FOR YOUTH DEVELOPMENT®
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

COMMITTED TO COMMUNITY

Financial Statements and Report of Independent Certified Public Accountants and Single Audit Reports For the Years Ended December 31, 2022 and 2021

YMCA OF THE USA

What follows are YMCA of the USA's 2022 and 2021 financial statements and report of independent certified public accountants, Grant Thornton. Please refer questions to YMCA of the USA's finance department at 800 872 9622.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
National Council of Young Men's Christian Associations
of the United States of America

Report on the financial statements

Opinion
We have audited the financial statements of the National Council of Young Men's Christian Associations of the United States of America (a nonprofit organization) (the "Entity"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter
As discussed in Note B to the financial statements, the Entity has adopted new accounting guidance in 2022 related to the accounting for leases. Our opinion is not modified with respect to this matter.

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

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

In performing an audit in accordance with US GAAS 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 the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 supplementary 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 audits of the financial statements and certain additional procedures. These additional procedures included 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 US GAAS. In our opinion, the accompanying supplementary information 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 April 27, 2023 on our consideration of the Entity'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 the Entity'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 the Entity's internal control over financial reporting and compliance.

Grant Thornton LLP

Chicago, Illinois
April 27, 2023

National Council of Young Men's Christian Associations of the United States of America

STATEMENTS OF FINANCIAL POSITION

December 31,
(in thousands)

	2022	2021
ASSETS		
Cash and cash equivalents	$ 47,967	$ 60,537
Prepaid expenses and other assets	4,779	2,307
Pledges receivable, net	18,837	22,564
Financial support and other receivables, net	3,148	3,021
Investments	105,872	123,519
Land, building and equipment, net	9,517	8,701
Right-of-use assets	7,002	-
Beneficial interests in perpetual trusts	8,337	9,891
Total assets	$ 205,459	$ 230,540
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 9,504	$ 5,892
Deferred revenue	654	415
Lease liability	20,102	2,858
Notes payable	4,500	5,000
Payable to a YMCA member association	18,781	19,271
Deferred rent expense	-	10,802
Total liabilities	53,541	44,238
Net assets		
Without donor restrictions	34,136	46,644
With donor restrictions	117,782	139,658
Total net assets	151,918	186,302
Total liabilities and net assets	$ 205,459	$ 230,540

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

National Council of Young Men's Christian Associations of the United States of America

STATEMENT OF ACTIVITIES

For the year ended December 31, 2022 (in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and support			
Contributions	$ 154	$ 32,431	$ 32,585
Government grants	6,022	-	6,022
Donations-in-kind and contributed services	-	23,973	23,973
World Service campaign	-	3,375	3,375
Net assets released from restrictions	72,148	(72,148)	-
Total contributions and support	78,324	(12,369)	65,955
Financial support from member YMCAs	68,789	-	68,789
Program and service revenue	3,501	-	3,501
Royalties and other revenue	1,352	-	1,352
Income from third-party trusts	1,285	86	1,371
Allocation of investment earnings for current operations	2,233	1,017	3,250
Total revenue and support	155,484	(11,266)	144,218
Expenses			
Program activities			
Social responsibility	58,200	-	58,200
Youth development	58,975	-	58,975
Healthy living	26,109	-	26,109
Total program activities	143,284	-	143,284
Supporting services			
Management and general	9,894	-	9,894
Fundraising	2,162	-	2,162
Total supporting services	12,056	-	12,056
Total expenses	155,340	-	155,340
Change in net assets from operations	144	(11,266)	(11,122)
Non-operating activities			
Investment return, net	(9,773)	(8,039)	(17,812)
Allocation of investment earnings for current operations	(2,233)	(1,017)	(3,250)
Impact of adoption of new lease accounting standards	(110)	-	(110)
Change in beneficial interests in perpetual trusts	-	(1,554)	(1,554)
Provision for uncollectible accounts	(536)	-	(536)
Total non-operating activities	(12,652)	(10,610)	(23,262)
CHANGE IN NET ASSETS	(12,508)	(21,876)	(34,384)
Net assets at beginning of year	46,644	139,658	186,302
Net assets at end of year	$ 34,136	$ 117,782	$ 151,918

The accompanying notes are an integral part of this financial statement.

National Council of Young Men's Christian Associations
of the United States of America

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and support			
Contributions	$ 1,397	$ 63,506	$ 64,903
Government grants	10,764	-	10,764
Donations-in-kind and contributed services	-	11,567	11,567
World Service campaign	-	1,440	1,440
Net assets released from restrictions	40,197	(40,197)	-
Total contributions and support	52,358	36,316	88,674
Financial support from member YMCAs	60,593	-	60,593
Program and service revenue	1,998	-	1,998
Royalties and other revenue	549	-	549
Income from third-party trusts	553	64	617
Allocation of investment earnings for current operations	2,273	827	3,100
Total revenue and support	118,324	37,207	155,531
Expenses			
Program activities			
Social responsibility	35,639	-	35,639
Youth development	35,117	-	35,117
Healthy living	24,559	-	24,559
Total program activities	95,315	-	95,315
Supporting services			
Management and general	9,415	-	9,415
Fundraising	2,010	-	2,010
Total supporting services	11,425	-	11,425
Total expenses	106,740	-	106,740
Change in net assets from operations	11,584	37,207	48,791
Non-operating activities			
Investment return, net	3,246	10,224	13,470
Allocation of investment earnings for current operations	(2,273)	(827)	(3,100)
Loss on sublease	(3,627)	-	(3,627)
Income tax refund	90	-	90
Change in beneficial interests in perpetual trusts	-	849	849
Provision for uncollectible accounts	(570)	-	(570)
Total non-operating activities	(3,134)	10,246	7,112
CHANGE IN NET ASSETS	8,450	47,453	55,903
Net assets at beginning of year	38,194	92,205	130,399
Net assets at end of year	$ 46,644	$ 139,658	$ 186,302

The accompanying notes are an integral part of this financial statement.

National Council of Young Men's Christian Associations of the United States of America

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022
(in thousands)

	Program activities				Supporting services			
	Social Responsibility	**Youth Development**	**Healthy Living**	**Total**	**Management and General**	**Fundraising**	**Total**	**Total**
Personnel costs	$ 13,097	$ 7,362	$ 6,130	$ 26,589	$ 3,073	$ 1,787	$ 4,860	$ 31,449
Professional fees and other services	10,720	11,332	8,922	30,974	2,631	-	2,631	33,605
Advertising and marketing	9,844	9,848	4,924	24,616	-	-	-	24,616
Communications and supplies	408	243	178	829	59	22	81	910
Occupancy and insurance	2,762	2,070	1,730	6,562	1,223	206	1,429	7,991
Travel and meeting expenses	2,033	1,529	647	4,209	452	147	599	4,808
Awards and grants to associations	18,257	26,061	3,148	47,466	-	-	-	47,466
Financing costs	146	59	59	264	1,497	-	1,497	1,761
Depreciation and amortization	897	468	368	1,733	307	-	307	2,040
Organizational dues	36	3	3	42	652	-	652	694
Total functional expenses	$ 58,200	$ 58,975	$ 26,109	$ 143,284	$ 9,894	$ 2,162	$ 12,056	$ 155,340

The accompanying notes are an integral part of this financial statement.

National Council of Young Men's Christian Associations of the United States of America

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021
(in thousands)

	Program activities				Supporting services			
	Social Responsibility	Youth Development	Healthy Living	Total	Management and General	Fundraising	Total	Total
Personnel costs	$ 11,578	$ 6,289	$ 5,609	$ 23,476	$ 2,640	$ 1,747	$ 4,387	$ 27,863
Professional fees and other services	9,905	10,178	8,760	28,843	3,024	-	3,024	31,867
Advertising and marketing	4,635	4,641	2,314	11,590	-	-	-	11,590
Communications and supplies	265	151	125	541	174	18	192	733
Occupancy and insurance	2,519	1,694	1,446	5,659	916	199	1,115	6,774
Travel and meeting expenses	394	132	101	627	194	46	240	867
Awards and grants to associations	5,165	11,508	5,782	22,455	-	-	-	22,455
Financing costs	137	70	70	277	1,447	-	1,447	1,724
Depreciation and amortization	998	452	350	1,800	338	-	338	2,138
Organizational dues	43	2	2	47	682	-	682	729
Total functional expenses	$ 35,639	$ 35,117	$ 24,559	$ 95,315	$ 9,415	$ 2,010	$ 11,425	$ 106,740

The accompanying notes are an integral part of this financial statement.

National Council of Young Men's Christian Associations
of the United States of America

STATEMENTS OF CASH FLOWS

Years ended December 31,
(in thousands)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (34,384)	$ 55,903
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	2,040	2,138
Provision for bad debts	536	570
Net realized and unrealized losses (gains) on investments	14,397	(7,492)
Loss on sublease	-	3,627
Change in beneficial interests in perpetual trusts	1,554	(849)
Changes in operating assets and liabilities		
Financial support, pledges receivable and other receivables	3,064	(14,546)
Prepaid expenses and other assets	(2,472)	(39)
Accounts payable and accrued liabilities	3,122	(219)
Deferred revenue	239	(4,470)
Right-of-use asset and lease liability	(560)	-
Net cash (used in) provided by operating activities	(12,464)	34,623
Cash flows from investing activities:		
Acquisitions of land, building and equipment	(2,856)	(242)
Sales of investments	4,577	14,563
Purchases of investments	(1,327)	(23,593)
Net cash provided by (used in) investing activities	394	(9,272)
Cash flows from financing activities:		
Payments on notes payable	(500)	(500)
Net cash used in financing activities	(500)	(500)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(12,570)	24,851
Cash and cash equivalents at beginning of year	60,537	35,686
Cash and cash equivalents at end of year	$ 47,967	$ 60,537
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 1,487	$ 1,555
Non-cash investing and financing activities:		
Leasehold improvements financed through operating lease	$ -	$ 4,340
Right-of-use assets obtained in exchange for lease liabilities	7,002	-

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

NOTE A - DESCRIPTION OF ORGANIZATION

The National Council of Young Men's Christian Associations of the United States of America ("Y-USA") is an Illinois not-for-profit organization with headquarters in Chicago, Illinois.

As the national resource office for the nation's 2,600 YMCAs, Y-USA's basic objective is to build the capacity of YMCAs to advance our cause of strengthening community through youth development, healthy living and social responsibility. Youth development aims to nurture the potential of every child and teen through programs such as childcare, education and leadership, swim and camp. Healthy living programs aim to improve the nation's health and well-being through programs that focus on family time, well-being, fitness, sports and recreation. Social responsibility incorporates giving back and providing support to our neighbors with programs that include social services, global services, volunteerism and advocacy.

Y-USA's funding comes from various sources, the most significant being from YMCA associations throughout the United States. These associations are autonomous corporations, separately incorporated in their respective states, have independent boards and issue separate, individual financial statements, which are not included in the accompanying financial statements.

Y-USA is governed by its Board of Directors (the "National Board"). Objectives, purposes, powers and functions of Y-USA are performed, carried out and made effective by the National Board.

North American YMCA Development Organization is an Illinois limited liability corporation of Y-USA that was established to address issues in the area of financial development including education, networking and training that lead to successful financial development. Their financial results are included herein.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

Net assets have been recorded and reported as changes in the following two net asset classes:

Net assets without donor restrictions – Net assets without donor restrictions consist of resources that are available for use in carrying out the mission of Y-USA and include those expendable resources that have been designated for special use by the National Board.

Net assets with donor restrictions – Net assets with donor restrictions represent contributions subject to donor-imposed restrictions. Some restrictions are temporary in nature, stipulating that resources be used after a specified date or for a particular purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Some restrictions are perpetual in nature and mandate the original principal be invested in perpetuity. The majority of the earnings from net assets restricted in perpetuity are available for the general use of Y-USA. Net assets with donor restrictions also includes beneficial interests in perpetual trusts held by third parties.

Revenue and Support

Contributed Revenue

Contributions (including World Service campaign) – Contributions, bequests and grants may come from individuals, foundations, corporations or trusts. Revenue is recognized in the period when an unconditional contribution, pledge or promise to give is received. If donor-imposed conditions exist, revenue is recognized when all conditions are satisfied.

Government grants – Y-USA receives funding from various departments of the U.S. government. All of Y-USA's government grants are nonreciprocal transactions and include conditions stipulated by the granting agencies and are, therefore, accounted for as conditional contributions. Revenue is recognized as conditions are satisfied, primarily as expenses are incurred. Y-USA received cost reimbursable government grants of approximately $12,398 and $8,745 that have not been recognized at December 31, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred.

Donations-in-kind and contributed services – Y-USA produces public service announcements ("PSAs") that run on media outlets across the country, such as television, radio, print and digital media. Y-USA distributes PSAs to a third party who then distributes them to media outlets. Media outlets provide placements to Y-USA for free, as a contribution to Y-USA's mission. The donated media placements have no donor restrictions. Y-USA has contracted with independent outside agencies to track PSA placement and estimate the fair value of the donated media placements based on the date, time and market. Donations-in-kind are recognized at their estimated fair values based on placement date with a corresponding amount in expenses in the statements of activities, resulting in no net impact on the change in net assets during the year. Donations-in-kind related to PSAs were $23,973 and $11,291 for the years ended December 31, 2022 and 2021, respectively.

Contributed services are recognized as revenue if (1) the services either create or enhance a non-financial asset or (2) require specialized skills provided by entities or persons possessing those skills and Y-USA would need otherwise to purchase those services if not donated. Contributed services are recognized at their estimated fair values at the date of receipt with a corresponding amount in expenses in the statements of activities, resulting in no net impact on the change in net assets during the year. Contributed services were $0 and $276 for the years ended December 31, 2022 and 2021, respectively.

A substantial number of unpaid volunteers have made significant contributions of their time in the furtherance of Y-USA's activities. Such services do not meet the criteria for recognition as contributions; therefore, their value is not reflected in the accompanying financial statements.

Revenue from Contracts with Customers

Revenue from contracts with customers is recorded based on the accrual basis of accounting and is derived primarily from financial support from member YMCAs and program and service revenue. All of Y-USA's revenue from contracts with customers is from performance obligations satisfied over time and is derived from contracts with an initial expected duration of one year or less. Prices are specific to distinct performance obligations and do not consist of multiple transactions.

Financial support from member YMCAs – Y-USA had 776 corporate YMCA members in 2022 and 789 members in 2021 that paid financial support to the national office (Y-USA). Financial support is used by Y-USA to lead the national YMCA movement, deliver resources and services that assist YMCAs in carrying out their work, facilitate innovation, advance national positioning and global perspective, and oversee national governance and membership standards. Financial support dues are billed the first of each month and are typically due the last day of the same month. Revenue is recognized ratably over the membership year.

Program and service revenue – Y-USA offers training, professional development and conference events to employees of member YMCAs. Events range from one-hour online training courses to one-week conferences at an off-site facility. Depending on the event, registration fees may include training, workshops, networking events, course materials, hotel and meals. Because each event takes place within a fiscal year, revenue is recognized at the completion of a training course or conference. Registration fees received in advance are recorded as deferred revenue in the statements of financial position and recognized as revenue in the following year.

Y-USA records deferred revenue in situations when amounts are invoiced but the revenue recognition criteria outlined above are not met. Such revenue is recognized when all criteria are subsequently met. Deferred revenue for revenue from contracts with customers was $654 and $415 as of December 31, 2022 and 2021, respectively. There were no associated accounts receivable for revenue from contracts as of December 31, 2022 or 2021.

Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Y-USA. Those expenses include personnel costs, communications and supplies, occupancy and insurance, depreciation and amortization, and organizational dues. Staff officer costs are allocated based on an estimate of time spent on the various program and supporting activities. All other costs are allocated based on headcount.

Awards and Grants to Associations

These grants represent amounts distributed to member and international YMCAs to assist them in furthering their individual missions and are recorded when Y-USA selects the recipient YMCAs.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Y-USA considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

Accounts and Pledges Receivable

Accounts and pledges receivable are due from member associations, donors and other entities, and are recorded net of allowances for uncollectible accounts. Y-USA determines its allowance for uncollectible accounts by considering a number of factors, including the length of time receivables are past due, Y-USA's previous collection history, the member association's or entity's current ability to pay its obligation to Y-USA, and the condition of the general economy and the industry as a whole. Y-USA writes off accounts and pledges receivable when they become uncollectible, and the payments subsequently received on such receivables are credited to revenue.

Investments

Publicly traded investments are recorded at fair value determined on the basis of closing market prices or bid quotations. Other investments are recorded at fair value based on Y-USA's unit share of the fair value of the underlying investments. Purchases and sales of investments are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Total net investment return (realized/unrealized gains and losses and investment income) is presented in non-operating activities on the statements of activities, with corresponding transfer of the endowment allocation to operating activities.

Land, Building and Equipment

Land, building, equipment and leasehold improvements are recorded at cost. Depreciation is provided using the straight-line method based on the estimated useful lives of the related assets, ranging from three to eight years. Amortization on leasehold improvements is provided over the lesser of the life of the lease or the estimated useful life of the asset. Y-USA's fixed asset capitalization policy is to capitalize long-lived assets with a value greater than $5.

Leases

Y-USA has operating lease agreements for office space and office equipment expiring in various years through 2036. Y-USA determines if a contract contains a lease when the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Upon such identification and commencement of a lease, Y-USA establishes a right-of-use ("ROU") asset and a lease liability in the statement of financial position.

A lease component is defined as an asset within the lease contract that a lessee can benefit from the use of and is not highly dependent or interrelated with other assets in the arrangement. A lease contract may contain multiple lease components. A non-lease component is defined as a component of the lease that transfers a good or service for the underlying asset, such as maintenance services. Y-USA has determined that all of its leases contain one lease component. The lease liability represents future lease payments discounted for present value. Lease payments that may be included in the lease liability include fixed payments, variable lease payments that are based on an index or rate and payments for penalties for terminating the lease if the lessee is reasonably certain to use a termination option, among others. Certain leases contain rent escalation clauses that are specifically stated in the lease, and these are included in the calculation of the lease liability. Variable lease payments which are not based on an index or rate are excluded from the calculation of the lease liability and are recognized in the statement of activities during the period incurred.

The ROU asset consists of the amount of the initial measurement of the lease liability and adjusted for any lease incentives, including rent abatements and tenant improvement allowances, and any initial direct costs incurred by the lessee. The ROU asset is amortized over the remaining lease term on a straight-line basis.

The lease term is determined by taking into account the initial period as stated in the lease contract and adjusted for any renewal options that Y-USA is reasonably certain to exercise as well as any period of time that the lessee has control of the space before the stated initial term of the lease.

Y-USA uses discount rates to determine the net present value of gross lease obligations when calculating the lease liability and related ROU asset. In cases in which the rate implicit in the lease is readily determinable, that discount rate is used for the purposes of the net present value calculation. In most cases, lease agreements do not have a discount rate that is readily determinable and therefore an estimate of Y-USA's incremental borrowing rate is used. The incremental borrowing rate is determined at lease commencement or lease modification and represents the rate of interest Y-USA would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Payable to a YMCA member association

During 2019, the National Board approved a contribution to a YMCA member association. In accordance with the agreement, Y-USA started paying the member association $1,800 in annual installments for 20 years beginning in 2021. The net present value of the future payments was recognized on the 2020 statement of financial position as payable to a YMCA member association.

Beneficial Interests in Perpetual Trusts

Y-USA has beneficial interests in certain perpetual trusts, which are held by third parties. Y-USA recognizes revenue equal to its proportionate share of the fair value of the trust assets upon notification and determination that its right to receive benefits under the agreement is unconditional and irrevocable. Changes in the fair value of Y-USA's interest in the trust assets are reflected as change in beneficial interests in perpetual trusts in the statements of activities in the period in which they occur. The distributions are recognized as investment income.

Concentration of Credit Risk

Y-USA has certain financial instruments that subject it to potential credit risk. Those financial instruments consist primarily of cash, cash equivalents and certificates of deposit. Y-USA maintains these balances with financial institutions. At times, these balances may exceed the Federal Deposit Insurance Corporation insured limits. Y-USA has not experienced any loss on these accounts and believes there is no significant exposure of credit risk on cash, cash equivalents and certificates of deposit.

Use of Estimates

Management of Y-USA has made certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Income Taxes

Y-USA has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986, as an organization described in Section 501(c)(3), except for income taxes pertaining to unrelated business income. The Financial Accounting Standards Board ("FASB") issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements, and there are no interest or penalties recognized in the statements of activities or statements of financial position.

Fair Value Measurements

The FASB has issued guidance that defines fair value, establishes a framework for measuring fair value, specifies a fair value hierarchy based on the inputs used to measure fair value and specifies disclosure requirements for fair value measurements. The guidance also maximizes the use of observable inputs by requiring that observable inputs be used when available.

Inputs are used in applying the various valuation techniques and broadly refer to assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes observable requires significant judgment by Y-USA. Y-USA considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the fair value hierarchy is based on the pricing transparency of the instrument and does not necessarily correspond to Y-USA's perceived risk of that instrument.

Observable inputs are inputs that market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Investments for which values are based on quoted market prices in active markets, and are therefore classified within Level 1, include mutual funds, common and preferred stock, and short-term money market mutual funds. Y-USA does not adjust the quoted price for such instruments, even in situations where Y-USA holds a large position and a sale could reasonably impact the quoted price.

Level 2 - Financial instruments that trade in markets that are not considered to be active, but that are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

<u>Level 3</u> - Financial instruments classified within Level 3 have significant unobservable inputs as they trade infrequently or not at all. When observable prices are not available for these investments, Y-USA uses one or more valuation techniques (e.g., the market approach, the income approach or the cost approach) for which sufficient and reliable data is available.

Y-USA has no investments recorded as Level 3 as of December 31, 2022 and 2021.

Y-USA's beneficial interests in perpetual trusts held by others are valued using the fair value of the assets in the trust as a practical expedient, unless facts and circumstances indicate that the fair value of the assets in the trust differ from the fair value of the beneficial interests. Perpetual trusts held by others are classified within Level 3 of the fair value hierarchy.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* The underlying principle of ASU 2016-02 is that lessees should recognize the assets and liabilities arising from leases in the statements of financial position. The guidance requires a lessee to recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous generally accepted accounting principles. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statements of financial position. YUSA adopted ASU 2016-02 for the year ended December 31, 2022 using the current period adjustment method which impacted the presentation of Y-USA's financial condition and disclosures, but there was no material impact on the results from operations. Upon adoption, YUSA recorded a right-of-use asset of $9,850 and lease liability of $20,763.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The guidance requires contributed nonfinancial assets to be presented as a separate line item on the statement of activities, apart from cash and other financial asset contributions. The guidance also requires disclosure of the types of contributed nonfinancial assets and, for each category, information about whether the assets were monetized or utilized, a description of the policies to monetize or utilize such assets, a description of donor-imposed restrictions associated with the contributions, and a description of the valuation techniques and principal market used to arrive at a fair value measure at initial recognition. Organizations are required to apply the guidance on a retrospective basis. YUSA adopted ASU 2020-07 for the year ended December 31, 2022.

(dollars in thousands)

NOTE C - LIQUIDITY

Y-USA's working capital and cash flows fluctuate during the year due to the timing of contributions. To manage liquidity, Y-USA maintains a credit line of $10,000 that is drawn upon as needed during the year to manage cash flow and is then repaid based on the availability of cash. See Note I for further description of this line of credit.

The following reflects Y-USA's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use within one year of the financial statement date due to contractual or donor-imposed restrictions or internal designations. Amounts available include the Board-approved appropriation from the endowment fund for the following year, as well as donor-restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the National Board approves that action.

	2022	2021
Financial assets as of December 31	$ 175,824	$ 209,641
Less those amounts unavailable for general expenditures within one year, due to:		
Long-term pledges receivable	(5,332)	(5,407)
Endowment funds with donor restrictions for specific purposes	(25,149)	(30,081)
Endowment funds Board-designated for specific purposes	(36,194)	(44,816)
Financial assets available to meet cash needs for general expenditures within one year	$ 109,149	$ 129,337

December 31, 2022 and 2021 (dollars in thousands)

NOTE D - ACCOUNTS AND PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	2022	2021
Pledges, non-interest-bearing, discounted using an interest rate of 2.0-7.5%		
Less than one year	$ 13,536	$ 17,187
One to five years	5,842	5,883
Total pledges	19,378	23,070
Less		
Provision for uncollectible accounts	(30)	(30)
Discount to present value	(511)	(476)
Pledges receivable, net	$ 18,837	$ 22,564

Accounts receivable consist of the following at December 31:

	2022	2021
Financial support dues	$ 1,216	$ 396
Employee retention tax credit receivable	1,204	2,139
Other receivables	1,634	994
Total accounts receivables	4,054	3,529
Less provision for doubtful accounts	(906)	(508)
Accounts receivables, net	$ 3,148	$ 3,021

December 31, 2022 and 2021 (dollars in thousands)

NOTE E - INVESTMENTS

At December 31, 2022 and 2021, investments comprised the following:

	2022	2021
Publicly traded		
Mutual funds	$ 19,556	$ 26,883
Common and preferred stock	30,116	39,797
Corporate and government bonds	24,111	24,895
Total publicly traded	73,783	91,575
Other investments		
Commingled funds	9,335	12,580
Limited partnerships	22,754	19,364
Total other investments	32,089	31,944
Total investments	$ 105,872	$ 123,519

NOTE F - FAIR VALUE MEASUREMENTS

The following table summarizes assets by fair value measurement level as of December 31. Y-USA measures certain investments using net asset value ("NAV") which is exempted from categorization within the fair value hierarchy and related disclosures. However, Y-USA separately discloses the information required for assets measured using NAV in the following tables:

	2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 19,556	$ -	$ -	$ 19,556
Common and preferred stock	30,116	-	-	30,116
Corporate and government bonds	-	24,111	-	24,111
	$ 49,672	$ 24,111	$ -	73,783
Other investments, measured at NAV				
Commingled funds				9,335
Limited partnerships				22,754
Total investments, at fair value				$ 105,872
Beneficial interests in perpetual trusts	$ -	$ -	$ 8,337	$ 8,337

(dollars in thousands)

	2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 26,883	$ -	$ -	$ 26,883
Common and preferred stock	39,797	-	-	39,797
Short duration bonds	-	24,895	-	24,895
	$ 66,680	$ 24,895	$ -	91,575
Other investments, measured at NAV				
Commingled funds				12,580
Limited partnerships				19,364
Total investments, at fair value				$ 123,519
Beneficial interests in perpetual trusts	$ -	$ -	$ 9,891	$ 9,891

Investments valued at NAV as of December 31, 2022 and 2021 consisted of the following:

	2022			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Limited partnerships, private equity	$ 13,488	$ 4,497	N/A	N/A
Limited partnerships, fund of funds	9,266	-	Quarterly; Semi-Annually	45 days; 3.5 months
Commingled funds	9,335	-	Daily; Monthly	5-7 business days
	$ 32,089	$ 4,497		

December 31, 2022 and 2021 (dollars in thousands)

	2021			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Limited partnerships, private equity	$ 11,358	$ 6,047	N/A	N/A
Limited partnerships, fund of funds	8,006	-	Quarterly; Semi-Annually	45 days; 3.5 months
Commingled funds	12,580	-	Daily; Monthly	5-7 business days
	$ 31,944	$ 6,047		

Limited Partnerships

Limited partnerships include investments in private equity funds primarily investing in middle market and expansion stage companies. These investments are not redeemable periodically at the discretion of the investor. Instead, for investments in this category, distributions are received through the general partner's liquidation of the underlying assets of the fund. The timing of liquidation of the underlying assets is unknown. Limited partnerships also include an investment in a fund of funds with a focus on long/short equities. The fund is invested in securities, private investment companies, and other investments. Limited partnerships are valued using the NAV of the investment.

Commingled Funds

Commingled funds include funds with investments in various diversified equity and fixed income securities. These funds are not publicly traded or registered with the Securities and Exchange Commission. Commingled funds are valued using the NAV of the investment fund.

The changes in Level 3 assets for the years ended December 31, 2022 and 2021 consisted of the following:

Balance, December 31, 2020	$ 9,042
Change in value	849
Balance, December 31, 2021	9,891
Change in value	(1,554)
Balance, December 31, 2022	$ 8,337

December 31, 2022 and 2021 (dollars in thousands)

NOTE G - LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following at December 31:

	2022	2021
Land	$ 346	$ 346
Building	1,420	1,420
Leasehold improvements	11,505	11,445
Furniture, software and equipment	29,545	26,749
Total land, building and equipment	42,816	39,960
Less depreciation and amortization	(33,299)	(31,259)
Land, building and equipment, net	$ 9,517	$ 8,701

NOTE H - LEASES

During 2019, Y-USA renegotiated the lease for its office space in Chicago. The lease was extended through June 30, 2036 and includes fixed rental payments that increase annually at 3%. Y-USA also makes separate payments to the lessor based on the property taxes assessed on the property, as well as a portion of the common area maintenance associated with the building.

During 2021, Y-USA entered into a sublease agreement for a portion of its office space in Chicago. The 10-year sublease includes fixed rental payments that increase annually by fifty cents per square foot, plus a percentage share of property taxes and common area maintenance associated with the building. The difference between Y-USA's costs under the primary lease and executory costs associated with the sublease and sublease rental income of $0 and $3,627 has been recorded as loss on sublease in the statement of activities for the years ended December 31, 2022 and 2021, respectively. Sublease income related to operating leases was $1,028 and $321 for the years ended December 31, 2022 and 2021, respectively.

Fixed lease expense related to the operating leases was $3,618 and $3,635 for the years ended December 31, 2022 and 2021, respectively.

Fixed lease expenses are recorded within the Occupancy and insurance line on the Statement of Functional Expenses. Fixed lease expenses are recorded on a straight-line basis over the lease term and therefore are not necessarily representative of cash payments during the same period.

(dollars in thousands)

Supplemental statement of financial position information related to leases at December 31, 2022 was as follows:

Weighted-average remaining lease term (in months) – operating leases	157.5
Weighted-average discount rate – operating leases	8.0%

Minimum rental commitments, discounted for present value, for office space and office equipment under operating leases in effect as of December 31, 2022, are as follows:

2023	$ 2,429
2024	2,485
2025	566
2026	2,467
2027	2,475
Thereafter	23,461
Total minimum lease payments	33,883
Less: imputed interest	(13,781)
Present value of future minimum lease payments	$ 20,102

NOTE I - NOTES PAYABLE AND OTHER BORROWINGS

Notes payable consisted of the following at December 31:

	2022	2021
Note payable at an interest rate of 3.82% payable monthly. Principal is payable annually beginning November 15, 2019, in the amount of $500, with all remaining unpaid principal due and payable in full on November 16, 2023.	$ 4,500	$ 5,000

Principal payments required on the notes payable as of December 31, 2022, are as follows:

2023	$ 4,500
Total notes payable	$ 4,500

Y-USA has a revolving line of credit of $10,000 that is available until December 2024. Y-USA can repay principal amounts and re-borrow them, provided outstanding borrowings do not exceed the principal balance. There were no amounts drawn on the available line of credit as of December 31, 2022 and 2021. Interest payments are due monthly, calculated at the Bloomberg Short-Term Bank Yield Index Rate plus 0.65 percentage points on the outstanding principal.

The line of credit and the outstanding note contain various covenants pertaining to the ratio of unrestricted cash and investments to debt and the amount of outstanding liabilities and lease obligations. Y-USA was in compliance with these covenants as of December 31, 2022 and 2021.

December 31, 2022 and 2021 (dollars in thousands)

NOTE J - RESTRICTIONS AND DESIGNATIONS ON NET ASSETS

Net assets with and without donor restrictions at December 31, 2022 and 2021 consist of the following balances:

	2022	2021
Amounts without donor restrictions		
Board-designated for endowment	$ 38,760	$ 47,374
Undesignated	(4,624)	(730)
Total net assets without donor restrictions	34,136	46,644
Amounts restricted by time or purpose:		
Amounts restricted by purpose:		
Youth development	36,378	39,490
Healthy living	2,875	2,676
Social responsibility	35,251	45,549
All other	3,621	4,653
Net assets restricted by purpose	78,125	92,368
Amounts restricted by time	19,936	26,015
Total net assets restricted by time or purpose	98,061	118,383
Amounts with perpetual donor restrictions:		
Permanent endowment funds, income of which is used for program support and general operations	11,384	11,384
Beneficial interest in perpetual trusts	8,337	9,891
Total net assets with perpetual restrictions	19,721	21,275
Total net assets with donor restrictions	117,782	139,658
Total net assets	$ 152,718	$ 186,302

(dollars in thousands)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors for the years ended December 31:

	2022	2021
Youth development	$ 34,724	$ 15,239
Healthy living	10,409	5,175
Social responsibility	26,286	18,643
All other	729	1,140
Total net assets released from restrictions	$ 72,148	$ 40,197

NOTE K - ENDOWMENT

Y-USA's endowment consists of various individual funds established for different purposes as detailed above, but primarily to support YMCA programs worldwide. The endowment consists of donor-restricted endowment funds and board-designated endowments. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

UPMIFA, as enacted by the state of Illinois, applies to Y-USA's donor-restricted endowment funds. As required by UPMIFA, Y-USA accounts for endowment net assets by preserving the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, Y-USA classifies within net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified within net assets with donor restrictions is classified either in accordance with donor stipulations or an implied time restriction, until those amounts are appropriated for expenditure by management for the donor-stipulated purpose. Y-USA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of Y-USA and the donor-restricted endowment fund;
- General economic conditions;
- The possible effects of inflation and deflation;
- The expected total return from income and the appreciation of investments;

- Other resources of Y-USA; and
- The investment policies of Y-USA.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the fund to retain as a fund of perpetual duration ("underwater funds"). Deficiencies of this nature are reported in net assets with donor restrictions of $2 and $0 as of December 31, 2022 and 2021, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new donor endowment contributions and continued appropriation for certain programs that were deemed prudent by the National Board. Y-USA has a policy that permits spending from underwater funds depending on the degree to which the fund is underwater, unless specifically prohibited by the donor or relevant laws and regulations.

Y-USA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the National Board, the endowment assets are invested in a manner that is intended to provide adequate liquidity, maximize returns on all funds invested and achieve full employment of all available funds as earning assets. Y-USA has an active Investment Committee that meets regularly to ensure that the objectives of the investment policies are met and that the strategies used to meet the objectives are in accordance with the investment policies. Endowments comprise both investments and cash and cash equivalents on the statements of financial position at December 31, 2022 and 2021.

The National Board has adopted a spending policy calculated as 4.5% of the fund's 28-quarter rolling average balance, with a cap of no more than 6% of the funds' current market value as of June 30. In establishing the spending policy, the National Board considered the long-term expected return on its endowment. Over the long term, National Board expects the current spending policy to allow its endowment to grow at an amount keeping with inflation. This is consistent with Y-USA's objective of maintaining the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

During 2020, due to the uncertainty regarding the COVID-19 pandemic, the National Board approved a withdrawal of $12,000 from the fund to support operating costs of Y-USA. During 2021, Y-USA was able to restore $12,130 to the fund based on operating results.

(dollars in thousands)

During the year ended December 31, 2022, Y-USA had the following endowment-related activities:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 44,816	$ 56,088	$ 100,904
Investment return, net	(6,389)	(9,994)	(16,383)
Contributions to endowment	40	-	40
Appropriation of endowment assets for expenditures	(2,233)	(1,017)	(3,250)
Endowment net assets, end of year	$ 36,234	$ 45,077	$ 81,311

During the year ended December 31, 2021, Y-USA had the following endowment-related activities:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 28,985	$ 49,060	$ 78,045
Investment return, net	5,974	7,855	13,829
Contributions to endowment	12,130	-	12,130
Appropriation of endowment assets for expenditures	(2,273)	(827)	(3,100)
Endowment net assets, end of year	$ 44,816	$ 56,088	$ 100,904

NOTE L - RETIREMENT PLAN

Y-USA participates in a defined contribution, individual account, money purchase retirement plan that is administered by the YMCA Retirement Fund (a separate corporation). This plan is for the benefit of all eligible professional and support staff of Y-USA who qualify under applicable participation requirements.

The YMCA Retirement Fund is operated as a church pension plan and is a not-for-profit, tax-exempt, state of New York Corporation. Participation is available to all duly organized and recognized YMCAs in the United States. As a defined contribution plan, the YMCA Retirement Fund has no unfunded benefit obligations.

In accordance with the agreement with the YMCA Retirement Fund, Y-USA and employee contributions are a percentage of the participating employees' salaries, paid for by Y-USA, and are remitted to the YMCA Retirement Fund monthly. Y-USA contributions charged to retirement expense were $2,469 and $1,666 for the years ended December 31, 2022 and 2021, respectively.

NOTE M - CONTINGENCIES

Member associations are separate autonomous corporations, the operations of which are not under the control of Y-USA. However, Y-USA has, on occasion, been included as a defendant in litigation arising from incidents at member associations. Y-USA has to date been responsible for no settlements or judgements.

Counsel, named by Y-USA insurers during the discovery process, is normally unable to express an opinion as to the liability and damage aspects of the cases. If Y-USA were to be held liable, it is possible that the plaintiff may, to the extent that the liability of Y-USA exceeds its insurance coverage, attempt enforcement action against the funds of Y-USA. It is the opinion of management that the outcome of any present litigation matters will not materially affect the net assets of Y-USA.

NOTE N - SUBSEQUENT EVENTS

Y-USA evaluated its December 31, 2022 financial statements for subsequent events through April 27, 2023, the date the financial statements were available to be issued.

SINGLE AUDIT REPORTS

National Council of Young Men's Christian Associations
of the United States of America

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Centers for Disease Control and Prevention				
Direct Programs				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421		$ 2,524,360	$ 5,391,501
Assistance Programs for Chronic Disease Prevention and Control	93.945		170,695	402,972
Passed through Wake Forest University Health Sciences				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	60046493 YMCA	-	5,085
Total U.S. Department of Health and Human Services			2,695,055	5,799,558
U.S. Department of Labor				
WIA Dislocated Worker National Reserve Demonstration Grants	17.280		-	33,542
U.S. Department of the Interior				
Conservation Activities by Youth Service Organizations	15.931		46,999	193,925
Total expenditures of federal awards			$ 2,742,054	$ 6,027,025

The accompanying notes are an integral part of this schedule.

National Council of Young Men's Christian Associations of the United States of America

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2022

NOTE A - NATURE OF ENTITY

The National Council of Young Men's Christian Associations of the United States of America ("Y-USA") is an Illinois not-for-profit organization with headquarters in Chicago, Illinois. The basic objectives of Y-USA are to serve as a means through which YMCAs can achieve their purposes and goals as a national movement, and to make available services that will enrich and strengthen YMCAs in carrying out their work.

Federal Program Background

Y-USA receives its federal funding from the U.S. Department of Health and Human Services, the Department of Labor ("DOL"), the Department of the Interior ("DOI").

The funding from the Centers for Disease Control and Prevention ("CDC") supports the following programs: Diabetes Prevention Program ("DPP") and various capacity building programs including Million Hearts ("MH"). DPP is an evidence-based lifestyle change program in populations at high-risk for developing type 2 diabetes (African American; American Indian/Alaska Native; Hispanic/Latino, Low Social Economic Status; Women with a history of Gestational Diabetes). MH seeks to increase the number of effective and evidence-based hypertension control models, partnerships and licensures, resources available to deliver the model, and YMCA pilot testing the model for national dissemination. The overall goal of capacity building assistance is to ensure improvements in the public health infrastructure so that it is prepared for responding to both acute and chronic threats relating to the nation's health such as emerging infections, disparities in health status, and increases in chronic disease and injury rates.

Y-USA partnered with Wake Forest University as a subrecipient of an award from the CDC. The primary goal is to encourage biomedical, social, and behavioral research and research training directed toward greater understanding of the aging process and the diseases, special problems and needs of people as they age.

The funding from DOL implements a Workforce Pathways for Youth Project (WPYP) for young people, ages 14-21, who are at greatest risk of becoming disconnected. The WPYP will provide the opportunity to learn skills, have experiences, and gain access to information necessary to gain employment and be successful through adulthood.

The goal of the DOI partnership will be to engage individuals between 6 and 35 years of age in recreational, educational, volunteer service and employment opportunities in national park sites and affiliated areas. Accordingly, the partnership will develop a new generation of natural and cultural resource conservation stewards.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Y-USA and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Y-USA has not elected to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Directors
National Council of Young Men's Christian Associations
of the United States of America

We have audited, 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 (*Government Auditing Standards*), the financial statements of the National Council of Young Men's Christian Associations of the United States of America (the "Entity"), 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, and have issued our report thereon dated April 27, 2023.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the Entity'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 the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency in the Entity's internal control.

Report on compliance and other matters
As part of obtaining reasonable assurance about whether the Entity'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*.

Entity's response to findings
Government Auditing Standards requires the auditor to perform limited procedures on the Entity's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Entity's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the Entity's response.

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 Entity'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 Entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Chicago, Illinois
April 27, 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
National Council of Young Men's Christian Associations
of the United States of America

Report on compliance for each major federal program

Opinion on each major federal program

We have audited the compliance of the National Council of Young Men's Christian Associations of the United States of America (the "Entity") with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of the Entity's major federal programs for the year ended December 31, 2022. The Entity's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for opinion on each major federal program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Entity 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Entity's compliance with the compliance requirements referred to above.

Responsibilities of management for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Entity's federal programs.

Auditor's responsibilities for the audit of compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Entity's compliance based on our audit. 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 US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Entity's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on internal control over compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Entity's internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Chicago, Illinois
April 27, 2023

National Council of Young Men's Christian Associations of the United States of America

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2022

I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? __X__ Yes ____ None reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ Yes __X__ None reported

Type of auditors' report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ Yes __X__ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
93.421	U.S. Department of Health and Human Services Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? __X__ Yes ______ No

II - FINANCIAL STATEMENT FINDINGS

Finding 2022-001: Accounting for Donated Advertising

Criteria: Accounting standards require that contributed services are recognized as revenue to the extent 1) the services either create or enhance a non-financial asset or 2) require specialized skills provided by entities or persons possessing those skills and the entity would need otherwise to purchase those services if not donated.

Condition: Our audit procedures revealed that the amount of donated advertising initially recognized by Y-USA in 2022 was not complete. A correction was made by management to record the previously omitted contributions.

Context: Y-USA utilizes a third-party service provider to determine if Y-USA has received donated advertising and the related value of the donated advertising. Y-USA receives a report from the third-party that is used to record donated advertising received during the reporting period.

Cause: The report received by Y-USA from the third party related to 2022 donated advertising was not complete. Y-USA used the incomplete report to record donated advertising. Although there is a process in place to review third-party reports of public service announcements run on media outlets, the controls are not properly designed to ensure the listings are complete.

Effect: Without proper evaluation of the third-party reports, financial information may contain errors that are not identified and corrected on a timely basis.

Repeat Finding: No.

Recommendation: Policies and procedures should be enhanced to ensure that all third-party reports are complete and accurate. These enhancements can include changing the frequency of the receipt of these reports and or ensuring that the reports are being provided by the correct departments within the third-party organization.

Views of Responsible Officials: Management notes the details of this finding. Management will implement procedures to mitigate the outlined issues in our Corrective Action Plan.

III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters reported.

Finding 2022-001: Accounting for Donated Advertising

Summary: During the fiscal year ended December 31, 2022, an incomplete report was used to record the amount of donated advertising.

Corrective Action Planned: We will implement the following control in 2023 to address the deficiency:

- The Marketing Department will obtain reports of donated advertising directly from the third-party provider(s) and will review the reports to ensure that they include all current and previous year campaigns run during the current year.

Anticipated Completion Date: December 31, 2023

Name of Contact Person Responsible for the Plan: Jeff Johnson

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