end mutual funds and ETF's with readily determinable fair values based on daily redemption values.

Investment return is summarized as follows for the years ended December 31:

	2022
Interest and Dividends	$ 8,418
Net Realized and Unrealized Gains/(Losses)	(23,400)
Management Fees	(2,083)
Total Investment Return, Net	(17,065)

5. Retirement Plan:

The Organization participates in a defined contribution, individual account, money purchase, retirement plan that is administered by the Young Men's Christian Association Retirement Fund (a separate corporation) (the Fund). This plan is for all eligible employees of the YMCA who qualify under the participation requirements.

In accordance with the agreement with the Fund, contributions by employees and the YMCA are a percentage of the participating employees' salary and are to be remitted to the Fund monthly. Total contributions charged to expense in the year ended December 31, 2022 was $139,396.

6. Operating Leases:

The Organization leases one bus and two vans for the childcare program operations. The vehicle are operating leases that have the following terms:

Bus Lease- This lease commenced in July 2021 with monthly payments totaling $1,600. The lease expires in July 2024.

Van Leases- The van leases are considered short term leases that commenced June 2020 and August 2021. The first lease has a monthly payment amounting to $396 and expired in June 2022. The next lease has monthly payments amounting to $1,100 and expires in August 2023.

Lease expense for the year ended December 31, 2022 amounted to $34,380.

6. Operating Leases Continued:

During 2022, we recognized rent expense associated with the bus lease as follows:

		2022
Operating lease cost:		
Fixed rent expense	$	19,200
Variable rent expense		-
Total Operating Rent Expense		19,200
Lease cost – Cost of sales		
Lease cost – SG&A		
Lease cost – Depreciation and amortization		18,774
Lease cost – Interest expense		426
Net lease cost	$	19,200

Amounts recognized as right-of-use assets related to Operating leases are included in Other Assets, net in the accompanying statement of financial position, while related lease liabilities are included in Current portion of long-term debt and Long-term debt. As of December 31, 2022, right-of-use assets and lease liabilities related to Operating Leases were as follows:

		2022
Operating lease ROU assets	$	28,551
Operating lease liabilities:		
Current portion of long-term debt		18,981
Long-term debt		9,569
	$	28,551

The following is a schedule by years of future minimum rental payments required under these operating leases as of December 31, 2022:

	Operating
2023	19,200
2024	9,600
2025	-
2026	-
2027	-
2028 and thereafter	-
	28,800
Less effects of discounting	-
Lease liabilities recognized	28,800

6. Operating Leases Continued:

As of December 31, 2022, the weighted-average remaining lease term for all operating leases is 2.5 years, respectively. Because we generally do not have access to the rate implicit in the lease, we elected a practical expedient to use the risk-free interest rate. The risk-free rate is the rate investors expect to earn from risk-free investments over a period of time, such as a government treasury bill. The risk-free rate utilized was 1.1% for the year ended in 2022. We utilized this rate for our entire lease portfolio. We elected not to reevaluate whether expired or existing leases contain a lease per the definition of ASC 842 and not to reassess the lease classification of existing or expired leases under ASC 842.

7. Concentration of Credit Risk:

The Organization maintains multiple bank accounts at multiple banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Cash at this institution exceed the federally insured limit during the year ended December 31, 2022 in the amount of $1,495,612. The amounts in excess of the FDIC limit are protected by the Depositors Insurance Fund (DIF). DIF is a private, industry-sponsored insurance fund that insurance fund that insures all deposits above FDIC limits at Massachusetts-charted savings banks. The investments are not federally insured. The support of the agency is generated from fees and contributions with a small amount from grants and other contract agencies within the Commonwealth of Massachusetts.

Certain types of concentrations may be more relevant to the financial statement due to the impacts of the pandemic. For example, these may include concentrations in labor, financial assets, sources of supply, or customers that have been or will be impacted by the pandemic. We are unable to assess these potential impacts at this time.

8. Supplemental Cash Information -Noncash investing activities:

	2022
Interest Paid	-
Capitalized Interest	-
Taxes Paid	-
Total Noncash investing activities	$ -

9. Related Party Transactions

The Organization had board members who were related parties. During the year ended December 31, 2022, there was one financial transaction with the former executive director. On June 20, 2022, the company executed the automobile lease buyout for the vehicle leased by the Company, which was used by the former executive director. The amount of the lease buyout was $ 20,266. On June 21, 2022, the former executive director paid the company $ 20,266 and took possession of the vehicle.

10. Employer Retention Tax Credit

The Employer Retention Tax Credit was originally allowed under a provision of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The credit is equal to 50% of the qualified wages paid, including qualified health care expense, for up to $ 10,000 per employee in 2020. The maximum credit per employee is $ 5,000 in 2020. On March 21, 2021, the IRS issued Notice 2021-20 includes clarifications and describes retroactive changes applicable to 2021 and 2020, primarily related to expanded eligibility for the credit. During the year ended December 31, 2022, the Company recorded $158,567 in other revenue and $ 5,738 in interest income related to this credit. The remaining uncollected receivable at December 31, 2022 related to this revenue amounted to $ 166,184, which is being processed by the Internal Revenue Service and is expected to be collected during 2023.

12. Subsequent Events

The Organization has evaluated all subsequent events through June 16, 2023, the day the financials were available to be issued.

McLARNEY
& COMPANY, LLC
Certified Public Accountants
www.mclarneyco.com

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

To the Board of Trustees of
Young Men's Christian Association of Somerville

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States , the financial statements of Young Men's Christian Association of Somerville (a nonprofit organization), which comprise the statement of financial position as of December 31,2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 16, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Mclarney and Company LLC

Chelmsford, Massachusetts
June 16, 2023

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Acknowledgment of the Board of Directors

We, the Board of Directors of Somerville Young Men's Christian Association, met on June 27, 2023 and have voted to recognize and accept the representations of management and the expression of opinions by McLarney & Company, L.L.C. as embodied in the Basic Financial Statements, Supplementary and Subsidiary Financial Statements and Schedules and Independent Auditor's Reports contained in the Uniform Financial Statements and Independent Auditor's Report (UFR) for the period ended December 31, 2022.

In addition, we, the Board of Directors of Somerville Young Men's Christian Association hereby certify under penalty of perjury that to the best of our knowledge and belief, all material related party relationships and transactions, as defined by 808 CMR 1.02 and generally accepted government auditing standards, have been correctly and completely disclosed by management in the notes to the financial statements and schedules of the UFR for the period ended December 31, 2022.

Signatory for the Board of Directors

Name: ___________________________

Title: ____________________________

Date: ____________________________