Report of Independent Auditors
and Consolidated Financial Statements

YMCA of Greater Seattle

December 31, 2022 and 2021
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Report of Independent Auditors

The Board of Directors
YMCA of Greater Seattle

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of YMCA of Greater Seattle, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of YMCA of Greater Seattle as of December 31, 2022, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 1 to the accompanying consolidated financial statements, on January 1, 2022, YMCA of Greater Seattle adopted Financial Accounting Standards Board Accounting Standards Update 2016-02, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about YMCA of Greater Seattle’s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.
Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

• Exercise professional judgment and maintain professional skepticism throughout the audit.
• Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 YMCA of Greater Seattle’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 consolidated financial statements.
• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about YMCA of Greater Seattle’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.

Other Matters

Report on Summarized Comparative Information

We have previously audited YMCA of Greater Seattle’s 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.
Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on communities served and donated goods and services included in Note 1 of the consolidated financial statements are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Moss Adams LLP
Seattle, Washington
June 30, 2023
<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 5,136,311</td>
<td>$ 3,985,618</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>7,301,297</td>
<td>6,115,619</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>1,111,207</td>
<td>1,928,819</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>1,007,029</td>
<td>585,688</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>14,555,844</td>
<td>12,615,744</td>
</tr>
<tr>
<td><strong>LONG-TERM ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted cash</td>
<td>1,000,000</td>
<td>861,000</td>
</tr>
<tr>
<td>Pledges receivable, noncurrent, net</td>
<td>2,039,019</td>
<td>2,094,208</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>63,048,853</td>
<td>84,720,042</td>
</tr>
<tr>
<td>Split-interest agreements</td>
<td>814,137</td>
<td>1,095,033</td>
</tr>
<tr>
<td>Land, buildings, and equipment, net</td>
<td>168,679,558</td>
<td>169,472,407</td>
</tr>
<tr>
<td>Operating right-of-use assets</td>
<td>5,612,553</td>
<td>-</td>
</tr>
<tr>
<td>Finance right-of-use assets</td>
<td>963,235</td>
<td>-</td>
</tr>
<tr>
<td>Interest rate swap agreement</td>
<td>588,866</td>
<td>-</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>621,719</td>
<td>634,213</td>
</tr>
<tr>
<td><strong>Total long-term assets</strong></td>
<td>243,367,940</td>
<td>258,876,903</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 257,923,784</td>
<td>$ 271,492,647</td>
</tr>
</tbody>
</table>
### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES
- Accounts payable: 2022 $3,590,655, 2021 $1,675,446
- Accrued expenses: 2022 6,094,292, 2021 6,733,407
- Deferred program revenue: 2022 3,681,755, 2021 5,768,610
- Bonds payable, current: 2022 1,247,488, 2021 1,191,923
- Notes payable, current: 2022 71,704, 2021 69,314
- Line of credit, current: 2022 9,000,000, 2021 1,000,000
- Operating lease liabilities, current: 2022 1,043,764, 2021 -
- Finance lease liabilities, current: 2022 429,234, 2021 -
- Other current liabilities: 2022 565,082, 2021 1,587,399

Total current liabilities: 2022 $25,723,974, 2021 $18,026,099

#### LONG-TERM LIABILITIES
- Liabilities under split-interest agreements: 2022 144,558, 2021 192,852
- Interest rate swap agreement: 2022 -, 2021 731,476
- Deferred program revenue, noncurrent: 2022 296,479, 2021 403,892
- Notes payable, noncurrent: 2022 4,757,206, 2021 2,228,511
- Capital leases, noncurrent: 2022 -, 2021 1,379,637
- Operating lease liabilities, noncurrent: 2022 5,195,896, 2021 -
- Finance lease liabilities, noncurrent: 2022 450,113, 2021 -
- Bonds payable, noncurrent: 2022 28,375,980, 2021 29,642,443

Total long-term liabilities: 2022 $39,220,232, 2021 $34,578,811

Total liabilities: 2022 $64,944,206, 2021 $52,604,910

#### NET ASSETS
- Net assets without donor restrictions
  - General and designated reserves: 2022 38,225,446, 2021 56,432,661
  - Debt service sinking fund: 2022 10,497,626, 2021 11,319,960
  - Invested in net fixed assets: 2022 90,493,571, 2021 95,389,328

  Total net assets without donor restrictions: 2022 $139,216,643, 2021 $163,141,949

- Net assets with donor restrictions: 2022 53,762,935, 2021 55,745,788

Total net assets: 2022 $192,979,578, 2021 $218,887,737

Total liabilities and net assets: 2022 $257,923,784, 2021 $271,492,647

See accompanying notes.
## YMCA of Greater Seattle
### Consolidated Statements of Activities
#### Year Ended December 31, 2022 (with Comparative Totals for 2021)

### Public Support and Revenue

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>2022 Total</th>
<th>2021 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$ 8,997,338</td>
<td>$ 2,332,637</td>
<td>$ 11,329,975</td>
<td>$ 19,176,633</td>
</tr>
<tr>
<td>United Way</td>
<td>409,010</td>
<td></td>
<td>409,010</td>
<td>393,314</td>
</tr>
<tr>
<td><strong>Total public support</strong></td>
<td><strong>9,406,348</strong></td>
<td><strong>2,332,637</strong></td>
<td><strong>11,738,985</strong></td>
<td><strong>19,569,947</strong></td>
</tr>
</tbody>
</table>

### Revenue

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program, net</td>
<td>26,225,771</td>
<td>1,126,104</td>
<td>27,351,875</td>
<td>15,594,595</td>
</tr>
<tr>
<td>Membership, net</td>
<td>24,666,304</td>
<td></td>
<td>24,666,304</td>
<td>18,003,696</td>
</tr>
<tr>
<td>Government</td>
<td>34,910,306</td>
<td>-</td>
<td>34,910,306</td>
<td>25,811,736</td>
</tr>
<tr>
<td>Other</td>
<td>449,995</td>
<td></td>
<td>449,995</td>
<td></td>
</tr>
<tr>
<td><strong>Total earned revenue</strong></td>
<td><strong>86,252,376</strong></td>
<td><strong>1,126,104</strong></td>
<td><strong>87,378,480</strong></td>
<td><strong>59,723,641</strong></td>
</tr>
</tbody>
</table>

### Net Assets Released from Restrictions

<p>| | | | | |</p>
<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(3,393,142)</td>
<td></td>
</tr>
<tr>
<td><strong>Total public support, revenue, and releases</strong></td>
<td><strong>99,051,866</strong></td>
<td><strong>65,599</strong></td>
<td><strong>99,117,465</strong></td>
<td><strong>79,293,588</strong></td>
</tr>
</tbody>
</table>

### Expenses

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>94,391,409</td>
<td>-</td>
<td>94,391,409</td>
<td>74,236,608</td>
</tr>
<tr>
<td>Management and general</td>
<td>18,735,610</td>
<td>-</td>
<td>18,735,610</td>
<td>16,203,219</td>
</tr>
<tr>
<td>Fundraising</td>
<td>1,204,883</td>
<td>-</td>
<td>1,204,883</td>
<td>1,111,387</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>114,331,902</strong></td>
<td></td>
<td><strong>114,331,902</strong></td>
<td><strong>91,551,214</strong></td>
</tr>
</tbody>
</table>

### Public Support and Revenue in Excess (Deficit) of Expenses Before Other Income and Losses

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(15,280,036)</td>
<td>65,599</td>
<td>(15,214,437)</td>
<td>(12,257,626)</td>
</tr>
</tbody>
</table>

### Other Income and Losses

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Retention Tax Credit gain</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,254,822</td>
</tr>
<tr>
<td>Gain on extinguishment of PPP loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,950,000</td>
</tr>
<tr>
<td>Investment return (loss), net</td>
<td>(9,617,764)</td>
<td>(2,043,568)</td>
<td>(11,661,332)</td>
<td>11,358,055</td>
</tr>
<tr>
<td>Loss on sale of assets</td>
<td>(120,130)</td>
<td>-</td>
<td>(120,130)</td>
<td>(72,839)</td>
</tr>
<tr>
<td>Change in value of split-interest agreements</td>
<td>(227,718)</td>
<td>(4,884)</td>
<td>(232,602)</td>
<td>64,444</td>
</tr>
<tr>
<td>Change in value of interest rate swap agreement</td>
<td>1,320,342</td>
<td>-</td>
<td>1,320,342</td>
<td>783,183</td>
</tr>
<tr>
<td><strong>Total other income and losses</strong></td>
<td><strong>(8,645,270)</strong></td>
<td><strong>(2,048,452)</strong></td>
<td><strong>(10,693,722)</strong></td>
<td><strong>24,337,665</strong></td>
</tr>
</tbody>
</table>

### Change in Net Assets

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of year</td>
<td>163,141,949</td>
<td>55,745,788</td>
<td>218,887,737</td>
<td>206,807,698</td>
</tr>
<tr>
<td>End of year</td>
<td>$ 139,216,643</td>
<td>$ 53,762,935</td>
<td>$ 192,979,578</td>
<td>$ 218,887,737</td>
</tr>
</tbody>
</table>

See accompanying notes.
# Consolidated Statement of Functional Expenses

**Year Ended December 31, 2022**

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th></th>
<th>Support Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Youth Development</td>
<td>Healthy Living</td>
<td>Social Responsibility</td>
<td>Program Services</td>
</tr>
<tr>
<td>Salaries</td>
<td>$16,654,970</td>
<td>$15,957,241</td>
<td>$16,493,008</td>
<td>$49,105,219</td>
</tr>
<tr>
<td>Employee health and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>retirement benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>$2,461,051</td>
<td>$2,213,165</td>
<td>$3,086,076</td>
<td>$7,760,292</td>
</tr>
<tr>
<td></td>
<td>$1,500,129</td>
<td>$1,473,642</td>
<td>$1,475,157</td>
<td>$4,448,928</td>
</tr>
<tr>
<td>Subtotal</td>
<td>20,616,150</td>
<td>19,644,048</td>
<td>21,054,241</td>
<td>61,314,439</td>
</tr>
<tr>
<td>Supplies</td>
<td>3,004,270</td>
<td>1,607,823</td>
<td>1,487,715</td>
<td>6,099,808</td>
</tr>
<tr>
<td>Occupancy</td>
<td>3,046,599</td>
<td>3,396,121</td>
<td>1,164,416</td>
<td>7,607,136</td>
</tr>
<tr>
<td>Depreciation and</td>
<td>2,018,754</td>
<td>4,505,950</td>
<td>637,764</td>
<td>7,162,468</td>
</tr>
<tr>
<td>amortization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional fees and</td>
<td>1,413,175</td>
<td>1,500,202</td>
<td>1,348,557</td>
<td>4,265,934</td>
</tr>
<tr>
<td>contract services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public relations</td>
<td>27,704</td>
<td>82,517</td>
<td>15,851</td>
<td>126,072</td>
</tr>
<tr>
<td>Transportation and</td>
<td>938,884</td>
<td>180,789</td>
<td>169,358</td>
<td>1,289,031</td>
</tr>
<tr>
<td>Equipment rental and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>maintenance</td>
<td>210,789</td>
<td>301,505</td>
<td>99,601</td>
<td>611,895</td>
</tr>
<tr>
<td>Interest</td>
<td>355,744</td>
<td>730,153</td>
<td>198,738</td>
<td>1,284,635</td>
</tr>
<tr>
<td>Conferences and</td>
<td>70,988</td>
<td>11,449</td>
<td>57,501</td>
<td>139,938</td>
</tr>
<tr>
<td>training</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td>76,769</td>
<td>69,138</td>
<td>128,655</td>
<td>274,562</td>
</tr>
<tr>
<td>Agency dues</td>
<td>147,379</td>
<td>315,343</td>
<td>55,656</td>
<td>518,378</td>
</tr>
<tr>
<td>Other</td>
<td>16,903</td>
<td>9,813</td>
<td>17,454</td>
<td>44,170</td>
</tr>
<tr>
<td>Specific assistance</td>
<td>9,411</td>
<td>20,088</td>
<td>3,623,444</td>
<td>3,652,943</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$31,953,519</strong></td>
<td><strong>$32,378,939</strong></td>
<td><strong>$30,058,951</strong></td>
<td><strong>$94,391,409</strong></td>
</tr>
</tbody>
</table>
## YMCA of Greater Seattle
### Consolidated Statement of Functional Expenses
#### Year Ended December 31, 2021

See accompanying notes.

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Support Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Youth Development</strong></td>
<td><strong>Healthy Living</strong></td>
</tr>
<tr>
<td>Salaries</td>
<td>$ 11,415,101</td>
</tr>
<tr>
<td>Employee health and retirement benefits</td>
<td>2,312,440</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>1,052,216</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>14,779,757</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,794,331</td>
</tr>
<tr>
<td>Occupancy</td>
<td>2,193,315</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>2,247,874</td>
</tr>
<tr>
<td>Professional fees and contract services</td>
<td>875,452</td>
</tr>
<tr>
<td>Public relations</td>
<td>44,761</td>
</tr>
<tr>
<td>Transportation and travel</td>
<td>482,285</td>
</tr>
<tr>
<td>Equipment rental and maintenance</td>
<td>207,215</td>
</tr>
<tr>
<td>Interest</td>
<td>384,205</td>
</tr>
<tr>
<td>Conferences and training</td>
<td>37,532</td>
</tr>
<tr>
<td>Telephone</td>
<td>75,870</td>
</tr>
<tr>
<td>Agency dues</td>
<td>136,968</td>
</tr>
<tr>
<td>Other</td>
<td>11,667</td>
</tr>
<tr>
<td>Specific assistance</td>
<td>8,273</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$ 23,279,505</strong></td>
</tr>
</tbody>
</table>

See accompanying notes.
YMCA of Greater Seattle  
Consolidated Statements of Cash Flows  
Years Ended December 31, 2022 and 2021

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ (25,908,159)</td>
<td>$ 12,080,039</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash (used in) from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noncash items included in change in net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forgiveness on PPP loans</td>
<td>-</td>
<td>(9,950,000)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>8,318,696</td>
<td>9,325,540</td>
</tr>
<tr>
<td>Net realized and unrealized loss (gain) on investments</td>
<td>13,858,004</td>
<td>(8,988,492)</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>120,130</td>
<td>72,839</td>
</tr>
<tr>
<td>Noncash operating lease expense</td>
<td>1,679,986</td>
<td>-</td>
</tr>
<tr>
<td>Amortization of finance leases</td>
<td>433,611</td>
<td>-</td>
</tr>
<tr>
<td>Noncash change in value of split-interest agreements</td>
<td>232,602</td>
<td>(64,444)</td>
</tr>
<tr>
<td>Change in allowance for doubtful accounts</td>
<td>(7,322)</td>
<td>(313,027)</td>
</tr>
<tr>
<td>Change in discount and allowance for uncollectible pledges</td>
<td>77,218</td>
<td>(298,266)</td>
</tr>
<tr>
<td>Change in value in interest rate swap agreements</td>
<td>(1,320,342)</td>
<td>(783,183)</td>
</tr>
<tr>
<td>Contributions restricted for long-term purposes</td>
<td>(2,332,637)</td>
<td>(4,672,318)</td>
</tr>
<tr>
<td>Change in operating accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(1,178,356)</td>
<td>(1,345,513)</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>795,583</td>
<td>30,651</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>(421,341)</td>
<td>249,584</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>12,494</td>
<td>12,493</td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>(1,052,879)</td>
<td>-</td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>(334,638)</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>1,276,094</td>
<td>(3,397,150)</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>(3,216,585)</td>
<td>3,823,322</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(8,967,841)</td>
<td>(4,217,925)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of land, buildings and equipment</td>
<td>(8,270,113)</td>
<td>(7,673,133)</td>
</tr>
<tr>
<td>Proceeds from sale of land, buildings, equipment</td>
<td>11,801</td>
<td>116,006</td>
</tr>
<tr>
<td>Proceeds from lease incentive obligation</td>
<td>-</td>
<td>738,748</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(22,617,754)</td>
<td>(10,325,583)</td>
</tr>
<tr>
<td>Proceeds from sale or maturity of investments</td>
<td>30,430,939</td>
<td>12,031,400</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(445,127)</td>
<td>(5,112,562)</td>
</tr>
</tbody>
</table>

See accompanying notes.
YMCA of Greater Seattle
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal payments on bonds payable</td>
<td>(1,210,898)</td>
<td>(1,155,466)</td>
</tr>
<tr>
<td>Principal payments on capital leases</td>
<td>-</td>
<td>(1,008,664)</td>
</tr>
<tr>
<td>Principal payments on finance leases</td>
<td>(950,163)</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings on notes payable</td>
<td>2,600,000</td>
<td>9,360,000</td>
</tr>
<tr>
<td>Borrowings on line of credit</td>
<td>8,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Principal payments on line of credit</td>
<td>-</td>
<td>(10,144,113)</td>
</tr>
<tr>
<td>Principal payments on notes payable</td>
<td>(68,915)</td>
<td>(64,917)</td>
</tr>
<tr>
<td>Proceeds from contributions restricted for endowment</td>
<td>886,242</td>
<td>1,468,906</td>
</tr>
<tr>
<td>Proceeds from contributions restricted for capital campaign</td>
<td>1,446,395</td>
<td>3,203,412</td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>10,702,661</td>
<td>4,659,158</td>
</tr>
<tr>
<td><strong>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</strong></td>
<td>1,289,693</td>
<td>(4,671,329)</td>
</tr>
<tr>
<td><strong>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>4,846,618</td>
<td>9,517,947</td>
</tr>
<tr>
<td>End of year</td>
<td>$ 6,136,311</td>
<td>$ 4,846,618</td>
</tr>
<tr>
<td><strong>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash paid during the year for interest</td>
<td>$ 1,244,890</td>
<td>$ 1,274,748</td>
</tr>
<tr>
<td>Equipment acquired through finance lease</td>
<td>$ 484,117</td>
<td>$</td>
</tr>
<tr>
<td>Right-of-use assets obtained in exchange for operating lease liabilities</td>
<td>$ 7,292,539</td>
<td>$</td>
</tr>
<tr>
<td>Transfer of capital lease asset to finance right-of-use asset</td>
<td>$ 612,335</td>
<td>$</td>
</tr>
<tr>
<td>Transfer of capital lease liability to finance lease liability</td>
<td>$ 1,379,637</td>
<td>$</td>
</tr>
</tbody>
</table>

See accompanying notes.
Note 1 – Background and Summary of Significant Accounting Policies

Description of organization – The Young Men’s Christian Association of Greater Seattle (the Y), doing business as YMCA of Greater Seattle, is a not-for-profit Washington corporation and an association of men, women, and children of all ages from all walks of life who are joined together by a shared commitment to nurturing the potential of kids, promoting healthy living, and fostering a sense of social responsibility.

Nature of operations – The Y serves residents of King County and south Snohomish County, Washington. The Y derives its revenues from participant fees, membership dues, government contracts and grants, contributions, and miscellaneous sources. The Y’s programs focus on Youth Development – nurturing the potential of every child and teen; Healthy Living – improving the health and well-being of our communities; and Social Responsibility – giving back to our community and supporting our neighbors in need.

Risks and uncertainties in operations – Due to the COVID-19 pandemic outbreak in 2020 and the Washington state requirement that all athletic facilities close, the YMCA of Greater Seattle facilities were closed March 17 to August 17, 2020. After August 17, Y facilities operated at 25% capacity until November 2020 when the Y was required to shut down again and stayed closed the remainder of 2020. This meant a significant reduction in membership and program revenues for the organization. During the shut-down, the Y was able to operate essential childcare at these closed sites (for first responders and healthcare workers). In addition, the Y maintained social services programs through existing government grant funding sources. The Y also received significant contributions in 2020 to help augment lost revenues. As a result of reduced operations, the Y quickly took action to manage cash flow. Payroll was reduced by approximately 40% and many employees were placed on furlough. Other expenditures were lowered as a by-product of reduced capacity and vendor deferrals.

In 2021, the Y was granted a loan under the Paycheck Protection Program offered by the United States Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in the amount of $9,360,000. This loan was subject to partial or full forgiveness if the Y used all proceeds for eligible purposes; maintains certain compensation levels in accordance with and subject to the CARES Act regulations and guidance. As of December 31, 2021, the Y received full forgiveness, see Note 10.

The impact of the COVID-19 pandemic is continuing to unfold. While the Y was able to open again at almost 100% capacity in July 2021, all branches were still not yet open at full operating hours; with some branches remaining closed during the weekends. Also, programming was not at full operations due to continued staff hiring challenges and community demand. Earned revenues were materially adversely impacted due to the capacity restrictions and reduced hours at YMCA branches (as compared to pre-COVID-19).

In 2022, Y branches resumed normal operations and earned revenues are gradually recovering. COVID-19 variants in the first part of 2022 had some negative impact on branch operations, and child care and summer programs struggled with staff hiring and retention which impacted the amount of overall enrollments and overall revenues.
Principles of consolidation – The accompanying consolidated financial statements as of December 31, 2022 and 2021, include the accounts of YMCA of Greater Seattle and its wholly owned subsidiaries, the 909 4th Avenue, LLC, New Arcadia, LLC, and Nexus Youth and Families. All significant intercompany accounts and transactions have been eliminated.

Adoption of new accounting principle – The Y adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, Leases (Topic 842), effective January 1, 2022, using the modified retrospective approach and did not adjust comparative periods as allowed by the standard. The Y elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Y to carry forward the historical lease classification.

Transactions give rise to leases when the Y receives substantially all the economic benefits from and has the ability to direct the use of specified property and equipment. The Y determines if an arrangement is a lease at inception.

Right-of-use (ROU) assets represent the Y’s right to use, or control the use of, a specified asset for the lease term. Lease liabilities are the Y’s obligation to make lease payments arising from a lease and are measured on a discounted basis. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term on the commencement date. The operating lease ROU asset includes any lease payments made and initial direct costs incurred and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Y will exercise that option. Lease expense for minimum lease payments continues to be recognized on a straight-line basis over the lease term.

The adoption had a material impact on the Y’s consolidated statement of financial position but did not have a material impact on the consolidated statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard required the Y to adjust amounts as of January 1, 2022, resulting in an increase in operating lease ROU assets of $6,372,998 and increase in operating lease liabilities of $7,292,539. Adoption of the standard required the Y to adjust amounts as of January 1, 2022 resulting in an increase in finance lease ROU assets of $1,396,846 and increase in finance lease liabilities of $1,304,605.

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This guidance requires presentation of contributed nonfinancial assets as a separate line item in the consolidated statement of activities and more detailed quantitative and qualitative disclosure of the valuation of the amount recognized and monetization or utilization of these assets during the reporting period. The ASU is effective for annual periods beginning after June 15, 2021. The Organization adopted ASU 2020-07 as of January 1, 2022 on a retrospective basis. The standard had no impact on the Organization’s consolidated financial statements and related disclosures in the current fiscal year.

Communities served (unaudited) – The Y served 197,392 people during 2022 and engaged 1,127 volunteers who contributed 62,431 hours of service. The Y served 152,239 people during 2021 and engaged 580 volunteers who contributed 53,988 hours of service.
Basis of presentation – The Y’s consolidated financial statements are presented on the accrual basis of accounting. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Y and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will be met by action of the Y and/or the passage of time, or in perpetuity. Generally, the donors of these assets permit the Y to use all or part of the income and gains earned on related investment for general or specific purposes.

Cash and cash equivalents – For reporting purposes, the Y considers all investments in highly liquid debt instruments with a purchased maturity of three months or less, other than those held in the combined investment portfolio, to be cash equivalents.

Restricted cash represents cash restricted for self-insurance worker’s compensation purposes, which totaled $1,000,000 and $861,000 as of December 31, 2022 and 2021, respectively.

Income tax – The Y and Nexus Youth and Families are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and of income derived from the performance of activities that are in furtherance of its exempt purposes. The Y’s wholly owned subsidiaries, New Arcadia, LLC and YMCA 909 4th Avenue, LLC are single member limited liability companies and are disregarded for federal tax purposes. The Y and Nexus Youth and Families qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as an organization other than a private foundation under Section 509(a)(2) and Section 509(a)(1) respectively.

The Y recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Y recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2022 and 2021, the Y is not aware of any uncertain tax positions requiring accrual.

Fair value of financial instruments – Financial instruments reported at fair value on a recurring basis include investments, assets held under split-interest agreements, and interest rate swap agreements. Financial instruments not reported at fair value on a recurring basis include receivables, payables, deferred revenues, and bonds payable. The carrying amounts of these financial instruments approximate fair value.
Investments – All investments are initially recorded at acquisition cost if purchased or fair value if they were received as contributions. Investments in equity securities with readily determinable fair values and investments in debt securities are reported at fair value based on quoted market prices. All other investments, for which quoted market prices are not available, are also reported at estimated fair value based on valuations provided by the external investment managers and the management of the investees. The Y reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

The Y invests its excess cash and its endowment funds in debt instruments and securities with financial institutions and has established guidelines relative to diversification and maturities. Such amounts may be in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insurance amounts.

Capitalization policy and depreciation – Purchased land, buildings, and equipment are recorded at cost, and those received by donations are capitalized at their estimated fair values on the date received. Depreciation is accounted for on a straight-line method based upon the estimated useful lives of the assets as follows:

<table>
<thead>
<tr>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings - new</td>
</tr>
<tr>
<td>Buildings improvements</td>
</tr>
<tr>
<td>Leasehold asset</td>
</tr>
<tr>
<td>Leasehold improvements - lesser of lease term or useful life</td>
</tr>
<tr>
<td>Furniture</td>
</tr>
<tr>
<td>Equipment</td>
</tr>
<tr>
<td>Vehicles</td>
</tr>
<tr>
<td>Leased equipment</td>
</tr>
</tbody>
</table>

Revenue recognition – Revenue from public support is recognized at the time an unconditional promise to give or transfer of assets is made. Cost reimbursement government grants are recognized as revenue in the period the qualifying allowable expenditures are incurred. Program revenue is recognized at the start of the program or when goods or services are provided by the Y. Membership revenue is recognized over the membership service period. For the year ended December 31, 2022, membership and program revenues were reported on the consolidated statement of activities net of financial aid and discounts, which were $11,392,067 and $951,316 respectively. For the year ended December 31, 2021, membership and program revenues were reported on the consolidated statement of activities net of financial aid and discounts, which were $8,039,672 and $393,617 respectively. For the years ended December 31, 2022 and 2021, employee membership discounts were $1,930,122 and $2,427,391, respectively, which are recorded in salaries expense on the consolidated statements of functional expenses.

In certain customer arrangements, the Y records deferred revenue for amounts received from customers in advance of the performance of services. All fees that are billed in advance are recorded as a contract liability, presented in the consolidated statement of financial position as deferred revenue.
**Pledges and accounts receivable** – Receivable balances consist primarily of receivables from
government agencies and pledged contributions from individuals, foundations, and major corporations.
Pledges and accounts receivable are stated at the amount the Y expects to collect from outstanding
balances. The Y provides for probable uncollectible amounts through a charge to the consolidated
statement of activities and a credit to a valuation allowance based on its assessment of the current status
of individual accounts. Balances that are still outstanding after management has used reasonable
collection efforts are written off through a charge to the valuation allowance and a credit to pledges or
accounts receivable. Management has evaluated the balances in pledges and accounts receivable. A
reserve has been provided for doubtful accounts sufficient to cover expected losses for uncollectible
pledges (see Note 4) and accounts receivable. The reserve for uncollectible receivables was $517,920
and $525,242 as of December 31, 2022 and 2021, respectively.

**Donated goods and services (unaudited)** – Many volunteers and corporations have donated significant
amounts of time and services to the Y’s fund-raising campaigns, policy-making boards, and program
operations. However, such contributed services do not meet the criteria for recognition of contributed
services contained in accounting principles generally accepted in the United States of America (U.S.
GAAP) and, accordingly, are not reflected in the accompanying consolidated financial statements. While
the consolidated financial statements reflect a de minimis value for donated professional services, the Y
estimates that 1,127 and 580 program and policy volunteers gave over 62,431 and 53,988 hours of
policy, program, administrative, and facility support services in 2022 and 2021, respectively. If valued at
an average of $34.87 and $33.75 per hour (this hourly amount is suggested by the Independent Sector in
Washington D.C., a not-for-profit that promotes volunteerism and philanthropy), this would result in a total
value of contributed services of $2,176,969 and $1,822,095 in 2022 and 2021, respectively.

**Estimates** – The preparation of consolidated financial statements in accordance with U.S. GAAP requires
management to make estimates and assumptions that affect amounts reported in the consolidated
financial statements. Actual results may differ from such estimates.

**Allocation of functional expenses** – The costs of providing various programs and other activities have
been summarized on a functional basis in the consolidated statement of activities and the consolidated
statements of functional expenses. Accordingly, certain costs have been allocated among the programs
and supporting services based on the benefits derived.

**Vulnerability from certain concentrations** – The Y may be vulnerable to loss of funding from various
governmental agencies. Government funding accounted for 40% and 43.2% of earned revenue in 2022
and 2021, respectively. One contract/program through King County provided approximately $3.3 and $3.1
million in revenue in 2022 and 2021, respectively, and represented 9.4% and 12.0% of government
revenue, respectively. The receipt of governmental funding is subject to audit by various governmental
agencies, the outcome of which is not known until the audits are completed. Management is aware of
these risks and has contingency plans available.

**Summarized information for prior year** – 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 U.S. GAAP. Accordingly, such
information should be read in conjunction with the Y’s consolidated financial statements for the year
ended December 31, 2021, from which the summarized information was derived.
Reclassification – Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. The Y recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Y’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued.

The Y has evaluated subsequent events through June 30, 2023, which is the date the consolidated financial statements were available for issuance.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the consolidated statement of financial position, are comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$5,136,311</td>
<td>$3,985,618</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>7,301,297</td>
<td>6,115,619</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>1,111,207</td>
<td>1,928,819</td>
</tr>
<tr>
<td>Investments (or Endowment), net of donor restrictions</td>
<td>21,026,864</td>
<td>25,643,157</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$34,575,679</strong></td>
<td><strong>$37,673,213</strong></td>
</tr>
</tbody>
</table>

Investment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor restricted funds is restricted for specific purposes. Donor restricted funds are not available for general expenditure.

The board designated endowment of $21,026,864 and $25,643,157 at December 31, 2022 and 2021, respectively, is subject to an annual spending rate of 5% as described in Note 14. Although the Y does not intend to spend from the board designated endowment (other than amounts appropriated for general expenditure as part of the Board’s annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the Y’s liquidity management plan they invest cash in excess of daily requirements in short term investments, certificate of deposits, and money market funds. The Y also has access to a $10,000,000 line of credit to deal with short term liquidity needs, of which approximately $9,000,000 and $1,000,000 had been drawn down and is outstanding as of December 31, 2022 and 2021, respectively.
Note 3 – Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Valuation techniques – Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices in active markets for identical assets or liabilities. Financial assets and liabilities valued using Level 2 inputs are based primarily on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial assets and liabilities using Level 3 inputs were primarily valued using unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Valuation techniques utilized to determine fair value are consistently applied.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Money market – Money market funds are valued at cost plus accrued interest which approximates fair value.

Mutual funds – Mutual funds are valued at quoted market prices in active markets. Split-interest agreements and beneficial interest held in trust – The assets held in split-interest agreements are valued based on market prices in active markets if the Y is the trustee, or based on estimates provided by third-party trustees.

Private Equity- Private equity fund balances are estimated based on the value of the latest fund-level values provided by the relevant funds as of a measurement date, which may not be as of the financial statement measurement date. The values are then adjusted for any cash flows between the account and the funds.

Interest rate swap agreement – Interest rate swap agreements’ values are derived from proprietary or other pricing models based on assumptions regarding past, present, and future market conditions.

An asset or liability’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Certain investments that are measured at fair value using the net asset value per share (or the equivalent) have not been classified in the fair value hierarchy leveling. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.
Fair values measured on a recurring basis – Fair values of assets and liabilities measured on a recurring basis at December 31, 2022, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market</td>
<td>$463,232</td>
<td>$</td>
<td>$</td>
<td>$463,232</td>
</tr>
<tr>
<td>Mutual funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td>21,918,085</td>
<td>$</td>
<td>$</td>
<td>21,918,085</td>
</tr>
<tr>
<td>Large cap</td>
<td>25,103,901</td>
<td>$</td>
<td>$</td>
<td>25,103,901</td>
</tr>
<tr>
<td>Small cap</td>
<td>3,705,919</td>
<td>$</td>
<td>$</td>
<td>3,705,919</td>
</tr>
<tr>
<td>International</td>
<td>11,721,885</td>
<td>$</td>
<td>$</td>
<td>11,721,885</td>
</tr>
<tr>
<td>Private Equity</td>
<td>$</td>
<td>$</td>
<td>135,831</td>
<td>135,831</td>
</tr>
<tr>
<td>Split-interest agreements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market</td>
<td>18,657</td>
<td>$</td>
<td>$</td>
<td>18,657</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>43,615</td>
<td>$</td>
<td>$</td>
<td>43,615</td>
</tr>
<tr>
<td>Fixed income mutual funds</td>
<td>20,048</td>
<td>$</td>
<td>$</td>
<td>20,048</td>
</tr>
<tr>
<td>Other mutual funds</td>
<td>282,164</td>
<td>$</td>
<td>$</td>
<td>282,164</td>
</tr>
<tr>
<td>Beneficial interest held in trust</td>
<td>$ 449,653</td>
<td>$</td>
<td>$</td>
<td>449,653</td>
</tr>
<tr>
<td>Interest rate swap agreement</td>
<td>$ 588,866</td>
<td>$</td>
<td>$</td>
<td>588,866</td>
</tr>
<tr>
<td>Total 2022 financial assets</td>
<td>$63,277,506</td>
<td>$</td>
<td>$1,174,350</td>
<td>$64,451,856</td>
</tr>
</tbody>
</table>

Fair values of assets and liabilities measured on a recurring basis at December 31, 2021, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market</td>
<td>$32,018,672</td>
<td>$</td>
<td>$</td>
<td>$32,018,672</td>
</tr>
<tr>
<td>Mutual funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td>28,788,219</td>
<td>$</td>
<td>$</td>
<td>28,788,219</td>
</tr>
<tr>
<td>Large cap</td>
<td>1,283,283</td>
<td>$</td>
<td>$</td>
<td>1,283,283</td>
</tr>
<tr>
<td>Small cap</td>
<td>5,124,727</td>
<td>$</td>
<td>$</td>
<td>5,124,727</td>
</tr>
<tr>
<td>International</td>
<td>17,505,141</td>
<td>$</td>
<td>$</td>
<td>17,505,141</td>
</tr>
<tr>
<td>Split-interest agreements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market</td>
<td>8,687</td>
<td>$</td>
<td>$</td>
<td>8,687</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>54,521</td>
<td>$</td>
<td>$</td>
<td>54,521</td>
</tr>
<tr>
<td>Fixed income mutual funds</td>
<td>31,384</td>
<td>$</td>
<td>$</td>
<td>31,384</td>
</tr>
<tr>
<td>Other mutual funds</td>
<td>385,858</td>
<td>$</td>
<td>$</td>
<td>385,858</td>
</tr>
<tr>
<td>Beneficial interest held in trust</td>
<td>$ 614,583</td>
<td>$</td>
<td>$</td>
<td>614,583</td>
</tr>
<tr>
<td>Interest rate swap agreement</td>
<td>$ 588,866</td>
<td>$</td>
<td>$</td>
<td>588,866</td>
</tr>
<tr>
<td>Total 2021 financial assets</td>
<td>$85,200,492</td>
<td>$</td>
<td>$614,583</td>
<td>$85,815,075</td>
</tr>
</tbody>
</table>

2021 financial liabilities

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swap agreement</td>
<td>$</td>
<td>$</td>
<td>$731,476</td>
<td>$731,476</td>
</tr>
</tbody>
</table>

There were unfunded commitments related to the private equity funds of $4,553,000 and $0 as of December 31, 2022 and 2021, respectively.
Note 4 – Pledges Receivable

Pledges receivable were as follows as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pledges receivable expected to be collected in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>$2,352,220</td>
<td>$2,006,415</td>
</tr>
<tr>
<td>One to five years</td>
<td>1,739,659</td>
<td>2,881,047</td>
</tr>
<tr>
<td></td>
<td>4,091,879</td>
<td>4,887,462</td>
</tr>
<tr>
<td>Less allowance for uncollectible</td>
<td>(642,121)</td>
<td>(563,791)</td>
</tr>
<tr>
<td>Less unamortized discount</td>
<td>(299,532)</td>
<td>(300,644)</td>
</tr>
<tr>
<td>Total pledges receivable, net</td>
<td>3,150,226</td>
<td>4,023,027</td>
</tr>
<tr>
<td>Less current pledges receivable</td>
<td>(1,111,207)</td>
<td>(1,928,819)</td>
</tr>
<tr>
<td>Total long-term pledges receivable</td>
<td>$2,039,019</td>
<td>$2,094,208</td>
</tr>
</tbody>
</table>

Long-term pledges include those pledges expected to be collected more than one year in the future, as well as those pledges restricted for long-term purposes such as endowments or fixed assets whose restrictions have not been met.

Pledges receivable are recorded as contributions based upon the net present value of the amounts expected to be collected. The five-year U.S. Treasury note rate was used to determine the present value for the long-term pledges receivable.

Note 5 – Long-Term Investments

Long-term investments were as follows as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market</td>
<td>$463,232</td>
<td>$32,018,672</td>
</tr>
<tr>
<td>Mutual funds - equity</td>
<td>40,531,705</td>
<td>23,913,151</td>
</tr>
<tr>
<td>Mutual funds - fixed income</td>
<td>21,918,085</td>
<td>28,788,219</td>
</tr>
<tr>
<td>Private equity</td>
<td>135,831</td>
<td>-</td>
</tr>
<tr>
<td>Total long-term investments</td>
<td>$63,048,853</td>
<td>$84,720,042</td>
</tr>
</tbody>
</table>

Investment income (loss) was as follows for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest</td>
<td>$2,476,770</td>
<td>$2,662,652</td>
</tr>
<tr>
<td>Realized and unrealized (loss) gain</td>
<td>(13,858,004)</td>
<td>8,988,492</td>
</tr>
<tr>
<td>Investment fees</td>
<td>(280,098)</td>
<td>(293,089)</td>
</tr>
<tr>
<td>Total investment return (loss), net</td>
<td>$(11,661,332)</td>
<td>$11,358,055</td>
</tr>
</tbody>
</table>
Note 6 – Split-Interest Agreements

Perpetual trust – The Y is a one-third beneficiary of one trust held in perpetuity. The trust is administered by a financial institution. The trust provides for annual earnings distributions to the Y. The Y’s interest in gains and losses in the value of the trust is recognized in the consolidated statement of activities as with donor restricted activities. The fair value of the Y’s beneficial interest in the trust was $440,503 and $597,440 at December 31, 2022 and 2021, respectively.

Charitable remainder trust and charitable lead trust – During 2022 and 2021, the Y held a 100% beneficial interest in one charitable remainder unitrust. The unitrust provides a percentage of the net fair value of the trust, valued on the first day of each year, to be paid in a gift annuity. The annuity provides the donors a percentage of the original gift amount for the life of the donors. Upon the donors’ deaths, the remainder goes to the Y. The trust provides for semi-annual payments, calculated as 8% of the net fair market value of the trust assets, valued as of the first day of each taxable year of the trust. The assets for this trust are reported at fair value of $364,484 and $480,450 at December 31, 2022 and 2021, respectively.

The liability to the donor is recorded at the present value of the estimated future payments expected to be distributed, discounted at a rate of 6%, which was $144,558 and $192,852 at December 31, 2022 and 2021, respectively.

The Y is also the beneficiary in an additional charitable remainder unitrust and charitable lead trust, both administered by investment brokerages. The fair value of the Y’s beneficial interest in these trusts was $9,150 and $17,143 at December 31, 2022 and 2021, respectively.
Note 7 – Land, Buildings, and Equipment

Land, buildings, and equipment were as follows as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$19,707,671</td>
<td>$16,923,836</td>
</tr>
<tr>
<td>Buildings and leasehold improvements</td>
<td>171,273,636</td>
<td>169,207,263</td>
</tr>
<tr>
<td>Leasehold asset</td>
<td>36,485,425</td>
<td>33,475,089</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>22,225,793</td>
<td>20,733,442</td>
</tr>
<tr>
<td>Vehicles</td>
<td>3,037,815</td>
<td>3,316,415</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>8,692,960</td>
<td>10,884,567</td>
</tr>
<tr>
<td><strong>Total land, buildings and equipment without donor restriction</strong></td>
<td><strong>261,423,300</strong></td>
<td><strong>254,540,612</strong></td>
</tr>
<tr>
<td><strong>Less accumulated depreciation</strong></td>
<td><strong>(94,228,622)</strong></td>
<td><strong>(86,589,067)</strong></td>
</tr>
<tr>
<td><strong>Land, buildings and equipment without donor restriction, net</strong></td>
<td><strong>167,194,678</strong></td>
<td><strong>167,951,545</strong></td>
</tr>
<tr>
<td>Donor-restricted furniture and equipment</td>
<td>203,058</td>
<td>203,058</td>
</tr>
<tr>
<td>Donor-restricted real estate - building</td>
<td>1,987,135</td>
<td>1,987,135</td>
</tr>
<tr>
<td>Donor-restricted real estate - land</td>
<td>1,353,761</td>
<td>1,353,761</td>
</tr>
<tr>
<td><strong>Total donor restricted land, building and equipment</strong></td>
<td><strong>3,543,954</strong></td>
<td><strong>3,543,954</strong></td>
</tr>
<tr>
<td><strong>Less accumulated depreciation</strong></td>
<td><strong>(2,059,074)</strong></td>
<td><strong>(2,023,092)</strong></td>
</tr>
<tr>
<td><strong>Restricted land, buildings and equipment, net</strong></td>
<td><strong>1,484,880</strong></td>
<td><strong>1,520,862</strong></td>
</tr>
<tr>
<td><strong>Total land, buildings and equipment, net</strong></td>
<td><strong>$168,679,558</strong></td>
<td><strong>$169,472,407</strong></td>
</tr>
</tbody>
</table>

The Y is the beneficiary of a large charitable contribution for the purpose of purchasing and operating group residential homes for former foster care youth. The donor has requested that the real estate purchased be restricted for use with the youth program and kept in perpetuity. Between 2001 and 2005, the Y purchased six homes, selling one in 2006, the proceeds of which were used to fund the same youth program. The homes are classified as with donor restricted real estate and are being depreciated. The land associated with these homes has been classified with donor restriction.

On April 29, 2013, the Y entered into an agreement with the City of Sammamish, whereby it would contribute approximately $5 million toward the cost of construction on a new facility. In exchange, the Y would lease the facility, once complete, from the City at a rate of $1 per year under an original 25-year lease. The lease also contains a provision allowing the Y to renew the lease for an additional 25-year period. At the inception date of the lease, the fair value of the building was estimated to be $32,597,241. This amount, less the $5,404,489, contributed by the Y was recognized in 2016 as a contribution and a leasehold asset. The contribution of the leasehold asset is reflected in the accompanying consolidated statements of financial position as a net asset with donor restrictions and is being released into net assets without donor restrictions over the estimated useful life of the building at 40 years. As of December 31, 2022 and 2021, the contribution that remains in net asset with donor restriction is $22,120,178 and $22,935,109, respectively. Amortization expense for the years ended December 31, 2022 and 2021 was $814,931. The agreement also includes the lease of 7 acres of land, owned by the Y to the City for $1 per year, for 25 years with the option to renew for an additional 25 years.
On June 29, 2018, the Y entered into an agreement with the City of Kent, to fully fund construction of a new $26 million YMCA facility, located on City park land (Morrill Meadows Park). The City donated one park parcel to the Y, appraised at $650,000, subject to a reversionary interest in favor of the City should the Y ever stop operating the facility (once constructed) as a YMCA. This agreement will remain in effect for fifty years from its effective date and will automatically extend for additional five-year periods until the YMCA stops operating the Kent YMCA as a community center.

**Note 8 – Deferred Program Revenue**

Deferred program revenue was as follows as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current portion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>deferred revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Auburn</td>
<td>$49,582</td>
<td>$107,460</td>
</tr>
<tr>
<td>City of SeaTac</td>
<td>51,552</td>
<td>51,552</td>
</tr>
<tr>
<td>King County</td>
<td>6,279</td>
<td>75,000</td>
</tr>
<tr>
<td>Membership and</td>
<td>2,904,499</td>
<td>1,009,278</td>
</tr>
<tr>
<td>program deferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other deferred</td>
<td>669,843</td>
<td>4,525,320</td>
</tr>
<tr>
<td>program revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,681,755</td>
<td>5,768,610</td>
</tr>
<tr>
<td>Long-term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>deferred revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Auburn</td>
<td></td>
<td>49,582</td>
</tr>
<tr>
<td>City of SeaTac</td>
<td>296,479</td>
<td>348,031</td>
</tr>
<tr>
<td>King County</td>
<td></td>
<td>6,279</td>
</tr>
<tr>
<td></td>
<td>296,479</td>
<td>403,892</td>
</tr>
<tr>
<td></td>
<td>$3,978,234</td>
<td>$6,172,502</td>
</tr>
</tbody>
</table>

In 2003 and 2004, the Y entered into a series of agreements with the City of Auburn to provide specific services and access to its facilities over a 20-year period. The City of Auburn paid $1,429,200 in 2003 and $720,000 in 2004 as part of these agreements. These amounts are considered deferred revenue and will be recognized ratably over the 20-year periods ending in 2023 and 2024.

In 2006, the Y entered into an agreement with the City of SeaTac to provide specific services and access after the construction of a new facility in SeaTac. Upon completion of the facility in 2009, the City of SeaTac paid $1,031,105 as part of this agreement. This amount is considered deferred revenue and will be recognized ratably over a 20-year period ending in 2029.

In 2007, the Y entered into an agreement with King County to provide specific services after the construction of a new facility in SeaTac. Upon completion of the facility in 2009, King County paid $1,000,000 for Youth and program activities for the community in and around SeaTac. The $250,000 and $750,000 portions of this amount are considered deferred revenue and will be recognized ratably over a 10-year period, which ended in 2019 and 15-year period, ending in 2024, respectively.

Other deferred program revenue consisted of funds received for grants, childcare, and other programs by the Y for services to be provided after December 31.
Note 9 – Lines of Credit

The Y entered into a line of credit agreement with a financial institution in September 2015 for borrowings up to $6,000,000. In September 2016, the Y modified the agreement, which increased the amount of the line to $12,000,000. In 2022 the Y modified the agreement down to $10,000,000. The line of credit is secured by a Tri-Party agreement with the Y’s Investment broker and matures on March 31, 2023. Interest expense for the line of credit was $240,645 and $130,153 in 2022 and 2021. The agreement also requires the Y to meet certain financial covenants, which the Y was in compliance with as of December 31, 2021. The Y was not in compliance as of December 31, 2022. At December 31, 2022 and 2021, the balance outstanding under the agreement was $9,000,000 and $1,000,000, respectively.

In December 2021, the Y received a letter of credit of $509,580 which was required under a leased property agreement. The balance of the letter of credit was carved out from the existing line of credit available balance.

Note 10 – Notes and Bonds Payable

Bonds payable consisted of the following as of December 31:

<table>
<thead>
<tr>
<th>Bond Description</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Rate Demand Nonprofit Revenue Bonds, Series 2012, due August 1, 2037,</td>
<td>$ 22,175,000</td>
<td>$ 23,145,000</td>
</tr>
<tr>
<td>interest payable monthly and principal payable annually in varying amounts,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>interest rate adjusted weekly but not to exceed a maximum rate of 10% per annum;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>interest rates averaged 2.30% and .94% in 2022 and 2021 respectively.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Rate Demand Nonprofit Revenue Bonds, Series 2019, due October 1, 2045,</td>
<td>7,448,468</td>
<td>7,689,366</td>
</tr>
<tr>
<td>interest payable monthly at a rate of 2.48%, principal payments began October</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1, 2020.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Fixed Rate Revenue Bond, 2009, due December 2039, monthly payments of $2,646, interest rate of 5.25%. Bond is secured by a deed of trust.

Note payable with quarterly, interest only payment of $1,169 at 1% through June 2036. Quarterly principal and interest payment of $12,301 shall begin September 2036. A recoverable grant in the amount of $132,336 has no expectation of repayment if the terms and conditions of the contract have been met through the term of the commitment.

Note payable with principal and interest payable monthly at $9,912. Interest rate at 4.375%, due October 2024.

Note payable with interest payable monthly at $10,833. Interest rate at 5.00%, with principal due as a balloon payment on September 2025.

On September 1, 2007, the Washington State Housing Finance Commission issued Variable Rate Demand Nonprofit Revenue Bonds, Series 2007 of $30,000,000 (the 2007 Bonds) and loaned the proceeds to the Y. The 2007 Bonds were issued with the purpose of providing funding to finance the construction, renovation, expansion, and equipping of program facilities. Effective August 1, 2012, the 2007 Bonds were refinanced with a private lender. As part of the refinance, the Washington State Housing Finance Commission issued Variable Rate Demand Nonprofit Revenue Bonds, Series 2012 (the 2012 Bonds) of $30,000,000. The 2012 Bonds were then sold to a private lender. The 2012 Bonds are collateralized by a deed of trust on real property. The terms of the 2012 Bonds were not significantly changed from the 2007 Bonds. As such, this refinance was accounted for as a debt modification. Under the terms of the 2012 Bond agreement, the private lender has the right to call any remaining outstanding principal balance on September 1, 2022, 2027, and 2032. In April 2017, the Y amended its agreement with the private lender to change the private lender’s call dates to May 1, 2024, and each May 1 thereafter. All other terms remained significantly the same.

On October 4, 2019, the Washington State Housing Finance Commission issued Fixed Rate Demand Nonprofit Revenue Bonds, Series 2019 of $8,000,000 (the 2019 bonds) and loaned the proceeds to the Y. The obligations to the Bank under this agreement will be secured by the Mortgage. The funds were used for construction of the new Kent YMCA completed in 2019.

On December 30, 2009, the Housing Authority of the County of King issued Low-Income Housing Assistance Revenue Bond, Series 2009 of $475,000 to Nexus Youth and Families. The Bond was initially purchased and is currently held by a private lender. Bond is secured by a deed of trust.
On March 31, 2006, the Housing Authority of the County of King issued a promissory note of $600,000 to Nexus Youth and Families. $467,664 of the funds is a loan and $132,336 is a recoverable grant, if the terms and conditions of the contract have been met through the term of the commitment that ends June 2046. The loan in the amount of $467,664 is amortized beginning July 1, 2006. Quarterly payments are made on interest only, in the amount of $1,169, beginning on September 30, 2006, and shall continue each quarter through June 30, 2036. The principal amount of $467,664 shall then be amortized through June 30, 2046. Quarterly payments of $12,300 on principal and interest shall then begin on September 30, 2036, and continue each quarter through June 30, 2046. The final payment of principal and interest shall be due and payable on or before June 30, 2046. The note is secured by real estate.

On October 16, 2014, Nexus Youth and Families obtained a Variable Rate Nondisclosable Loan of $1,800,000, due on October 20, 2024. For the first 60 payments, the interest rate on the loan was 4.250%. Thereafter, the interest rate is subject to change from time to time based on the Five Year Home Loan Bank (FHLB) of Seattle Fixed Advance Rate. The note is secured by a deed of trust.

On September 28, 2022, the Y obtained a promissory note of $2,600,000 to purchase a property for camp programs, in San Juan County. The interest rate is 5% per annum, with $10,833 interest payment due each month. Principal is due as a balloon payment in September 2025. Payment of this note is secured by a deed of trust.

On April 21, 2020, Nexus Youth and Families (Nexus) was approved for CARES Act Paycheck Protection Program (PPP) loan of $590,000. The PPP loan is partially or fully eligible for forgiveness if spent on eligible payroll and related compensation expenses. The Y applied for loan forgiveness on behalf of Nexus in 2021 and was granted forgiveness by the Small Business Association (SBA) as of December 31, 2021. The PPP loan forgiveness of $590,000 is included within other income on the consolidated statement of activities as of December 31, 2021.

On March 31, 2021, YMCA of Greater Seattle was approved for CARES Act Paycheck Protection Program (PPP1) loan of $9,360,000. The PPP1 loan was partially or fully eligible for forgiveness if spent on eligible payroll and related compensation expense. The Y applied for loan forgiveness in 2021 and was granted forgiveness by the SBA as of December 31, 2021. The PPP loan forgiveness of $9,360,000 is included within other income on the consolidated statement of activities for the year ending December 31, 2021.

Principal maturities on the bonds and notes payable are as follows for the year ending December 31:

<table>
<thead>
<tr>
<th>For the Year Ending December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
</tr>
<tr>
<td>2024</td>
</tr>
<tr>
<td>2025</td>
</tr>
<tr>
<td>2026</td>
</tr>
<tr>
<td>2027</td>
</tr>
<tr>
<td>Thereafter</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Note 11 – Interest Rate Swap Agreement

To minimize the effect of the change in the variable interest rate of outstanding bonds payable, the Y entered into two swap agreements in 2017. Under the terms of the swap agreements, the Y pays the swap counterparties fixed amounts of interest over the term of the contracts and receives variable interest payments equal to 70% of London Interbank Offered Rate (LIBOR). Additional key terms of the agreements are as follows:

<table>
<thead>
<tr>
<th>Outstanding Notional</th>
<th>Swap Fixed Rate</th>
<th>Final Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 25,780,000</td>
<td>2.120%</td>
<td>5/1/2024</td>
</tr>
</tbody>
</table>

As of December 31, 2022 and 2021, the net fair value of the swap agreements was an asset of $588,866 and liability of $731,476, respectively, and the related unrealized gain/loss on the value of the swap agreement was included in the consolidated statement of activities.

Note 12 – Leases

The Y primarily has leases for office and childcare space from unrelated parties in Auburn, Olympia, Sammamish, SeaTac, Seattle, Snoqualmie, and Woodinville, WA under operating leases expiring at various dates through December 2054. Variable expenses generally represent the Y’s share of the landlord’s operating expenses. The Y determined the likelihood of exercising lease extension options as reasonably or not reasonably certain depending on the lease. The risk-free rate was used as the discount rate in determining the ROU asset and lease liabilities at the commencement date of leases as of January 1, 2022 for leases existing before the implementation of Topic 842. The Y has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from short-term leases for any class of underlying asset. The Y does not act as a lessor.

The weighted average discount rate for operating and finance leases as of December 31, 2022, was 1.76% and 1.19%, respectively.

The weighted average remaining lease term for operating and finance leases as of December 31, 2022, was 11.09 and 2.67 years, respectively.

Operating and finance lease expense for the years ended December 31, 2022 are recorded within the consolidated statement of activities as follows:

Finance lease expense
  Amortization of ROU assets $ 433,611
  Interest on leases liabilities $ 12,627
  Operating lease expense 875,188
  Short-term lease expense 763,069
  Variable lease expense -
  Sublease income -

Total lease expense $ 2,084,495
Total lease expense does not include common area maintenance charges and other non-lease components which were not significant for the year ended December 31, 2022.

Future minimum lease payments for the years ending December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Finance</th>
<th>Operating</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$436,997</td>
<td>$1,144,287</td>
</tr>
<tr>
<td>2024</td>
<td>265,724</td>
<td>819,218</td>
</tr>
<tr>
<td>2025</td>
<td>157,709</td>
<td>750,776</td>
</tr>
<tr>
<td>2026</td>
<td>31,757</td>
<td>667,859</td>
</tr>
<tr>
<td>2027</td>
<td>-</td>
<td>505,908</td>
</tr>
<tr>
<td>Thereafter</td>
<td>-</td>
<td>3,041,897</td>
</tr>
</tbody>
</table>

Total undiscounted cash flows $892,187 $6,929,945
Less: present value discount (12,840) (690,285)
Total lease liabilities $879,347 $6,239,660
Less: current portion of lease liabilities (429,234) (1,043,764)
Noncurrent lease liabilities $450,113 $5,195,896

Cash paid for amounts included in the measurement of operating and finance lease liabilities was $1,052,879 and $334,638 respectively, for the year ended December 31, 2022.

Previous lease guidance disclosures – ASC 840, Leases

In 2015, the Y entered into a master agreement with a financial institution for a $2,000,000 equipment line of credit facility. As of December 31, 2021, the Y had sixteen lease schedules for equipment and buses under the agreement. The leases mature between April 2020 and August 2026, bear interest at rates between 2.27% and 4.64%, and are secured by the underlying equipment and buses. As of December 31, 2021, the Y had total capital lease payables of $1,310,805. Amounts due in the next year of the capital lease payable are recorded in other current liabilities in the consolidated statement of financial position.

The future lease payments under all capital leases at December 31, 2021, are as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>For the Year Ending December 31,</td>
<td>$1,374,511</td>
</tr>
<tr>
<td>2023</td>
<td>$826,747</td>
</tr>
<tr>
<td>2024</td>
<td>274,537</td>
</tr>
<tr>
<td>2025</td>
<td>124,745</td>
</tr>
<tr>
<td>2026</td>
<td>114,011</td>
</tr>
<tr>
<td>2027</td>
<td>34,471</td>
</tr>
<tr>
<td>Less amounts for interest</td>
<td>(63,706)</td>
</tr>
<tr>
<td></td>
<td>$1,310,805</td>
</tr>
</tbody>
</table>
Certain operations of the Y are conducted in leased space in the Seattle area. The Y also leases copiers and other electronic equipment with future minimum commitments. Future minimum lease payments under all significant noncancelable operating leases at December 31, 2021, are as follows:

For the Year Ending December 31,

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$1,315,139</td>
</tr>
<tr>
<td>2024</td>
<td>576,701</td>
</tr>
<tr>
<td>2025</td>
<td>390,180</td>
</tr>
<tr>
<td>2026</td>
<td>290,664</td>
</tr>
<tr>
<td>2027</td>
<td>213,981</td>
</tr>
<tr>
<td>Thereafter</td>
<td>976,841</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,763,506</strong></td>
</tr>
</tbody>
</table>

The Y also leases several spaces on a month-to-month basis for its programs. Payments on those leases are not included in the future minimum lease payments schedule above.

**Note 13 – Net Assets with Donor Restrictions**

Net assets with donor restrictions as of December 31 are available for the following purposes or periods:

<table>
<thead>
<tr>
<th>Purpose/GL Account</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject to expenditure for specified purpose</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Camp reserves</td>
<td>$208,018</td>
<td>$208,018</td>
</tr>
<tr>
<td>Transitional houses</td>
<td>1,231,027</td>
<td>1,231,027</td>
</tr>
<tr>
<td>Transitions program support, charitable lead trust,</td>
<td>261,420</td>
<td>325,803</td>
</tr>
<tr>
<td>other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution of long-term asset</td>
<td>22,120,178</td>
<td>22,935,109</td>
</tr>
<tr>
<td>Buildings</td>
<td>12,294,300</td>
<td>9,997,312</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>36,114,943</td>
<td>34,697,269</td>
</tr>
<tr>
<td>Subject to the passage of time</td>
<td>1,266,592</td>
<td>2,079,727</td>
</tr>
<tr>
<td>Subject to spending policy and appropriation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment earnings for use in Y programming</td>
<td>3,078,374</td>
<td>5,575,484</td>
</tr>
<tr>
<td>Not subject to appropriation or expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land required for Transitional houses</td>
<td>698,830</td>
<td>698,830</td>
</tr>
<tr>
<td>Land contribution for Kent YMCA</td>
<td>650,000</td>
<td>650,000</td>
</tr>
<tr>
<td>Endowment donor restricted funds</td>
<td>11,954,196</td>
<td>12,044,478</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13,303,026</td>
<td>13,393,308</td>
</tr>
<tr>
<td>Total net assets with donor restrictions</td>
<td>$53,762,935</td>
<td>$55,745,788</td>
</tr>
</tbody>
</table>
Net assets with donor restrictions where restrictions were met by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors were as follows for the years ended December 31:

### Purpose restrictions accomplished

<table>
<thead>
<tr>
<th>Purpose restrictions accomplished</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerator program expenses</td>
<td>$</td>
<td>$99,324</td>
</tr>
<tr>
<td>Use of contributed long-term asset</td>
<td>814,931</td>
<td>814,931</td>
</tr>
<tr>
<td>Acquisition of buildings</td>
<td>274,406</td>
<td>61,063</td>
</tr>
<tr>
<td>Total</td>
<td>1,089,337</td>
<td>975,318</td>
</tr>
</tbody>
</table>

### Time restrictions accomplished

<table>
<thead>
<tr>
<th>Passage of specified time</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,621,785</td>
<td>434,194</td>
</tr>
</tbody>
</table>

### Release of appropriated endowment amounts with purpose restrictions

<table>
<thead>
<tr>
<th>Release of appropriated endowment amounts with purpose restrictions</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment investment gains</td>
<td>682,020</td>
<td>618,358</td>
</tr>
<tr>
<td>Total restrictions released</td>
<td>$3,393,142</td>
<td>$2,027,870</td>
</tr>
</tbody>
</table>

### Note 14 – Endowments

The Y's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (quasi endowment). As required by U.S. 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 Y’s Board of Directors has interpreted the Washington State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Y classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

As of December 31, 2022, endowment net assets consisted of the following:

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board-designated endowment funds</td>
<td>$21,026,864</td>
<td>$</td>
</tr>
<tr>
<td>Donor-restricted endowment funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor</td>
<td>-</td>
<td>11,954,196</td>
</tr>
<tr>
<td>Endowment investment gains</td>
<td>-</td>
<td>3,078,374</td>
</tr>
<tr>
<td>Total Funds</td>
<td>$21,026,864</td>
<td>$15,032,570</td>
</tr>
</tbody>
</table>
As of December 31, 2021, endowment net assets consisted of the following:

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board-designated endowment funds</td>
<td>$25,662,874</td>
<td>$ -</td>
</tr>
<tr>
<td>Donor-restricted endowment funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor</td>
<td>-</td>
<td>$12,044,478</td>
</tr>
<tr>
<td>Endowment investment gains</td>
<td>-</td>
<td>$5,575,484</td>
</tr>
<tr>
<td>Total Funds</td>
<td>$25,662,874</td>
<td>$17,619,962</td>
</tr>
</tbody>
</table>

Changes to endowment net assets for the year ended December 31, 2022, are as follows:

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, December 31, 2021</td>
<td>$25,662,874</td>
<td>$17,619,962</td>
</tr>
<tr>
<td>Investment return loss, net</td>
<td>$(3,604,445)</td>
<td>$(2,104,566)</td>
</tr>
<tr>
<td>Contributions and recollection of pledges</td>
<td>110,205</td>
<td>435,270</td>
</tr>
<tr>
<td>Unrealized loss of underwater endowment</td>
<td>-</td>
<td>$(262,776)</td>
</tr>
<tr>
<td>Appropriation of endowment for expenditure</td>
<td>$(1,141,770)</td>
<td>$(655,320)</td>
</tr>
<tr>
<td>Endowment net assets, December 31, 2022</td>
<td>$21,026,864</td>
<td>$15,032,570</td>
</tr>
</tbody>
</table>

Changes to endowment net assets for the year ended December 31, 2021, are as follows:

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, December 31, 2020</td>
<td>$23,368,186</td>
<td>$13,497,816</td>
</tr>
<tr>
<td>Investment return gain, net</td>
<td>$3,247,031</td>
<td>$1,873,803</td>
</tr>
<tr>
<td>Contributions and recollection of pledges</td>
<td>121,732</td>
<td>2,829,451</td>
</tr>
<tr>
<td>Appropriation of endowment for expenditure</td>
<td>$(1,074,075)</td>
<td>$(581,108)</td>
</tr>
<tr>
<td>Endowment net assets, December 31, 2021</td>
<td>$25,662,874</td>
<td>$17,619,962</td>
</tr>
</tbody>
</table>
Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Y to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported in net assets with donor restrictions were $282,493 and $0 as of December 31, 2022 and 2021, respectively. These deficiencies resulted from unfavorable market fluctuations. The deficiencies are made up of 13 funds with historical gift values totaling $3,354,884 and market values as of December 31, 2022 of $3,072,391.

Return objectives and risk parameters – The Y has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Y must hold in perpetuity or for donor-specified periods as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a custom Policy Index made up of various indices. Actual returns in any given year may be positive or negative.

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, the Y relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Y targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to the spending policy – The Y has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 36 months through May of the calendar year preceding the year of distribution. In establishing this policy, the Y considered the long-term expected return on its endowment. Accordingly, over the long-term, the Y expects the current spending policy and expected rate of return to allow the endowment to maintain its inflation adjusted value. This is consistent with the Y’s objective to maintain 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.

Note 15 – Retirement Plans

The Y participates in YMCA Retirement Fund Retirement Plan (the Retirement Plan) which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code, and YMCA Retirement Fund Tax-Deferred Savings Plan (the Savings Plan) which is a retirement income account plan as defined in section 403(b)(9) of the Internal Revenue Code. Both plans are sponsored by The Young Men’s Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York, organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States.
The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. Employees are eligible to participate in the Retirement Plan, upon attaining the age of 21, and upon completion of 1,000 hours of service during each of any two 12-month periods, beginning with their date of hire. Employees are eligible to participate in the Savings Plan upon their date of hire.

In accordance with the agreement with the Fund, the Y contributions are 12% of the participating employees’ eligible salaries, and are remitted to the Fund monthly. Total Y retirement contributions charged to employee benefit expenses were $3,260,313 and $3,054,417 in 2022 and 2021, respectively.

**Note 16 – Employee Retention Tax Credit**

The Y was able to file for $2,254,822 of Employee Retention Tax Credit (ERTC) for five quarters spanning Q2 2020 through Q2 2021. This tax credit allowed the Y to retain employees on the payroll through the COVID-19 pandemic and was taken all in the 2021 fiscal year by filing amended 941 IRS payroll tax returns for these periods. The ERTC is a broad based refundable tax credit designed to encourage employers to retain employees on the payroll. As of December 31, 2022, the balance of $1,839,858 is in accounts receivable.