

**CHEROKEE COUNTY FAMILY YOUNG  
MEN'S CHRISTIAN ASSOCIATION, INC.**

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**Financial Statements**

**For the Year Ended December 31, 2022**



**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

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## Independent Auditors' Report

To the Board of Directors  
Cherokee County Family Young Men's Christian Association, Inc.  
Gaffney, South Carolina

### **Opinion**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cherokee County Family Young Men's Christian Association, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Cherokee County Family Young Men's Christian Association, Inc. 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.

### **Change in Accounting Principle**

As discussed in note 1 to the financial statements, in 2022, the organization adopted new accounting guidance FASB ASC 842, *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 Cherokee County Family Young Men's Christian Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

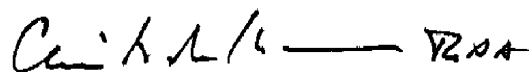
### **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgement 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 Cherokee County Family Young Men's Christian Association, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cherokee County Family Young Men's Christian Association, Inc.'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.



Gaffney, SC  
May 30, 2023

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Statement of Financial Position  
December 31, 2022

<b>ASSETS</b>		2022
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$	639,912
Investments		113,092
Pledges Receivable, Net		870
Prepaid Expense		2,149
Total Current Assets		<u>756,023</u>
<b>PROPERTY PLANT AND EQUIPMENT - NET</b>		<u>3,422,552</u>
Total Assets		<u><u>4,178,575</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable		5,379
Accrued Payroll Expense		11,483
Deferred Revenue		14,839
Current Portion of Long-Term Debt		141,597
Total Current Liabilities		<u>173,298</u>
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt - Noncurrent		<u>1,253,034</u>
Total Liabilities		<u>1,426,332</u>
<b>NET ASSETS</b>		
Without Donor Restrictions		2,727,194
With Donor Restrictions		25,049
Total Net Assets		<u>2,752,243</u>
Total Liabilities and Net Assets	\$	<u><u>4,178,575</u></u>

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

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2022
Operating Activities:			
Membership Income	\$ 703,305	-	703,305
Program Income	375,849	-	375,849
Miscellaneous Income	18,559	-	18,559
Other Income	7,340	-	7,340
<b>TOTAL OPERATING INCOME</b>	<b>1,105,053</b>	<b>-</b>	<b>1,105,053</b>
Net Assets Released From Restrictions	3,123	(3,123)	-
<b>EXPENSES</b>			
Healthy Living	674,775	-	674,775
Youth Development	345,293	-	345,293
Management and General	156,467	-	156,467
Membership Development and Fundraising	4,581	-	4,581
Total Expenses	1,181,116	-	1,181,116
<b>NET OPERATING INCOME (LOSS)</b>	<b>(72,940)</b>	<b>(3,123)</b>	<b>(76,063)</b>
Non-Operating Income (Expense)			
Grants and Donations	22,855	23,569	46,424
Interest Income	111	-	111
Dividend Income	172	-	172
Unrealized Gain (Loss) on Investment	(4,548)	-	(4,548)
<b>TOTAL NON-OPERATING INCOME</b>	<b>18,590</b>	<b>23,569</b>	<b>42,159</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(54,350)</b>	<b>20,446</b>	<b>(33,904)</b>
NET ASSETS, Beginning of Year	2,781,544	4,603	2,786,147
NET ASSETS, End of Year	<u>\$ 2,727,194</u>	<u>25,049</u>	<u>2,752,243</u>

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

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

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

	Program Services		Supporting Services		
	Healthy Living	Youth Development	Management and General	Membership Development and Fundraising	Total 2022
Compensation and Related Expenses					
Salaries and Wages	\$ 287,825	147,285	76,771	3,720	515,601
Payroll Taxes	23,005	11,772	6,136	297	41,210
Retirement	18,966	9,705	5,059	245	33,975
Health Savings	2,065	1,057	551	27	3,700
Accounting	-	-	30,711	-	30,711
Advertising and Promotion	3,244	1,660	-	-	4,904
Bank Fees	12,338	6,314	-	-	18,652
Business Insurance	25,405	13,000	-	-	38,405
Cable Television	1,784	913	-	-	2,697
Community Aid	211	108	-	-	319
Conferences and Workshops	486	249	-	-	735
Contract Labor	108	56	-	-	164
Dues and Subscriptions	7,282	3,727	-	-	11,009
Blood Pressure Monitoring	267	136	-	-	403
Blood Pressure Monitoring - Wage	60	30	-	-	90
Financial Assistance- City of Gaffney	1,282	656	-	-	1,938
Grass Mowing	472	241	-	-	713
Health Insurance	22,623	11,577	6,034	292	40,526
Interest Expense	32,522	16,642	-	-	49,165
Janitorial	3,906	1,999	232	-	6,136
Licenses and Taxes	584	299	-	-	883
Meals and Entertainment	-	-	642	-	642
Meetings- Annual	-	-	665	-	665
Miscellaneous Expense	-	-	150	-	150
National YMCA Dues	12,628	6,462	-	-	19,090
Other Expenses	-	-	47	-	47
Office	-	-	9,191	-	9,191
Pest Control	-	-	2,350	-	2,350
Postage	-	-	255	-	255
Printing	-	-	153	-	153
Professional/Legal Fees	-	-	4,197	-	4,197
Program Expenses	28,761	14,717	-	-	43,478
Repairs & Maintenance - Building	7,132	3,650	425	-	11,207
Repairs & Maintenance - Equipment	4,986	2,552	-	-	7,538
Repairs & Maintenance - Waterpool	2,254	1,154	-	-	3,408
Small Fitness Equipment	241	123	-	-	364
Special Events	-	-	2,934	-	2,934
Supplies	-	-	1,842	-	1,842
Telephone	-	-	2,225	-	2,225
Trash Removal	1,471	753	-	-	2,224
Travel and Vehicle Expense	878	449	-	-	1,328
Utilities	44,706	22,877	2,661	-	70,244
Waterpark Expenses	10,200	5,219	-	-	15,419
Total Expenses Before					
Depreciation	557,694	285,381	153,231	4,581	1,000,887
Depreciation	117,081	59,912	3,236	-	180,229
Total Expenses	\$ 674,775	345,293	156,467	4,581	1,181,116

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



**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**Statement of Cash Flows  
For the Year Ended December 31, 2022**Cash Flows From Operating Activities**

Decrease in Net Assets	\$ (76,062)
Adjustments to Reconcile Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	180,228
(Increase)Decrease in Prepaid Expense	(1,266)
Increase(Decrease) in Accounts Payable	2,319
Increase(Decrease) in Accrued Payroll Expense	1,510
Increase(Decrease) in Deferred Revenue	1,758
	<u>108,487</u>

**Cash Flows From Investing Activities**

Purchase of Property and Equipment	(68,203)
Interest Reinvested in Certificates of Deposit	(4,346)
Unrealized (Gain) or Loss on Investment	4,548
	<u>(68,001)</u>

**Cash Flows From Financing Activities**

Grant Proceeds	46,424
Principal Payments on Loan	(137,018)
	<u>(90,594)</u>

Net Increase (Decrease) in Cash and Cash Equivalents (50,108)

Cash and Cash Equivalents - Beginning of Year 690,020

Cash and Cash Equivalents - End of Year \$ 639,912

## Supplemental Disclosures of Cash Flow Information:

Cash Paid During the year for:

Interest Expense	49,165
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The accompanying notes are an integral part of these financial statements.

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements  
December 31, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Cherokee County Family Young Men's Christian Association, Inc., founded in 1974, is a United Way agency operating in South Carolina. Its purpose is to provide programs and services that will strengthen the family, promote and improve physical well being, encourage the development of positive self-image and ensure that the children are provided opportunities that result in strong moral character, healthy bodies and alert minds.

The YMCA receives revenue from membership dues as well as activity fees.

**Basis of Presentation**

The financial statements of Cherokee County Family YMCA have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

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

**Net Assets without Donor Restrictions**

This classification consists of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

**Net Assets with Donor Restrictions**

This classification consists of net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**Contributions**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated asset.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at the estimated fair value at the date of donation. Contributions restricted for the acquisition of land, building and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements, Continued  
December 31, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Income Recognition**

Membership fees are recognized as income pro-ratably over the term of the membership. Program fees are recognized as income at the beginning of the program period. Amounts received in advance are deferred to the proper reporting period.

**Scholarships**

The Organization awards scholarships to deserving individuals, families and groups to enable them to participate in the programs and use the facilities. These scholarships are awarded based upon financial need and are provided by a fee reduction. Total revenue is reported net of scholarships awarded.

**Compensated Absences**

Regular full-time benefit-eligible employees of the Cherokee County Family YMCA are entitled to paid time off (PTO) depending on the length of service. They can accumulate a maximum of 45 days of PTO per year to carryover to the next year. However, there is no financial payout when an employee leaves.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Property, Plant and Equipment**

Property, Plant and equipment are carried at cost, and depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Renewals and betterments that extend the economic useful lives of the related assets are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Donated property and equipment are valued at their estimated value at the time of donation and depreciated on the straight-line basis also. In general, estimated useful lives range as follows:

Buildings	15-39 Years
Leasehold Improvements	10-39 Years
Furniture and Fixtures	5-15 Years
Equipment	5-10 Years

Assets that cost \$500 or more that are believed to last for at least two years are capitalized.

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements, Continued

December 31, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Cash and Investments**

**Deposits**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the YMCA will not be able to recover deposits.

The Organization does not have a policy on custodial credit risk.

The Cherokee County Family YMCA's cash and cash equivalents at December 31, 2022 had carrying balances of \$639,912 and bank balances of \$648,350. Of these, \$386,056 was exposed to custodial credit risk as uninsured and uncollateralized, and \$262,295 was insured and guaranteed by FDIC.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Organization does not maintain deposits that are denominated in a currency other than the United States dollar, therefore, the Organization is not exposed to this risk.

**Investments**

The Cherokee County Family YMCA values its investments at fair value for those that have readily determinable fair value. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. At December 31, 2022 the investments were marketable equity securities.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Organization will not be able to recover the value of investments.

The Organization does not have a policy on custodial credit risk.

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations.

The Organization does not have a policy on credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Organization's investment in a single issuer.

The Organization does not have a policy on concentration of credit risk.

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements, Continued

December 31, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities.

The Organization does not have a policy concerning interest rate risk.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Organization does not maintain investments that are denominated in a currency other than the United States dollar, and therefore, the Organization is not exposed to this risk.

**Cash and Cash Equivalents**

For purposes of the cash flow statement cash and cash equivalents are considered to be cash or highly liquid investments with a maturity of ninety days or less when purchased.

**Fair Value Measurements and Disclosures**

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures regarding the fair value measurements of certain financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The YMCA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the YMCA is required to provide information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories.

- Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements, Continued

December 31, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Pledges Receivable**

Unconditional pledges receivable are recognized as revenue in the period the pledge is made and as assets, decreases of liabilities or expenses depending on the form of the benefits to be received.

Unconditional pledges expected to be collected in periods in excess of one year are recognized at the discounted net present value of the estimated future cash flows at the time the pledge is received using discount rates that approximate U.S. Treasury rates in effect at the time the pledge revenues are recognized. The change in the present value due to the passage of time is recognized as contribution revenue. Management annually reviews these assets to determine the net realizable value of the pledge.

**Deferred Revenue**

Membership dues are collected at various times throughout the year based on the starting date of each membership. Deferred revenue represents dues collected during 2022 that also include a payment for a portion of 2022 dues.

**Advertising Cost**

Costs incurred for advertising and promotion are expensed when incurred, which is generally when the advertising and promotion first take place. Advertising and promotion expenses for the year ended December 31, 2022 was \$4,904.

**Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocation are determined by management on an equitable basis.

The expenses that are allocated include the following:

<b><u>Expense</u></b>	<b><u>Method of Allocation</u></b>
Depreciation Expense	Square Footage
Insurance- Health	Time and Effort
Janitorial/Housekeeping	Square Footage
Payroll Tax Expense	Time and Effort
Repairs and Maintenance-Building	Square Footage
Retirement Expense	Time and Effort
Salary & Wage Expense	Time and Effort
Utilities	Square Footage

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements, Continued

December 31, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Revenue Recognition**

In May 2014, the FASB issued ASU 2014-09 Revenue from Contracts with Customers (Topic 606), which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Cherokee County YMCA adopted this standard as of the beginning of fiscal year 2019 and there was no material impact to the financial statements as a result of adoption.

Memberships and Program Income are deemed to result in performance obligations and are treated as a contract in the YMCA's financial statements. As of the fiscal year end \$14,839 of membership revenue was considered unearned or deferred.

**Adoption of FASB ASC 842**

Effective January 1, 2022, the YMCA adopted FASB ASC 842, *Leases*. The YMCA determines if an arrangement contains a lease at inception based on whether the YMCA has the right to control the asset during the contract period and other facts and circumstances. The YMCA does not have lease agreements under FASB ASC 842 as of December 31, 2022.

**NOTE 2 - CERTIFICATES OF DEPOSIT**

The YMCA has two certificates of deposit with a total balance of \$99,844. These certificates are not considered to be cash equivalents. They are subject to penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

**NOTE 3 - INVESTMENTS**

Investments at fair value consist of the following at December 31, 2022:

Equity Securities	\$ 13,248
Certificates of Deposit	<u>99,844</u>
	<u><u>\$ 113,092</u></u>

**NOTE 4 - FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 13,248	13,248	-	-
Certificates of Deposit	<u>99,844</u>	<u>99,844</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 113,092</u></u>	<u><u>113,092</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements, Continued  
December 31, 2022

**NOTE 5- PLEDGES RECEIVABLE**

The YMCA has received pledges from individuals, foundations and local businesses to fund a capital project. The pledges range from 1-5 years with monthly to annual payments. An allowance for uncollectible amounts has been provided:

	Current	Non-Current	Total
Balance as of 12/31/2022	\$ 1,770	113,955	115,725
Allowance	(900)	(113,955)	(114,855)
Net Total	<u>870</u>	<u>-</u>	<u>870</u>
Less than One Year	1,770	113,955	115,725
One to Five Years	-	-	-
Over Five Years	-	-	-
	<u>\$ 1,810</u>	<u>113,955</u>	<u>115,725</u>

**NOTE 6 - PROPERTY, PLANT AND EQUIPMENT**

A summary of property, plant and equipment by major classification at December 31, 2022 is as follows:

	Balance 12/31/2021	Additions	Transfers	Retirements	Balance 12/31/2022
<b>Property, Plant and Equipment</b>					
Land	\$ 689,375	-	-	-	689,375
Land Improvements	420,550	-	-	-	420,550
Building & Building Improvements	3,337,410	-	-	-	3,337,410
Furniture and Fixtures	18,266	-	-	-	18,266
Equipment	639,961	65,074	-	-	705,035
Water Park	570,765	3,128	-	-	573,893
	<u>5,676,327</u>	<u>68,202</u>	<u>-</u>	<u>-</u>	<u>5,744,530</u>
<b>Accumulated Depreciation</b>					
Land Improvements	155,254	21,385	-	-	176,639
Building & Building Improvements	969,601	86,223	-	-	1,055,824
Furniture and Fixtures	16,120	929	-	-	17,049
Equipment	575,930	33,045	-	-	608,975
Water Park	424,844	38,647	-	-	463,491
	<u>\$ 2,141,749</u>	<u>180,229</u>	<u>-</u>	<u>-</u>	<u>2,321,978</u>

Depreciation expense for the year ending December 31, 2022 was \$180,229. Real estate is pledged to secure long-term debt. See note 7.



**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements, Continued

December 31, 2022

**NOTE 7 - LONG-TERM DEBT**

On July 15, 2016 the YMCA refinanced the mortgage note payable by issuing \$2,200,000 note with monthly principal installment payment between \$9,537 and \$15,182 plus interest of sum of LIBOR plus 1.75%. This note is secured by real estate. The note maturity date is July 15, 2031.

Future principal payments of long-term debt for each of the next five fiscal years and in aggregate thereafter are as follows:

2023	\$	141,597
2024		146,360
2025		151,368
2026		156,479
2027		161,740
2028-2031		637,087
	\$	<u>1,394,631</u>

Total interest expense charged to operations was \$49,165 for the year ended December 31, 2022.

**NOTE 8 - DONATED FACILITIES / SERVICES**

The Organization receives donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC 958-605 have not been satisfied.

**NOTE 9 - CONCENTRATION OF CREDIT RISK**

The YMCA maintains its cash balances in several financial institutions in Gaffney, South Carolina. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At year-end the YMCA had \$386,056 in deposits in excess of insured limits.

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements, Continued  
December 31, 2022

**NOTE 10 - PENSION PLAN**

The Young Men's Christian Association (YMCA) Retirement Fund (the Fund) was incorporated in New York in 1921. The YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and the YMCA Retirement Fund Tax-Deferred Savings Plan which is a defined contribution church retirement income account plan as defined in section 403(b)(9) of the code. Both Plans are sponsored by the Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund for the purpose of providing retirement and other benefits for employees of the YMCAs throughout the United States. The plans are operated as church pension plans. As defined contribution plans, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligation. The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Summary Plan Description for a more complete explanation of the Plan's provisions.

Employees of YMCAs and the Fund must meet the eligibility requirements of the retirement program selected by each YMCA. To be eligible for the retirement program, an employee must work 2 years with 1,000 hours each year with immediate vesting. Additional eligibility rules require employees to be at least 21 years of age and to have completed 1,000 hours of employment.

Participating YMCAs may choose one of the three contribution rates. The contribution rates are a percentage of compensation totaling 12%. YMCA and employee contributions are remitted monthly by the YMCA. YMCAs may select to withhold employee contributions or, may enter into a special agreement to make both the employee and YMCA payments.

The Cherokee County Family YMCA has elected to pay both the employer portion and the employee portion of the contribution for a total of 12%. Total employer contributions charged to pension expense in 2022 were \$33,975.

Interest is credited to participant accounts monthly at rates set by the Board of Trustees. The actual annual rate for calendar year 2022 was 4%. A participant's contribution and interest are maintained in the participant's personal account. In addition, each participant has an account that is attributable to YMCA contributions made on the participant's behalf, referred to as the YMCA account.

Participants are immediately vested in their personal account. Forfeited amounts attributable to participants who do not become vested in their YMCA Account are applied as credits to future YMCA payments for the YMCAs that employed such participants.

Normal retirement allowances are paid to participants who retire after age 60 with any amount of service. Early retirement allowances are paid to participants who retire after age 55 but before age 60 with five years of service. The amount of the normal retirement allowance is based on the amount of the participant's Personal Account and the YMCA Account at the time of retirement. These amounts are converted into a life annuity using annuity purchase tables then in effect for the Plan.

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements, Continued  
December 31, 2022

**NOTE 10 - PENSION PLAN**, Continued

In addition, the Plan provides for a permanent disability retirement allowance for life for participants with five or more years of service who become permanently and totally disabled. The disability retirement benefit is an annuity paid by the retirement fund based upon the actuarial equivalent of the following:

- Your total account balance in the Retirement plan at the time that the annuity is calculated: and
- An amount of contributions to your personal account and/or YMCA account that you would have been entitled to if you had continued in service with your participating YMCA employers until age 60, making Participant contributions and receiving YMCA retirement, assuming no more than a %annual interest credit.

The Plan also provides death benefits. The pre-retirement death benefit is based on participant payments during the year preceding death. The post-retirement death benefit is based on the maximum annual retirement allowance derived from Personal Account and YMCA Account balances exclusive of any portion of that allowance attributable to additional contributions made by the participant. This determination is made at the time of retirement. Death benefits are not available if participation in the Retirement plan begins on or after January 1, 2019.

The retirement fund will notify the employee of their options after it receives notification from the Participating YMCA Employer (or from employee with confirmation from Participating YMCA Employer) that the employee's YMCA Employment has been terminated. Employees can always take a withdrawal from their Participant Accounts once employment has terminated.

**NOTE 11 - CONTINGENCIES**

Due to the nature of the YMCA's normal activities, it is routinely subject to a variety of claims and demands by various individuals and entities. Loss contingencies are situations involving uncertainties as to possible loss. The uncertainties are resolved when certain events occur or fail to occur. Loss contingencies may result from litigation, claims, audit disallowances, threatened property loss, or uncollectible receivables. Such situations are loss contingencies if the related liability has not been recorded, yet a loss is reasonably possible. Guarantees of other's debts are loss contingencies, however, even if the probability of loss is remote.

The Cherokee County Family YMCA is also exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The YMCA carries insurance coverage to cover its potential losses.

**NOTE 12 - LINE OF CREDIT**

The Organization has two bank credit cards with a \$7,500 and \$1,000 line of credit. It is the policy of the YMCA to pay the balance in full each month. At year end the balance owed on these accounts are \$2,331 and \$0, respectively.

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements, Continued

December 31, 2022

**NOTE 13 – INCOME TAXES**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and exempt from South Carolina income tax under Section 65-266(3) of the 1962 code of laws of South Carolina, as amended. There was no unrelated business income for the year ended December 31, 2022.

The Organization adopted the accounting guidance concerning accounting for uncertain tax positions, believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization files income tax returns in the United States and applicable States.

**Open Tax Years**

The Organization's Forms 990, *Return Organization Exempt from Income Tax*, for the years ending 2019, 2020 and 2021 are subject to examination by the IRS, generally for 3 years after they were filed.

**NOTE 14 – NET ASSETS WITH DONOR RESTRICTION**

Donor restricted net assets consist for the following purpose as of December 31, 2022:

Subject to Expenditure for Specific Purpose:

<u>CONTRIBUTOR</u>	<u>PURPOSE</u>	
SC ALLIANCE OF YMCAs	BLOOD PRESSURE MONITORING	\$ 5,507
KIDSGARDENING.ORG, INC	GARDENING	344
CITY OF GAFFNEY	PROGRAM FINANCIAL ASSISTANCE	18,062
VARIOUS INDIVIDUALS	VOLLEYBALL CAMPAIGN	1,136
		<u>\$ 25,049</u>

Releases from Donor Restricted Net Assets for the year ended December 31, 2022, are as follows:

Release from restriction:

Subject to expenditure for specific purpose

Volleyball Campaign

\$	<u>3,123</u>
\$	<u>3,123</u>

**CHEROKEE COUNTY FAMILY YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.**

Notes to Financial Statements, Continued

December 31, 2022

**NOTE 15 – LIQUIDITY**

The Organization's financial assets available within one year of December 31, 2022 for general expenditures are as follows:

Cash	\$ 639,912
Investments	113,092
Accounts Payable	(5,379)
Accrued Payroll Expense	(11,483)
Current Portion of Long-term Debt	(141,597)
Net Assets with Donor Restrictions	(25,049)
	<hr/>
Total financial assets available to meet general expenditures over next 12 months	<u><u>\$ 569,495</u></u>

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenses over the next 12 month, the Organization operates under a budget and anticipates receiving sufficient support revenue to cover general expenses.

**NOTE 16 – OTHER MATTERS**

Due to the COVID 19 Pandemic that continued to develop during the fiscal year ended December 31, 2022, the Organization is continuing to evaluate what effect it will have on its operation with respect to revenues, the collectability of receivables including timing concessions, the ability to obtain necessary materials and supplies, to manage and protect the health and safety of members and visitors, including the stability of the employee and volunteer support workforce, and the ability to continue to provide essential services at an appropriate level, all within the guidelines and mandates of federal, state and local governments and officials. At this time, as of the date of this report, the management is unsure of the effect of this circumstance and will be monitoring and evaluating on an ongoing basis to determine the effect of this on its ongoing operations, and the value of its assets and obligations long term.

**NOTE 17 - EVALUATION OF SUBSEQUENT EVENTS**

Management has, through May 30, 2023 evaluated whether events have occurred or circumstances exist subsequent to the date of the financial statements, December 31, 2022, that would have a material significant effect on the carrying amounts of assets or liabilities, including estimates, and no such items have been identified.