

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF
THE ORANGES, INC.**

COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

WITH INDEPENDENT AUDITORS' REPORT

R.A. FREDERICKS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

**COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
COMBINED STATEMENTS OF FINANCIAL POSITION	3
COMBINED STATEMENT OF ACTIVITIES	4
COMBINED STATEMENTS OF CASH FLOWS	5
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES	6
NOTES TO COMBINED FINANCIAL STATEMENTS	7-32

Ralph A. Fredericks, CPA
Ellen T. O'Donnell, CPA
Theodore T. Clausen, CPA, CFE, CGMA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Metropolitan Young Men's Christian Association of the Oranges, Inc.
139 East McClellan Avenue
Livingston, New Jersey 07039

We have audited the accompanying combined financial statements of the Metropolitan Young Men's Christian Association of the Oranges, Inc. which comprise the statement of financial position as of December 31, 2019, and the related combined statements of activities, cash flows and functional expenses for the year then ended and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(Continued)

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R.A. Fredericks & Company, LLP

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan Young Men's Christian Association of the Oranges, Inc. as of December 31, 2019 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.

Report on Summarized Comparative Information

We have previously audited the Metropolitan Young Men's Christian Association of the Oranges, Inc.'s 2018 financial statements, and our report dated May 9, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



R.A. FREDERICKS & COMPANY, LLP

Montville, New Jersey
September 10, 2020

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE
ORANGES, INC.**

**COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,950,404	\$ 4,156,166
Cash designated by board for future projects	259,469	311,661
Cash restricted for future projects	44,927	55,824
Accounts and other receivables - net	335,284	189,664
Contributions receivable	634,470	446,651
Inventories	58,681	60,560
Prepaid expenses and other assets	606,529	682,818
Investments	16,073,168	13,036,868
Security deposits and other assets	107,876	107,876
Land, buildings, and equipment-net	<u>26,659,902</u>	<u>26,667,263</u>
TOTAL ASSETS	<u>\$ 48,730,710</u>	<u>\$ 45,715,351</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 1,268,534	\$ 1,459,013
Notes payable	2,555,965	2,895,861
Deferred program revenue, childcare deposits and other	2,023,427	1,910,488
Lease obligations payable	<u>7,116</u>	<u>21,348</u>
TOTAL LIABILITIES	<u>5,855,042</u>	<u>6,286,710</u>
NET ASSETS		
Without donor restrictions	37,463,102	35,050,422
With donor restrictions	<u>5,412,566</u>	<u>4,378,219</u>
TOTAL NET ASSETS	<u>42,875,668</u>	<u>39,428,641</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 48,730,710</u>	<u>\$ 45,715,351</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

COMBINED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2019 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	Without Donor Restrictions			With Donor Restrictions	2019	2018
	General Operating	Designated	Total			
REVENUES, GAINS AND SUPPORT						
Program Receipts:						
Community Groups	\$ 2,438,052	\$ -	\$ 2,438,052	\$ -	\$ 2,438,052	\$ 2,237,191
Camp	7,981,253	-	7,981,253	-	7,981,253	7,463,380
Youth activity	3,173,076	-	3,173,076	-	3,173,076	3,072,699
Child Care	15,290,453	-	15,290,453	-	15,290,453	13,908,517
Administrative rentals and sales	898,639	-	898,639	-	898,639	833,127
Total program receipts	29,781,473	-	29,781,473	-	29,781,473	27,514,914
Contributions	1,750,110	-	1,750,110	846,930	2,597,040	2,781,108
Contribution from acquisition of GBC	-	-	-	-	-	4,971,732
Government grants, contracts and other grants	-	-	-	872,995	872,995	853,502
Membership dues	6,380,283	-	6,380,283	-	6,380,283	6,247,037
Special events and projects	360,216	-	360,216	-	360,216	392,148
Investment income	17,047	416,357	433,404	224,159	657,563	526,721
Other revenue	97,207	-	97,207	-	97,207	101,496
Net assets released from restrictions for program activities	1,648,849	70,693	1,719,542	(1,719,542)	-	-
Net unrealized (losses) gains on long-term investments	3,351	1,849,664	1,853,015	809,805	2,662,820	(354,513)
Gain on disposal of property and equipment	-	-	-	-	-	12,950
Gain on involuntary conversion and insurance reimbursement	-	97,291	97,291	-	97,291	-
Total revenue, gains and support	40,038,536	2,434,005	42,472,541	1,034,347	43,506,888	43,047,095
EXPENSES						
Program services	30,253,425	2,874,662	33,128,087	-	33,128,087	31,186,505
Supporting services	6,931,774	-	6,931,774	-	6,931,774	6,681,793
Total expenses	37,185,199	2,874,662	40,059,861	-	40,059,861	37,868,298
Change in net assets before transfers	2,853,337	(440,657)	2,412,680	1,034,347	3,447,027	5,178,797
Transfers	(2,036,132)	2,036,132	-	-	-	-
Change in net assets	817,205	1,595,475	2,412,680	1,034,347	3,447,027	5,178,797
Net assets beginning of year	14,750,550	20,299,872	35,050,422	4,378,219	39,428,641	34,249,844
Net assets end of year	\$ 15,567,755	\$ 21,895,347	\$ 37,463,102	\$ 5,412,566	\$ 42,875,668	\$ 39,428,641

The accompanying notes are an integral part of the financial statements.

**METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE
ORANGES, INC.**

**COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,447,027	\$ 5,178,797
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,539,861	1,364,979
Gain on disposal of property and equipment	-	(12,950)
Contribution from acquisition of GBC net of cash received	-	(4,762,405)
Net unrealized losses (gains) on long-term investments	(2,662,820)	361,579
Gain from insurance proceeds	(97,291)	-
Net realized gains on sales of long-term investments	(437,889)	(340,332)
Changes in assets and liabilities:		
Accounts receivable	(145,620)	(34,578)
Contributions receivable	(187,819)	66,693
Prepaid expenses	76,289	(191,305)
Inventories	1,879	(5,525)
Deferred program revenue, childcare deposits and other	112,939	(49,489)
Accounts payable and accrued expenses	(190,479)	(520,787)
Net cash provided by operating activities	<u>1,456,077</u>	<u>1,054,677</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	2,317,418	2,367,297
Proceeds from insurance claims	97,291	-
Proceeds from sales of fixed assets	-	12,950
Purchase of investments	(2,253,009)	(2,179,497)
Acquisition of property and equipment	(1,532,500)	(1,840,434)
Net cash used in investing activities	<u>(1,370,800)</u>	<u>(1,639,684)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital leases	(14,232)	(16,671)
Payments on borrowings	(339,896)	(327,910)
Net cash used in financing activities	<u>(354,128)</u>	<u>(344,581)</u>
Net decrease in cash and cash equivalents	(268,851)	(929,588)
Cash and cash equivalents, restricted and designated cash at beginning of year	<u>4,523,651</u>	<u>5,453,239</u>
Cash and cash equivalents, restricted and designated cash at end of year	<u>\$ 4,254,800</u>	<u>\$ 4,523,651</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	<u>\$ 102,507</u>	<u>\$ 114,494</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)**

	Program services							Supporting Services			Total	
	Membership Activities	Community Wellness	Camp	Youth Activities	Child Care	Property Management	Total program services	General Administration	Fundraising	Supporting Activities		
Salaries and wages	\$ 2,163,346	\$ 870,976	\$ 3,150,062	\$ 2,281,692	\$ 7,722,050	\$ 1,103,108	\$ 17,291,234	\$ 3,117,235	\$ 232,784	\$ 3,350,019	\$ 20,641,253	\$ 19,789,377
Employee benefits	146,819	196,818	208,943	240,825	1,258,537	202,718	2,254,660	649,814	30,966	680,780	2,935,440	2,861,576
Payroll taxes	199,273	73,340	348,674	224,368	816,964	112,555	1,775,174	330,888	22,073	352,961	2,128,135	1,921,570
Contractual services	6,679	24,692	513,400	162,330	335,136	45,728	1,087,965	1,283,403	23,554	1,306,957	2,394,922	2,213,595
Supplies	21,590	433,864	283,774	255,825	456,134	240,944	1,692,131	294,907	112,265	407,172	2,099,303	2,047,402
Telephone	7,548	5,674	16,539	8,963	32,185	35,348	106,257	267,021	600	267,621	373,878	276,607
Postage and shipping	474	-	-	81	211	-	766	40,745	4,581	45,326	46,092	53,829
Occupancy/space costs	844	19,001	170,655	79,845	748,447	2,897,161	3,915,953	54,917	15,128	70,045	3,985,998	3,649,084
Equipment costs	6,587	274,526	10,455	7,209	29,169	427,899	755,845	93,307	13,451	106,758	862,603	714,032
Insurance	-	-	-	-	-	446,437	446,437	34,588	-	34,588	481,025	439,559
Printing/publications	167,023	18,444	179,685	19,390	86,367	-	470,909	7,559	8,504	16,063	486,972	585,677
Travel and employee expense	1,620	2,884	253,758	20,498	43,817	23,723	346,300	153,977	13,451	167,428	513,728	475,054
Conference, meetings and dues	1,219	6,491	40,965	13,437	16,517	372,030	450,659	91,976	25,385	117,361	568,020	698,265
Bad debt expense	-	-	-	-	-	-	-	1,877	-	1,877	1,877	13,399
Interest expense	-	-	-	-	-	102,507	102,507	-	-	-	102,507	114,494
Credit card and bank fees	90,200	18,504	81,578	35,362	94,647	442,400	762,691	-	-	-	762,691	625,122
Other expenses	590	584	9,563	3,472	8,344	106,185	128,738	1,610	5,208	6,818	135,556	24,677
Subtotal	2,813,812	1,945,798	5,268,051	3,353,297	11,648,525	6,558,743	31,588,226	6,423,824	507,950	6,931,774	38,520,000	36,503,319
Depreciation and amortization	-	-	-	-	-	1,539,861	1,539,861	-	-	-	1,539,861	1,364,979
TOTAL EXPENSES 2019	\$ 2,813,812	\$ 1,945,798	\$ 5,268,051	\$ 3,353,297	\$ 11,648,525	\$ 8,098,604	\$ 33,128,087	\$ 6,423,824	\$ 507,950	\$ 6,931,774	\$ 40,059,861	\$ 37,868,298
TOTAL EXPENSES 2018	\$ 2,719,432	\$ 1,778,403	\$ 4,692,337	\$ 3,242,010	\$ 11,270,070	\$ 7,484,253	\$ 31,186,505	\$ 6,198,904	\$ 482,889	\$ 6,681,793	\$ 37,868,298	

The accompanying notes are an integral part of the financial statements.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Metropolitan Young Men's Christian Association of the Oranges, Inc. ("YMCA") is a New Jersey not-for-profit corporation operating seven local branches. Revenue is generated in numerous ways, including program activities, memberships, and grants from governmental and private sources, fees and donations.

The YMCA entered into an agreement with The Young Men's and Young Women's Hebrew Association of North Jersey ("YM-YWHA") located in Wayne, New Jersey, so that it can be operated as a branch of the YMCA. The agreement provides that all facilities of the YM-YWHA are leased to and operated by the YMCA (see Note 10). The YMCA does not control the separate YM-YWHA not-for-profit entity and therefore, the interest in the YM-YWHA is not included in the combined financial statements.

On January 17, 2018, the YMCA established a branch in Hackensack, New Jersey, whereby the YMCA acquired the assets and territorial rights of the Young Men's Christian Association of Greater Bergen County ("GBC").

Mission Statement

The YMCA's mission is to strengthen community through youth development, healthy living, and social responsibility.

Program Activities

The major program activities are described as follows:

a. Membership Activities

Members use the YMCA facilities and the many programs for personal activities.

b. Community and Youth Development

Extensive programs are sponsored daily for children between ages of 3 through 17 throughout our community to engage youth in healthy, safe, recreational and enrichment activities. Health and wellness activities are available for community members of all ages. The YMCA also delivers community-building programs for all community members.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Camp

Children between the ages of 8 and 15 spend up to 8 weeks at Fairview Lake YMCA Camps, enjoying sponsored outdoor activities. Children between the ages of 3 and 17 spend up to 10 weeks at our various day camps.

d. Child Care

Child care centers have been established for infants, toddlers and preschoolers during the normal working day. School age child care is provided before and after school.

e. Property Management

Property management is to operate and maintain all facilities, including but not limited to, pools, gymnasiums, cabins, buildings, dining halls and kitchens.

Principles of Combination

The accompanying combined financial statements have been prepared using the accrual basis of accounting and include accounts representing all Branches as follows: Association Services, East Orange, Fairview Lake YMCA Camps, South Mountain, Sussex County, West Essex, Wayne and Greater Bergen. All significant inter-branch and inter-association transactions and balances have been eliminated in combination.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The YMCA's consolidated financial statements are prepared in accordance with the provisions of ASC Topic 958 "Financial Statements of Not-for-Profit Organizations." ASC Topic 958 establishes standards for general purpose, external financial statements of financial position, activities, cash flows and functional expenses. It also requires that an organization's net assets and its revenues, expenses, gains and losses be classified based on the existence or absence of donor-imposed restrictions.

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organizations financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Cash and cash equivalents

We consider all cash and highly liquid instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. The YMCA investment portfolio includes cash held for investments, for which the balances are reported as assets designated by board for future projects in the accompanying combined financial statements.

Inventories

Inventories consisting of merchandise, supplies and food are carried at the lower of cost or market on a first-in first-out basis.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due from YMCA members and participants in accordance with the respective agreements established by the YMCA. We determine the allowance for uncollectable accounts receivable based on the amount management expects to collect from outstanding balances. Customer account balances with invoices dated over 90 days old are considered delinquent. Management provides for uncollectible accounts through a provision for bad debt expense based on all customer account balances over 90 days old. In accordance with our policies, the carrying amount of accounts receivable is reduced by a valuation allowance that reflects these delinquent accounts. In 2019, these delinquent accounts were written off against the allowance. The allowance for uncollectible accounts was \$0 and \$287,664 at December 31, 2019 and 2018, respectively. Bad debt expense in 2019 and 2018 was \$1,877 and \$13,399, respectively.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

We have debt and equity securities which are subject to market activities and fluctuations. Investments in funds are subject to risk conditions of the individual fund objectives, stock market fluctuations, interest rates, economic conditions and world affairs. The realization is dependent upon economic stability of the securities and issuing entities. At various times throughout the year, we maintain investment balances at financial institutions which may exceed insured limits.

The YMCA maintains an investment portfolio advisor to oversee certain activities with respect to its investment portfolio.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

We follow the requirements in FASB ASC 835-30 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs is reported as interest expense in the statements of activities and functional expenses.

Land, buildings and equipment

We record property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. The costs of all routine recurring computer equipment are directly expensed. Depreciation is computed using the straight-line method over the estimated useful lives as follows: buildings and improvements - 10 to 60 years; machinery and equipment, furniture and fixtures and transportation equipment - 5 years. Land is not depreciated. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts and any resulting gain or loss is included in the statements of activities.

Impairment of long lived assets

The YMCA reviews long lived assets for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. Impairment losses are recognized if expected future cash flows of the related assets are less than their carrying values. There is no current indication that the company's long-lived assets are not recoverable.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net Assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions:

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 (the "Board") has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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.

Revenue and Revenue Recognition

Revenue is recognized when 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. In the absence of donor restrictions, contributions and bequests are considered to be available for unrestricted use and are recorded as without restrictions at their fair market value.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program service, administration, and fundraising and development activities. Contributed goods are recorded at fair value at the date of donation. We reviewed the rate at which the services were valued and updated the rate based on published rate data. Contributed services from unpaid volunteers in the amount of \$512,269 and \$520,944 have been recognized in the accompanying 2019 and 2018 combined statement of activities, respectively, because the criteria for recognition of such volunteer efforts has been satisfied. In addition, during 2019 and 2018, we received in-kind contributions in the amount of \$53,972 and \$84,319, respectively.

Endowment

The YMCA's endowment consists of both donor restricted and board designated funds. The donor fund is to sustain the YMCA's mission in the community. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors has determined that the New Jersey Prudent Management of Institutional Funds Act (NJ-PMIFA), an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), applies to the YMCA's endowment fund. UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organization, and UPMIFA imposes additional duties on those who manage and invest charitable funds. These duties provide additional protections for charities and also protect the interest of donors who want to see their contributions used wisely.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment (Continued)

Investment Policy Statement

The fundamental investment objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investments and achieve optimal new investment returns subject to the risk tolerance, investment objectives and policy constraints. The YMCA's objective is to distribute the income earned during the reporting period.

Spending Policy Statement

In making expenditures from endowment funds, the Board of Directors complies first with any restrictions or requirements in the gift instrument as to purpose and amount. Except as otherwise provided by the gift instrument, in making expenditures from endowment funds, the Board takes into account all relevant considerations including, but not limited to, the long and short-term needs of the YMCA in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. The Board conducts annual analysis of the historic dollar value of the endowment funds and relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The YMCA has a policy of appropriating for distribution each year its endowment fund's average interest and dividend income over the prior 3 years through the calendar year-end preceding the year in which the distribution is planned.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements 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.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The YMCA is organized as a New Jersey nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The YMCA is annually required to file a Return of Organization Exempt from Income tax (Form 990) with the IRS. In addition, the YMCA is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the YMCA is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The YMCA's Forms 990, Return of Organization Exempt from Income Tax are subject to examination by the IRS, generally for three years after the date they were filed. Also, the YMCA's New Jersey Form CRI-300R is subject to examination by the State, generally for four years after they were filed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments and Credit Risk

We manage 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, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the YMCA.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presents. The reclassifications had no impact on previously reported net assets.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Guidance Adopted

In November 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-18, Statements of Cash Flows. ASU 2016-18 amends the diversity that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. These financial statements are reported in accordance with this standard.

New Accounting Pronouncements Not Yet Adopted

FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) and subsequently, issued six ASU's clarifying certain matters related to Topic 606 and superseded the revenue recognition requirements promulgated in FASB ASC 605, Revenue Recognition. Topic 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In 2020, FASB extended by one year the effective date of this ASU.

Impairment of long-lived assets

The YMCA reviews long lived assets for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. Impairment losses are recognized if expected future cash flows of the related assets are less than their carrying values. There is no current indication that the company's long-lived assets are not recoverable.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets without donor or other restrictions that are available for general expenditure within one year of the statement of financial position date, comprise the following:

FINANCIAL ASSETS AVAILABLE FOR OPERATING NEEDS WITHIN ONE YEAR:

Cash and cash equivalents	\$ 3,660,997
Accounts and other receivables - net	335,284
Distributions from endowment funds	<u>400,000</u>
	<u>\$ 4,396,281</u>

Our endowment funds consist of donor-restricted and board-designated endowments. Income from donor-restricted endowments are available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of \$12,023,499 is not included above. It is not donor-restricted, and therefore could be made available for general expenditure or other purposes with board approval.

As part of our liquidity plan cash in excess of daily requirements are invested in money markets and certificates of deposit. Annually the YMCA appropriates amounts from endowments based on average income (see Note 1) which is included above.

NOTE 3. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
Cash	\$2,103,850	\$1,725,563
Certificates of deposit and money markets	<u>1,846,554</u>	<u>2,430,603</u>
	<u>\$3,950,404</u>	<u>\$4,156,166</u>

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 4. LAND, BUILDINGS AND EQUIPMENT

A summary of the cost of such assets is as follows:

	Land	Buildings and Improvements	Machinery and Equipment	Furniture and Fixtures	Assets not placed in service	2019	2018
Association Services	\$ 247,851	\$ 744,067	\$ 188,288	\$ 85,042	\$ -	\$ 1,265,248	\$ 1,090,478
Greater Bergen	2,470,636	2,993,494	77,898	-	17,660	5,559,688	5,484,188
East Orange	122,373	1,682,769	26,164	43,453	-	1,874,759	1,895,606
Fairview Lake Camps	473,305	5,739,194	243,340	13,189	239,521	6,708,549	6,296,197
Sussex County	980,545	12,470,474	203,165	7,337	40,315	13,701,836	13,536,951
West Essex	40,000	3,616,607	296,673	53,048	301,202	4,307,530	4,307,980
South Mountain	401,579	2,696,733	223,447	7,635	92,233	3,421,627	3,443,932
Wayne	-	1,299,710	166,674	29,304	16,429	1,512,117	1,359,826
	<u>4,736,289</u>	<u>31,243,048</u>	<u>1,425,649</u>	<u>239,008</u>	<u>707,360</u>	<u>38,351,354</u>	<u>37,415,158</u>
Less Accumulated Depreciation	-	11,065,931	524,814	100,707	-	11,691,452	10,747,895
Totals	<u>\$ 4,736,289</u>	<u>\$ 20,177,117</u>	<u>\$ 900,835</u>	<u>\$ 138,301</u>	<u>\$ 707,360</u>	<u>\$ 26,659,902</u>	<u>\$ 26,667,263</u>

Depreciation expense for 2019 and 2018 amounted to \$1,539,861 and \$1,364,979, respectively.

NOTE 5. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	<u>2019</u>	<u>2018</u>
General Operating Net Assets	<u>\$15,567,755</u>	<u>\$14,685,022</u>
<u>Net Assets Designated by Board:</u>		
Future Projects and Periods Property	13,023,403	10,687,091
	<u>8,871,944</u>	<u>9,678,309</u>
	<u>21,895,347</u>	<u>20,365,400</u>
	<u>\$37,463,102</u>	<u>\$35,050,422</u>

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following:

	<u>2019</u>	<u>2018</u>
<u>Perpetual in Nature:</u>		
Endowment	\$ 3,715,680	\$ 2,922,966
Saffin Endowment	<u>401,889</u>	<u>401,889</u>
Total Perpetual in Nature	<u>4,117,569</u>	<u>3,324,855</u>
<u>Restricted for Future Projects and Programs:</u>		
Endowment income for future appropriations	224,102	389,020
Conference center	20,100	20,100
Capital projects/capital campaign	735,671	487,959
Other projects and programs	<u>315,124</u>	<u>156,285</u>
Total for Projects and Programs	<u>1,294,997</u>	<u>1,053,364</u>
TOTAL	<u>\$ 5,412,566</u>	<u>\$ 4,378,219</u>

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 the State Prudent Management of Institutional Funds Act requires entities to retain as a fund of perpetual duration. No deficiencies of this nature existed at December 31, 2019.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During the year, net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors consisted of the following:

	<u>2019</u>	<u>2018</u>
<u>Purpose Restrictions Accomplished:</u>		
Childcare	\$ 918,745	\$ 897,443
Program support and scholarships	323,932	231,688
Endowment income program support and scholarships	406,172	388,800
Purchase of property and equipment	<u>70,693</u>	<u>569,308</u>
	<u>\$1,719,542</u>	<u>\$2,087,239</u>

NOTE 7. INVESTMENTS

At December 31, investments are as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income	\$3,820,156	\$3,916,859	\$4,047,085	\$4,009,748
Equities	5,953,190	12,128,683	5,333,675	8,983,776
Other	-	-	19,744	19,744
Pooled funds	<u>20,278</u>	<u>27,626</u>	<u>19,603</u>	<u>23,600</u>
	<u>\$9,793,624</u>	<u>\$16,073,168</u>	<u>\$9,420,107</u>	<u>\$13,036,868</u>

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8. FAIR VALUE MEASUREMENTS

The YMCA's investments are reported at fair value in the accompanying statements of financial position. Fair values of assets measured on a recurring basis at December 31, 2019 and 2018 are as follows:

<u>December 31, 2019</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
FIXED INCOME SECURITIES:		
United States Treasuries	\$ 3,084,466	\$ 3,084,466
Corporate Bonds	206,958	206,958
Securitized - Mortgage Backed	546,510	546,510
Preferred Bond	78,925	78,925
Total Fixed Income Securities	<u>3,916,859</u>	<u>3,916,859</u>
EQUITY SECURITIES:		
Energy Equities	541,970	541,970
Materials Equities	616,225	616,225
Industrials Equities	1,338,928	1,338,928
Consumer Discretionary Equities	2,110,943	2,110,943
Consumer Staples Equities	978,492	978,492
Health Care Equities	1,777,142	1,777,142
Financials Equities	1,315,512	1,315,512
Information Technology Equities	2,117,463	2,117,463
Communication Services	1,332,008	1,332,008
Total Equity Securities	<u>12,128,683</u>	<u>12,128,683</u>
OTHER	<u>27,626</u>	<u>27,626</u>
TOTAL	<u>\$ 16,073,168</u>	<u>\$ 16,073,168</u>

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)

<u>December 31, 2018</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
FIXED INCOME SECURITIES:		
United States Treasuries	\$ 2,886,509	\$ 2,886,509
Corporate Bonds	173,081	173,081
Securitized - Mortgage Backed	631,243	631,243
Preferred Bond	72,327	72,327
US Large Cap	54,340	54,340
Other Fixed Income	58,196	58,196
Total Fixed Income Securities	<u>3,875,696</u>	<u>3,875,696</u>
EQUITY SECURITIES:		
Energy Equities	309,025	309,025
Materials Equities	439,623	439,623
Industrials Equities	1,041,640	1,041,640
Consumer Discretionary Equities	1,490,031	1,490,031
Consumer Staples Equities	772,250	772,250
Health Care Equities	1,376,110	1,376,110
Financials Equities	959,996	959,996
Information Technology Equities	1,598,792	1,598,792
Communication Services	883,773	883,773
Investment Grade	227,445	227,445
Global High Yield	19,143	19,143
Total Equity Securities	<u>9,117,828</u>	<u>9,117,828</u>
OTHER	<u>43,344</u>	<u>43,344</u>
TOTAL	<u>\$ 13,036,868</u>	<u>\$ 13,036,868</u>

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9. NOTES PAYABLE

Borrowing agreement is comprised as follows:

	<u>2019</u>	<u>2018</u>
Mortgage payable to Lakeland Bank in monthly payments of \$32,600, including interest at 3.50% due February 28, 2025(a)	\$1,844,453	\$2,164,036
Less: unamortized debt issuance costs	<u>(14,510)</u>	<u>(17,319)</u>
	\$1,829,943	\$2,146,717
Mortgage payable to Lakeland Bank in monthly payments of \$4,267, with interest at 3.75% due May 1, 2025 (b)	<u>726,022</u>	<u>749,144</u>
	<u>\$2,555,965</u>	<u>\$2,895,861</u>

(a) The mortgage payable to Lakeland Bank is collateralized by a first lien on the Sussex County property, all fixtures and tangible personal property therein, and all leases or other agreements related to the use or occupancy of the property. The loan was received based on an EDA Bond Financing Agreement which specifies the purpose for the expenditure of the loan proceeds. A loan modification agreement reduced the rate to 3.5% until it was reset in May 2017 at the same rate. The interest rate will reset in May of 2022. The significant provisions of the YMCA's borrowing agreement, as included in the EDA Bond Financing Agreement and the lending institution mortgage documents, are as follows: The YMCA will not sell, transfer, dispose of, pledge, mortgage or otherwise encumber any or all of the property. The YMCA shall not do anything which would cause the bonds to lose their tax free status or become arbitrage bonds. The YMCA shall not become contingently liable for debts of others. The YMCA shall meet certain financial covenants as required by the agreement. The YMCA was in compliance with all debt covenants as of December 31, 2019.

(b) The loan issued by Lakeland Bank on March 20, 2015 to the former GBC was assumed by the YMCA on January 17, 2018 with the bank's approval (See Note 15). The loan has a fixed interest rate of 3.75% and is secured by a first lien on the property located at 360 Main Street, Hackensack, NJ.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9. NOTE PAYABLE (CONTINUED)

Aggregate principal amounts of all long-term debt scheduled for repayment are as follows:

2020	\$ 354,870
2021	368,155
2022	380,486
2023	395,300
2024	409,582
Thereafter	<u>662,082</u>
	<u>\$2,570,475</u>

Interest expense for all obligations amounted to \$102,507 in 2019 and \$114,494 in 2018.

NOTE 10. COMMITMENTS

a. Leases

The YMCA entered into various non-cancelable operating lease agreements for program and child care facilities. Certain operating leases contain escalation clauses for the prorate share of operating costs, property taxes, repairs (inclusive of structural repairs) and insurance.

In connection with the "Integration Agreement" with the YM-YWHA, the YMCA entered into an initial five (5) year lease agreement with the YM-YWHA, with an option to renew for four five (5) year periods. The renewal periods automatically renew for another five year period, unless the YMCA decides to give written notice otherwise. The new lease term expires August 31, 2021. The monthly base rent is equal to the amounts required by the lending institution to routinely liquidate the landlord's mortgage and credit line indebtedness. Once the mortgage and credit line are paid in full, the annual base rent through the remainder of the term shall be \$300,000 per annum, payable in monthly installments of \$25,000.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 10. COMMITMENTS (CONTINUED)

a. Leases (continued)

The YMCA has the following operating leases:

Facility used for one of its child care programs at an annual rental of \$7,500, expiring April 30, 2023, with an option to renew for a five (5) year period.

For a facility used for one of its programs at an annual rent currently at \$72,000, with annual increases, expiring June 2029.

On September 15, 2019, the YMCA revised an operating lease, for a facility used for one of its day camp programs at an annual rental of \$111,000, expiring June 22, 2028, with an option to renew for a five (5) year period.

Three (3), ten (10) year operating lease agreements for camp facilities at Harriman State Park with the Palisades Interstate Park Commission. The current leases require aggregate annual payments of \$22,788 which can be reduced by up to 25% each year for any capital improvements made to the camp facilities by the YMCA. The lease expires in 2027.

In 2019, future minimum lease commitments under these operating leases are presented for future years as follows:

2020	\$504,372
2021	458,808
2022	364,679
2023	362,679
2024	351,064
Thereafter	<u>1,877,364</u>
	<u>\$3,918,966</u>

Rent expense amounted to \$959,330 and \$915,458 for 2019 and 2018, respectively.

b. Letter of Credit

The YMCA has a standing irrevocable letter of credit for a security deposit in the amount of \$8,456, secured by the unrestricted net assets.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 11. EMPLOYEE BENEFIT PLANS

The YMCA participates in the YMCA Retirement Fund 403(B) which is a mandatory national contributory defined contribution plan for the benefit of all eligible professional and support staff employees who qualify under applicable participation requirements. The YMCA contributes 12% of compensation for eligible employees. Employees may choose to contribute an additional 13% up to a maximum established by the IRS. Under the plan all contributions are remitted monthly to a trustee based upon a percentage of the participants' annual salaries. Upon retirement, participants' vested benefit will generally be used to purchase a retirement annuity contract. Forfeitures are used to offset future contributions. Contributions made by the YMCA to the plan amounted to \$1,555,746 in 2019 and \$1,519,469 in 2018.

The YMCA established a Non-Qualified Supplemental Executive Retirement Plan for the Chief Executive Officer. Contributions made by the YMCA to the plan amounted to \$16,430 in 2019 and \$15,647 in 2018.

NOTE 12. SCHOLARSHIPS AND FINANCIAL ASSISTANCE PROGRAMS

The YMCA's financial assistance programs during 2019 and 2018 were made possible through the YMCA's Annual Support Campaign and awarded or supported more than 4,671 and 3,381 children, families, and individuals, respectively. In 2019 and 2018, recipients received approximately \$2,294,000 and \$1,816,000 in financial assistance and program subsidies, respectively.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13. ENDOWMENTS

Endowment Net Asset Composition

December 31, 2019	Without Restrictions	With Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 4,341,670	\$ 4,341,670
Board-designated endowment funds	<u>12,023,499</u>	<u>-</u>	<u>12,023,499</u>
Total funds	<u>\$ 12,023,499</u>	<u>\$ 4,341,670</u>	<u>\$ 16,365,169</u>

December 31, 2018	Without Restrictions	With Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,713,878	\$ 3,713,878
Board-designated endowment funds	<u>9,687,092</u>	<u>-</u>	<u>9,687,092</u>
Total funds	<u>\$ 9,687,092</u>	<u>\$ 3,713,878</u>	<u>\$ 13,400,970</u>

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13. ENDOWMENTS (CONTINUED)

Changes in Endowment Net Assets

Year ended December 31, 2019	Without Restrictions	With Restrictions	Total
Endowment net assets, beginning of year	\$ 9,687,092	\$ 3,713,878	\$ 13,400,970
Investment return:			
Investment income	486,742	211,713	698,455
Net unrealized gains on investments	1,849,665	822,251	2,671,916
Total Investment Returns	2,336,407	1,033,964	3,370,371
Contributions	-	-	-
Appropriations	-	(406,172)	(406,172)
Endowment net assets, end of year	<u>\$ 12,023,499</u>	<u>\$ 4,341,670</u>	<u>\$ 16,365,169</u>

Year ended December 31, 2018	Without Restrictions	With Restrictions	Total
Endowment net assets, beginning of year	\$ 9,511,338	\$ 3,646,784	\$ 13,158,122
Investment return:			
Investment income	404,503	173,358	577,861
Net unrealized gains on investments	(238,693)	(119,353)	(358,046)
Total Investment Returns	165,810	54,005	219,815
Contributions	9,944	401,889	411,833
Appropriations-used for donor restricted purpose	-	-	-
Appropriations	-	(388,800)	(388,800)
Endowment net assets, end of year	<u>\$ 9,687,092</u>	<u>\$ 3,713,878</u>	<u>\$ 13,400,970</u>

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 14. CONTRIBUTIONS RECEIVABLE

Included in "Contributions Receivable" are the following unconditional promises to give at December 31:

	<u>2019</u>	<u>2018</u>
Sussex branch capital campaign	<u>\$651,224</u>	<u>\$459,224</u>
Unconditional promises to give before amortized discount and allowance for bad debts	651,224	459,224
Less discount to present value at one (1%) percent	<u>(16,754)</u>	<u>(12,573)</u>
	634,470	446,651
Less: Allowance for bad debts	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$634,470</u>	<u>\$446,651</u>
Within one year	\$149,513	\$100,008
In one to five years	<u>484,957</u>	<u>346,643</u>
	<u>\$634,470</u>	<u>\$446,651</u>

NOTE 15. ACQUISITION OF ASSETS OF THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BERGEN COUNTY

The YMCA entered into an asset purchase agreement with the Young Men's Christian Association of Greater Bergen County ("GBC") where-in GBC assigned, transferred and conveyed to the YMCA all "Subject Assets" (such assets were appraised at fair market value) and the YMCA agreed to pay or assume all "Subject Liabilities", as defined, as of the closing date.

The closing occurred on January 17, 2018, at which time the "Subject Assets" were in excess of the "Subject Liabilities", and was recorded on the books of the YMCA with the excess of assets over liabilities in the amount of \$4,971,732 being recorded in the statement of activities as contribution income in 2018.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 15. ACQUISITION OF ASSETS OF THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER BERGEN COUNTY (CONTINUED)

The following assets acquired and liabilities assumed recaps the acquisition of GBC:

	<u>2018</u>
ASSETS ACQUIRED:	
Cash	\$ 209,327
Investments	411,808
Land, building and equipment	5,390,000
Other assets	<u>35,538</u>
	<u>6,046,673</u>
LIABILITIES ASSUMED:	
Mortgage indebtedness	771,404
Accounts payable and other liabilities	<u>303,537</u>
	<u>1,074,941</u>
GAIN ON ACQUISITION	<u>\$ 4,971,732</u>

NOTE 16. FUNCTIONALIZED EXPENSES

The combined financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, CEO, COO, and marketing. The occupancy allocations are based on programmatic square footage. The CEO, COO and marketing allocations are based on time and effort, earned revenue, and program participation.

METROPOLITAN YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE ORANGES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 17. SUBSEQUENT EVENTS

The YMCA considers all the accounting treatments, and the related disclosures in the current year's financial statements, that may be required as the result of all events or transactions that occur after December 31, 2019 through September 10, 2020, the date the financial statements were available to be issued.

NOTE 18. COVID-19 AND MANAGEMENT'S PLAN

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, and created significant uncertainty, volatility, and negatively affected our business through the remainder of 2020.

The negative impacts of the coronavirus significantly reduced in-person programs and the ability of the YMCA to conduct normal operations. While the YMCA feels this disruption will be temporary, there is considerable uncertainty as to whether, and when, the YMCA will resume normal operations.

We have taken aggressive actions to mitigate the effect of COVID-19 on our organization by significantly reducing elements of general and administrative expenses to better align operating costs with expected programs, including reducing payroll costs, employee furloughs and a restructure of the overall organization.

Although the COVID-19 pandemic has had a material adverse impact on our business operations and operating results and cash flows, we do not believe there are other current or expected conditions or events that would result in our being unable to meet our obligations within a year of our financial statement issuance date and believe we have sufficient liquidity and capacity within our credit facility to repay our obligations for the foreseeable future (See Note 2).