YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

Officers and Executive Committee
December 31, 2023

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC.

Chairperson:	Lynn Harvey-Akan
Chair-elect:	Matt Bailey
Past Chair:	Todd Rangel
Secretary:	Luanne Arrington
Treasurer:	Rick Lusk
Vice Chair:	Michelle Ballard
Vice Chair:	Steve Swetoha
President and Chief Executive Officer:	Rhonda Anderson

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.

Chairman:	Dennis Stearns
Member at Large:	Ford Bowers
Member at Large:	Candace Cummings
Member at Large:	Dupont Kirven
Member at Large:	Rick Lusk
Member at Large:	Todd Rangel
Member at Large:	Lynn Harvey-Akan

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
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Bernard Robinson & Company, L.L.P.

Independent Auditor's Report

To the Board of Directors
Young Men's Christian Association of Greensboro, Inc.
Greensboro, North Carolina

Opinion

We have audited the consolidated financial statements of Young Men's Christian Association of Greensboro, Inc. and the Young Men's Christian Association of Greensboro Endowment Fund, Inc. (nonprofit organization and endowment fund), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and changes in net assets, 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 Young Men's Christian Association of Greensboro, Inc. and Young Men's Christian Association of Greensboro Endowment Fund, Inc. (collectively the "Association") as of December 31, 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Young Men's Christian Association of Greensboro, Inc. and Young Men's Christian Association of Greensboro Endowment Fund, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the Association'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 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 auditing standards generally accepted in the United States of America, 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 the Association'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 the Association'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.

Report on Summarized Comparative Information

We have previously audited Young Men's Christian Association of Greensboro, Inc. and Young Men's Christian Association of Greensboro Endowment Fund, Inc.'s December 31, 2022 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects with the audited consolidated financial statements from which it has been derived.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
April 11, 2024

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Financial Position
December 31, 2023
(With Comparative Totals as of December 31, 2022)

Assets

	2023	2022
Current Assets:		
Cash and cash equivalents	**$ 10,005,269**	$ 10,277,609
Funds held for others	**3,983**	3,983
Investments	**5,836,050**	6,070,041
Current portion of unconditional promises to give, net	**144,264**	98,634
Other receivables	**418,333**	380,157
Prepaid expenses and other assets	**344,151**	181,581
Total Current Assets	**16,752,050**	17,012,005
Other Assets:		
Unconditional promises to give, less current portion	**156,349**	15,387
Property and equipment, net of accumulated depreciation	**34,303,533**	35,158,696
Available for sale property, net of accumulated depreciation	**-**	260,000
Operating lease right of use asset	**245,556**	455,294
Deposit on fixed assets	**14,693**	-
Total Other Assets	**34,720,131**	35,889,377
Total Assets	**$ 51,472,181**	$ 52,901,382

Liabilities and Net Assets

	2023	2022
Current Liabilities:		
Current maturities of long-term debt	**$ 795,169**	$ 1,586,073
Accounts payable and accrued expenses	**405,654**	329,590
Deferred revenue	**1,173,418**	1,047,208
Funds held for others	**3,983**	3,983
Operating lease liability current portion	**215,127**	210,733
Total Current Liabilities	**2,593,351**	3,177,587
Other Liabilities:		
Long-term debt, less current maturities	**5,125,176**	5,827,510
Operating lease liability, noncurrent portion	**30,429**	244,561
Total Other Liabilities	**5,155,605**	6,072,071
Total Liabilities	**7,748,956**	9,249,658
Net Assets:		
Assets without donor restrictions:		
Undesignated	**34,221,387**	34,420,255
Designated for reserves	**2,859,455**	2,988,077
Assets with donor restrictions	**6,642,383**	6,243,392
Total Net Assets	**43,723,225**	43,651,724
Total Liabilities and Net Assets	**$ 51,472,181**	$ 52,901,382

See Notes to Consolidated Financial Statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support - Contributions:				
The United Way	**$ 51,376**	**$ 46,314**	**$ 97,690**	$ 56,924
Government grants	**292,773**	**-**	**292,773**	1,828,415
Annual support	**667,113**	**-**	**667,113**	693,363
Contributions and private grants	**139,016**	**958,729**	**1,097,745**	454,895
Total Public Support	**1,150,278**	**1,005,043**	**2,155,321**	3,033,597
Revenue:				
Membership dues	**8,811,964**	**-**	**8,811,964**	7,174,802
Program and service fees	**6,095,974**	**-**	**6,095,974**	5,407,810
Vending and other food related	**10,284**	**-**	**10,284**	7,265
Rental of real estate and facilities, net	**217,619**	**-**	**217,619**	210,001
Merchandise sales	**55,335**	**-**	**55,335**	51,034
Investment income, net	**737,086**	**69,852**	**806,938**	(49,028)
Loss on sale of property and equipment	**(37,669)**	**-**	**(37,669)**	(34,492)
Gain on sale of available for sale property	**164,694**	**-**	**164,694**	-
Other events	**39,449**	**-**	**39,449**	41,497
Miscellaneous	**226**	**-**	**226**	231
Unrealized gain (loss) on investments, net	**(284,167)**	**348,293**	**64,126**	(873,042)
Total Revenue	**15,810,795**	**418,145**	**16,228,940**	11,936,078
Net Assets Released from Restrictions:				
Satisfaction of program restrictions	**479,130**	**(479,130)**	**-**	-
Satisfaction of time restrictions	**28,634**	**(28,634)**	**-**	-
Satisfaction of property acquisition restrictions	**516,433**	**(516,433)**	**-**	-
Total Net Assets Released from Restrictions	**1,024,197**	**(1,024,197)**	**-**	-
Total Public Support, Revenue, and Net Assets Released from Restrictions	**17,985,270**	**398,991**	**18,384,261**	14,969,675
Functional Expenses:				
Program Services:				
Adult	**6,874,465**	**-**	**6,874,465**	6,075,808
Child care	**4,978,222**	**-**	**4,978,222**	4,388,102
Youth	**4,090,508**	**-**	**4,090,508**	3,591,060
Total Program Services	**15,943,195**	**-**	**15,943,195**	14,054,970
Supporting Services:				
Management and general	**1,897,309**	**-**	**1,897,309**	1,686,919
Fund-raising	**266,462**	**-**	**266,462**	199,192
Total Supporting Services	**2,163,771**	**-**	**2,163,771**	1,886,111
Total Functional Expenses	**18,106,966**	**-**	**18,106,966**	15,941,081
Other Expenses:				
Payments to affiliated organizations	**205,794**	**-**	**205,794**	173,658
Total Expenses	**18,312,760**	**-**	**18,312,760**	16,114,739
Change in net assets from operating activities	**(327,490)**	**398,991**	**71,501**	(1,145,064)
Change in fair value of interest rate swap agreement	**-**	**-**	**-**	76,396
Changes in net assets	**(327,490)**	**398,991**	**71,501**	(1,068,668)
Net assets, beginning	**37,408,332**	**6,243,392**	**43,651,724**	44,720,392
Net assets, ending	**$ 37,080,842**	**$ 6,642,383**	**$ 43,723,225**	$ 43,651,724

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	2023								
	Program Services				Supporting Services				
	Adult Programs	Child Care	Youth Programs	Total	Management and General	Fund-Raising	Total	TOTAL	2022 TOTAL
Salaries and wages	$ 3,002,770	$ 2,229,779	$ 1,486,519	$ 6,719,068	$ 713,529	$ 145,747	$ 859,276	$ 7,578,344	$ 6,508,290
Employee benefits	367,717	275,787	183,858	827,362	91,929	14,476	106,405	933,767	761,375
Payroll taxes	215,199	161,399	107,600	484,198	53,800	13,846	67,646	551,844	474,417
Total Salaries and Related Expenses	3,585,686	2,666,965	1,777,977	8,030,628	859,258	174,069	1,033,327	9,063,955	7,744,082
Professional fees	76,313	46,772	49,234	172,319	73,851	485	74,336	246,655	188,945
Supplies	394,513	275,434	252,654	922,601	112,866	79,413	192,279	1,114,880	1,026,783
Telephone	20,877	14,576	13,370	48,823	5,973	-	5,973	54,796	55,799
Postage and shipping	2,632	1,837	1,685	6,154	753	-	753	6,907	7,553
Occupancy	82,311	57,466	52,713	192,490	23,548	-	23,548	216,038	206,650
Printing and publication	63,998	44,681	40,985	149,664	18,309	-	18,309	167,973	182,741
Travel	50,170	35,027	32,130	117,327	14,353	-	14,353	131,680	98,925
Conferences, conventions and meetings	47,074	32,866	30,148	110,088	13,468	3,869	17,337	127,425	95,647
Interest and amortization	144,092	100,600	92,280	336,972	41,223	-	41,223	378,195	290,868
Bank service charges	101,528	70,883	65,020	237,431	29,046	-	29,046	266,477	219,040
Rental	62,890	43,907	40,276	147,073	17,992	-	17,992	165,065	186,075
Repairs and maintenance	170,370	118,946	109,108	398,424	48,741	-	48,741	447,165	379,074
Other events	38,880	27,145	24,899	90,924	11,123	-	11,123	102,047	17,125
Insurance	94,032	65,649	60,220	219,901	26,901	-	26,901	246,802	260,043
Depreciation	731,638	510,803	468,556	1,710,997	209,314	-	209,314	1,920,311	1,947,449
Utilities	398,849	278,462	255,431	932,742	114,106	-	114,106	1,046,848	996,393
Contracted services	508,041	354,695	325,360	1,188,096	145,345	7,176	152,521	1,340,617	1,161,510
Bad debt expense	-	-	-	-	86,395	-	86,395	86,395	80,535
Food and beverage	145,782	88,927	91,332	326,041	38,414	-	38,414	364,455	358,546
Scholarships	132,661	127,133	292,960	552,754	-	-	-	552,754	385,357
Dues	11,553	8,065	7,398	27,016	3,305	1,450	4,755	31,771	25,351
Training	10,575	7,383	6,772	24,730	3,025	-	3,025	27,755	26,590
Total Functional Expenses	$ 6,874,465	$ 4,978,222	$ 4,090,508	$ 15,943,195	$ 1,897,309	$ 266,462	$ 2,163,771	$ 18,106,966	$ 15,941,081

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO, INC. AND
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREENSBORO ENDOWMENT FUND, INC.
Consolidated Statement of Cash Flows
Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
Cash flows from operating activities:		
Changes in net assets	**$ 71,501**	$ (1,068,668)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Allowance for uncollectible accounts	**(6,157)**	(6,428)
Depreciation	**1,920,311**	1,961,849
Amortization	**16,576**	16,576
Loss on sale of property and equipment	**37,669**	34,492
Investment income reinvested	**(47,212)**	(103,458)
Gain on sale of available for sale property	**(164,694)**	-
(Gain) loss on sale of investments, net	**(544,931)**	252,885
Unrealized loss on investments, net	**(64,126)**	873,041
Change in fair value of interest rate swap	**-**	(76,395)
(Increase) decrease in:		
Unconditional promises to give	**(180,435)**	100,937
Other receivables	**(38,176)**	(246,725)
Prepaid expenses and other assets	**(162,570)**	119,439
Increase (decrease) in:		
Accounts payable and accrued expenses	**76,064**	(87,275)
Deferred revenue	**126,210**	399,816
Net cash provided by operating activities	**1,040,030**	2,170,086
Cash flows from investing activities:		
Purchase and construction of property and equipment	**(1,005,881)**	(588,359)
Deposit on fixed assets	**(14,693)**	-
Proceeds from sale of property and equipment	**16,900**	222,250
Proceeds from sale of available for sale property	**417,494**	-
Proceeds from sale of investments	**2,517,309**	2,671,989
Net investment cash transactions in endowment fund	**(2,373)**	(73,949)
Purchase of investments	**(1,624,676)**	(1,634,341)
Net cash provided by investing activities	**304,080**	597,590
Cash flows from financing activities:		
Payments on long-term debt	**(1,616,450)**	(1,703,174)
Net cash used in financing activities	**(1,616,450)**	(1,703,174)
Net increase (decrease) in cash and cash equivalents	**(272,340)**	1,064,502
Cash and cash equivalents, beginning	**10,277,609**	9,213,107
Cash and cash equivalents, ending	**$ 10,005,269**	$ 10,277,609

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Young Men's Christian Association of Greensboro, Inc. ("YMCA") is a not for profit organization incorporated in 1910 to establish, equip, maintain, conduct and operate various YMCA branches and to perform any acts reasonably incidental thereto in the greater Greensboro, Eden and Reidsville, North Carolina areas.

The Young Men's Christian Association of Greensboro Endowment Fund, Inc. ("Endowment Fund") was incorporated in 1994 as a support organization for the benefit of the YMCA to hold and invest permanently restricted net assets. This corporation states in its articles of incorporation that it is organized for and at all times shall operate exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the YMCA. The articles also state that the Endowment Fund shall be operated, supervised, or controlled by the YMCA, and that the Directors of the Endowment Fund shall be elected or appointed by the Board of Directors of the YMCA. Because of the oversight authority of the YMCA Board over the actions of the Endowment Fund, the two entities have been consolidated for financial statement presentation purposes.

The consolidated financial statements include the accounts of the YMCA and the Endowment Fund. All material intercompany transactions have been eliminated. The consolidated entities will be referred to as the "Association" for purposes of these consolidated financial statements.

A summary of the Association's significant accounting policies follow:

Financial Statement Presentation

The Association reports information regarding its financial position and activities using two classes of net assets, as follows:

Without donor restrictions: All revenue not restricted by donors, unrestricted contributions designated by the board and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

With donor restrictions: All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in donor restricted net assets. The investment income arising from endowment funds, if any, are accounted for in accordance with donor stipulations. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Comparative Financial Information

The financial statements include certain prior period summarized comparative information in totals but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's consolidated financial statements for the year ended December 31, 2023, from which the summarized information was derived.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of reporting the consolidated statements of cash flows, the Association considers all highly liquid investments, except those held by the Endowment Fund, purchased with maturities of three months or less to be cash equivalents.

Funds Held for Others

The Association administers various organizational funds. The funds are established by assets received as transfers from other organizations/clubs which specifies itself as the beneficiary of the fund.

Investments

Investments in marketable securities with readily determinable values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

Receivables

The Association records unconditional promises to give and other receivables at total unpaid balance, which approximates estimated fair value, less any allowance for doubtful accounts. The Association determines past due status of individual receivables based on the contractual terms of the original grant agreement or pledge commitment.

The Association estimates its allowance for doubtful accounts based on a combination of factors, including historical loss experience and any anticipated effects related to current economic conditions, as well as management's knowledge of the current composition of receivables. Receivables that management believes to be ultimately not collectible are written off upon such determination.

Property and Equipment

The Association generally capitalizes expenditures of $2,500 or more for property and equipment whose life exceeds one year. Property and equipment are stated at cost or, in the case of donated assets, at estimated fair value at date of donation.

Depreciation, including amortization of capital lease assets, is provided for using the straight-line method over the shorter of its estimated useful lives of the assets or its related lease term.

Bond Issuance Costs

Bond issuance costs are being amortized on a straight-line basis over 20 years which approximates the effective interest rate method. Accumulated amortization amounted to $223,775. Estimated amortization for each of the next two years is $16,576. Bond issuance costs have been netted against long term debt in accordance with ASU 2015-03, "Interest Imputation of Interest".

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising, printing and publication costs are expensed as incurred. During the year, costs related to these activities totaled $167,973.

Revenue Recognition

The Association derives its revenues primarily from membership dues or program and service fees. Membership contracts consist of month-to-month or annual basis and they can cancel their membership at any time with a 30 day notice. Membership dues revenue is recognized on a monthly basis in which the Association provides access to the facilities. Membership dues paid under an annual contract will be recorded as deferred revenue and amortized each month as the revenue is earned. Program and service fee revenues consist of camps, sporting leagues, after school care, training sessions, etc., which are recognized upon completion of the related performance obligation and at an amount that represents the consideration paid to participate. The Association does not have a significant financing component as events are typically paid for in advance and are recognized as deferred revenue prior to completion of the performance obligation.

Due to the nature of the Association's business, there is typically no significant variable consideration, such as discounts, allowances, and returns. However, if variable consideration is deemed significant, variable consideration is estimated at the most likely amount that is expected to be earned.

Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience and known trends.

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Contributions receivable due beyond one year are stated at net present value of the estimated cash flows using a risk adjusted rate. Conditional contributions are recognized as revenues when the conditions have been met by the Association. Contributions are considered to be without donor restrictions unless specifically restricted by the donee for a specific period of time or purpose. Grants received by the Association are being accounted for as contributions since they do not include exchange transaction elements associated with those grants.

Endowment Fund

The Endowment Fund consists of various fixed income funds, equity funds, and cash equivalents established for a variety of purposes. The endowment consists of donor-restricted endowment funds as well as board designated endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Endowment Fund 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 Association must hold in perpetuity.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

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 meet funding requirements while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Endowment Fund 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 endowment portfolio is invested across multiple asset classes with emphasis on equities and fixed income as well as alternative investments, real estate and a low level of exposure to money market cash instruments.

The Endowment Fund has a policy for appropriating for distribution each year approximately 5% of its endowment funds average market value plus or minus 1.5% over the 3 year trailing average market value of the Endowment Fund. In establishing this policy, the Endowment Fund considered the long-term expected return of the endowment. Accordingly, over the long-term the Endowment Fund expects the current spending policy to preserve the purchasing power of the endowment funds over time, and to provide a reasonably stable and predictive revenue stream for use in connection with the charitable purposes of the Association. The Board of Directors annually adopts a spending rate.

Donated Services and Materials

The Association occasionally benefits from the services of volunteers in various programs. The services donated are not identical to services the donor would usually charge a fee to provide; therefore, a monetary amount cannot be assigned to the value of these services. Significant donated materials are recorded at their fair value as a contribution and related purchase.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax Status

The Association is classified as a public charity and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying consolidated financial statements. Contributions to the Association are tax deductible by the donor.

It is the Association's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the consolidated financial statements. No material uncertain tax positions were identified for 2023. Currently, the statute of limitations remains open subsequent to and including 2018; however, no examinations are in process or anticipated. Any changes in the amount of a tax provision will be recognized in the period the change occurs.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Association has evaluated events and transactions for potential recognition or disclosure through April 11, 2024, the date the consolidated financial statements were available to be issued.

NOTE 2 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give amounts to be received in future periods are discounted to a present value using an interest rate of 5.0%.

Unconditional promises to give are as follows:

Amounts receivable less than one year	$ 144,264
Amounts receivable in one to five years	171,150
Total unconditional promises to give	315,414
Less - discount to present value for future pledges	(13,533)
Less - allowance for uncollectible pledges	(1,268)
	$ 300,613

NOTE 3 - FAIR VALUE MEASUREMENTS

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. In determining fair values, the Association uses various methods including market, income and cost approaches. Based on these approaches, the Association often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Association 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 Association is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 Inputs — Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 Inputs — Observable prices that are based on inputs not quoted on active markets, but corroborated by market data, discounted cash flow models or similar techniques.

Level 3 Inputs — Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The following summarizes the fair value measurements:

	Level 1	Level 2	Level 3	Total
Asset:				
Investments (See Note 4 for major categories)	$ 5,836,050	$ -	$ -	$ 5,836,050

NOTE 4 - INVESTMENTS

A breakdown of the investments held are as follows:

Description	Reported Value	Cost
Restricted cash	$ 220,107	$ 220,107
Equity securities	5,615,943	5,024,352
	$ 5,836,050	$ 5,244,459

Investment income consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Income:			
Dividends	$ 52,772	$ 62,051	$ 114,823
Capital gain distribution	-	9,363	9,363
Other interest	106,650	44,494	151,144
Capital gains (losses) on sales of securities	578,326	(33,395)	544,931
	737,748	82,513	820,261
Expenses: Investment fees	662	12,661	13,323
	$ 737,086	$ 69,852	$ 806,938

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land and improvements	$ 6,462,325
Buildings	48,897,335
Equipment	4,609,350
Software costs	122,779
Furniture, fixtures and office equipment	617,440
Transportation vehicles	328,466
Leasehold improvements	1,295,464
Construction in progress	303,598
Deposits on Equipment	14,693
	62,651,450
Less accumulated depreciation	28,347,917
	$ 34,303,533

NOTE 6 - LEASES

As of December 31, 2023, the Company has the following lease agreements:

The Association leases office space, land and use of other program facilities under various operating lease agreements with varying expiration dates through 2025. Leases greater than 12 months result in the recognition of a right of use ("ROU") asset and a liability at the lease commencement date based on the present value of the lease payments over the term of the lease. The US Treasury rate was utilized in associated present value calculations. The Association also rents equipment on an as needed basis for program use.

The components of lease expense for the year ended December 31, 2023 is as follows:

Operating lease expense	$ 211,005
Short-term lease expense	$ 170,098
Sublease income	$ 102,000

Other information:	
Cash paid for amounts included in the measurement of lease liabilities -	
Operating cash flows from operating leases	210,733
Weighted-average remaining lease term - operating leases	1.15
Weighted average discount rate - operating leases	0.28%

The maturities of lease liabilities as of December 31, 2023 were as follows:

2024	$ 215,536
2025	30,394
Total lease payments	245,930
Less: present value discount	(374)
Present value of lease liabilities	$ 245,556

NOTE 6 - LEASES (Continued)

The Association also leases its facilities to various organizations and individuals on a regular basis. Except as described below, these leasing transactions are normally short-term and on a case-by-case or month-to-month basis. Rental income for the association for the year totaled $209,439.

The Association rented portions of its Ragsdale facility under a non-cancelable lease agreement. The facility has a cost of $6,270,140 and accumulated depreciation of $3,051,514. Depreciation expense was $160,332 for the year. The agreement calls for monthly rents ranging from $8,500 to $10,013 through February 2029.

Future minimum rental income to be received under the sub-rental agreements is as follows:

2024	$ 104,550
2025	107,680
2026	110,904
2027	115,154
2028	119,446
Thereafter	20,026
	$ 577,760

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2023:

Unsecured bank qualified loan payable to a financial institution calling for 240 equal monthly principal installments through the maturity date of November 2030. Interest is payable monthly at the Adjusted SOFR of 79.5% of SOFR plus the spread of 1.36% (SOFR was 5.38% as of December 31, 2023).	$ 4,194,199
Unsecured nonbank qualified loan payable to a financial institution. The bond accrues interest at the Adjusted SOFR of 81.5% of SOFR plus 1.72% per annum (SOFR was 5.38% as of December 31, 2023). The Association pays monthly principal payments ranging from $13,417 to $20,238 with the final payment due November 2030.	1,468,836
Various notes payable to a financial institution, at interest rates up to 7.77%, secured by equipment with a carrying value of $342,118, payable in monthly installments totaling $20,252, maturing in various periods through June 2028.	365,053
	6,028,088
Less bond issuance cost, net of accumulated amortization	107,743
	5,920,345
Less current maturities	795,169
	$ 5,125,176

NOTE 7 - LONG-TERM DEBT (Continued)

The provisions of the bank qualified loan contains various financial covenants related to minimum levels of liquidity and net assets that the Association must maintain. The covenant also includes provisions related to borrowing leverage and other liquidity ratios. The Association was in compliance with all covenant provisions.

Future maturities of long-term debt, net of bond issuance cost, for each of the next five years and thereafter are as follows:

2024	$ 795,169
2025	798,499
2026	749,947
2027	757,217
2028	750,426
Thereafter	2,069,087
	$ 5,920,345

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, consist of the following:

Subject to spending policy and appropriation:	
Investment in perpetuity (including amounts above original gift amount of $1,937,766), which, once appropriated, is expendable to support the operations of the YMCA	$ 2,891,251
Subject to the passage of time:	
For periods after December 31, 2023	300,612
Subject to expenditures for specified purpose:	
Building or equipment, improvements or repairs	3,099,291
Scholarships	95,941
Programs	226,701
	3,421,933
Subject to expenditure when a specified event occurs:	
Paid-up life insurance policy that will provide proceeds upon death of insured for operations of the YMCA	28,587
	$ 6,642,383

NOTE 9 - DESIGNATED NET ASSETS

The Board of Directors has designated certain amounts of net assets without donor restrictions to be used for future activities, repairs and maintenance, and other purposes on a branch-by-branch basis. These reserves are funded by designated cash balances. The Board retains the right to undesignate these funds as they deem appropriate. The reserve cash balances was $1,929,830.

NOTE 9 - DESIGNATED NET ASSETS (Continued)

The Board of Directors has also designated $929,623 of net assets without donor restrictions to be set aside for future operations. These reserves have been funded by purchasing investments with a market value designed for this amount. The Board retains the right to undesignate these funds as they deem appropriate.

NOTE 10 - ENDOWMENT NET ASSETS

The Board of Directors of the Association has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") 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 Association classifies permanently restricted net assets as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purpose of the Association and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investment; (6) other resources of the Association; and (7) the investment policies of the Association.

The Association's endowment is held with an investment bank and investment firms. Under the endowment agreement, the principal balance in the fund is permanently restricted to ensure that resources would be available to provide for future operations.

The Association has the following donor-restricted endowment net assets:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ -	$ 2,495,749	$ 2,495,749
Investment return:			
Investment income	-	69,414	69,414
Net appreciation (realized and unrealized)	-	314,898	314,898
Investment fees	-	(12,661)	(12,661)
Total investment return	-	371,651	371,651
Appropriations	100,803	(100,803)	-
Expenditures	(100,803)	-	(100,803)
Contributions	-	124,654	124,654
End of year	$ -	$ 2,891,251	$ 2,891,251

NOTE 10 - ENDOWMENT NET ASSETS (Continued)

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 SPMIFA requires the Association to retain as a fund of perpetual duration. There were no such deficiencies of this kind during the year.

NOTE 11 - COMMUNITY POOL

The Association, the City of Reidsville (the "City"), and Reidsville Community Pool Association ("RCPA") have entered into an agreement, whereas, the Association will operate and manage a community pool adjacent to the Association's Reidsville facility for the benefit of residents of the greater Reidsville area. Under the agreement, the Association receives a fee for the management of the pool. The management fee is intended to be a reimbursement for the cost of administrative overhead directly attributable to aquatic activities, and shall be based on a formula agreed upon by all parties. The agreement calls for the fee to be waived if the City continues to make its annual contribution for pool activities.

The agreement also calls for three percent of user fees to be deposited into a repair account and matched equally by both the Association and the City. Accumulated funds greater than $30,000 in this account may be disbursed at the discretion of RCPA for aquatic programs or services. Operating surpluses are to be deposited in the repair account or may be specifically designated by RCPA for other public purposes. At year end, the accumulated fund amounted to $24,493.

The following summarizes the revenue and expenses for the pool for the year:

Revenue:	
User fees	$ 27,306
City of Reidsville contribution	36,810
Pool rental	997
Other	3,750
Total revenue	68,863
Expenses:	
Payroll (including payroll taxes and benefits)	97,505
Permits	170
Supplies	4,556
Utilities	46,112
Maintenance	1,640
Other	8,870
Total expenses	158,854
Operating deficit	$ (89,991)

NOTE 12 - PENSION PLAN

The Association is a participant in a multi-employer National YMCA Retirement Fund Plan (the "Fund Plan") for all eligible employees. Employees are eligible if they are at least 21 years old and have worked at least 1,000 hours in any 2 twelve-month periods beginning on the employee's hire date.

NOTE 12 - PENSION PLAN (Continued)

The Association has a two-year waiting period for enrollment and immediate vesting schedule. The Association's contributions to the Fund Plan are computed as a percentage of covered employees' annual salaries and the Association is not liable for any other amounts. Total retirement costs for the year totaled $464,706.

NOTE 13 - SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

During the year, the Association paid interest of $378,195.

During the year, the Association entered into the following non-cash investing transactions:

Property and equipment acquired through debt	$ 106,636

NOTE 14 - CONCENTRATIONS OF CREDIT RISK

The Association maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. In addition, all of the Association's borrowings are concentrated with a single financial institution.

The Association's investments potentially subject it to market risk and concentrations of credit risk. The Association maintains various types of investments that encompass many different companies with varied industry and geographical characteristics designed to limit exposure to any one industry, company or geographical location. However, as most of the Association's investments are traded in public markets, they are subject to general fluctuations in the market's overall performance. The Association retains investment managers who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Association invests.

NOTE 15 - ASSETS LIQUIDITY

The following reflects the Association's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date. Amounts not available include amounts set aside for reserves that could be drawn upon if the governing board approves that action.

Financial assets, at year end	$ 19,804,275
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with purpose or time restrictions	9,096,121
Assets held on behalf of others	3,983
Board designations for reserves	2,859,453
Financial assets available to meet cash needs for general expenditures within one year	$ 7,844,718