YOUNG MEN'S CHRISTIAN ASSOCIATION OF WESTERN NORTH CAROLINA, INC.

Asheville, North Carolina

Financial Statements and
Supplementary Information

Years Ended September 30, 2024 and 2023

YOUNG MEN'S CHRISTIAN ASSOCIATION OF WESTERN NORTH CAROLINA, INC.

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CARTER
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Young Men's Christian Association of Western North Carolina, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Young Men's Christian Association of Western North Carolina, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Young Men's Christian Association of Western North Carolina, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Young Men's Christian Association of Western North Carolina, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Young Men's Christian Association of Western North Carolina, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Men's Christian Association of Western North Carolina, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of changes in promises to give is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2025, on our consideration of Young Men’s Christian Association of Western North Carolina, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Young Men’s Christian Association of Western North Carolina, Inc.’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Young Men’s Christian Association of Western North Carolina, Inc.’s internal control over financial reporting and compliance.

Carter, P.C.

Asheville, North Carolina
January 15, 2025

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF WESTERN NORTH CAROLINA, INC.

Statements of Financial Position
September 30, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and equivalents	$ 15,066,557	$ 14,371,032
Accounts receivable	476,072	373,685
Grants receivable	190,336	168,394
Promises to give, current portion	595,793	568,024
Other receivables	33,066	119,691
Prepaid expenses	7,477	94,070
Deposits	148,404	141,425
Total current assets	16,517,705	15,836,321
Promises to give, net of current portion	831,613	1,164,360
Investments	4,007,556	2,926,813
Beneficial interest in trust	55,622	48,255
Beneficial interest in endowment funds	855,885	740,279
Operating lease right-of-use assets	949,530	1,095,960
Property and equipment	28,454,753	28,696,577
Goodwill	550,200	641,900
Total assets	$ 52,222,864	$ 51,150,465
Liabilities and net assets		
Current liabilities:		
Current portion of tax-exempt bonds payable	$ 538,000	$ 527,000
Current maturities of operating lease liabilities	150,068	140,727
Current maturities of finance lease liabilities	159,516	159,516
Current maturities of long-term debt	375,509	556,877
Accounts payable	567,399	821,795
Accrued expenses	990,903	905,730
Deferred revenue	815,206	991,162
Total current liabilities	3,596,601	4,102,807
Tax-exempt bonds payable, net of current portion	5,303,675	5,835,435
Operating lease liabilities, net of current maturities	812,767	962,835
Finance lease liabilities, net of current maturities	131,965	288,843
Long-term debt, net of current maturities	6,062,008	6,433,064
Total liabilities	15,907,016	17,622,984
Net assets:		
Without donor restrictions	31,847,325	29,530,072
With donor restrictions	4,468,523	3,997,409
Total net assets	36,315,848	33,527,481
Total liabilities and net assets	$ 52,222,864	$ 51,150,465

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

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF WESTERN NORTH CAROLINA, INC.

Statement of Activities
Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Membership and joining fees	$ 16,812,943	$	$ 16,812,943
Less, financial assistance	(2,605,802)		(2,605,802)
Program and facility fees	7,998,634		7,998,634
Less, financial assistance	(1,427,325)		(1,427,325)
Special events	3,592		3,592
Rental income	510,627		510,627
Service revenue, net	437,530		437,530
Management fees	281,801		281,801
Sales of merchandise	51,253		51,253
Investment income, net	676,509	59,984	736,493
Miscellaneous income	126,441		126,441
Total revenue	22,866,203	59,984	22,926,187
Public support			
Charitable contributions	1,368,863	616,135	1,984,998
In-kind contributions	112	357,825	357,937
Government grants		4,184,099	4,184,099
Other grants		454,792	454,792
Total public support	1,368,975	5,612,851	6,981,826
Net assets released from restrictions	5,618,359	(5,618,359)	
Total revenue and public support	29,853,537	54,476	29,908,013
Expenses			
Program services	22,796,989		22,796,989
Supporting services	4,944,597		4,944,597
Total expenses	27,741,586		27,741,586
Increase in net assets before other gains	2,111,951	54,476	2,166,427
Other gains			
Net gains on investments	93,486	416,638	510,124
Net gains on beneficial interest in endowment funds	111,816		111,816
Total other gains	205,302	416,638	621,940
Increase in net assets	2,317,253	471,114	2,788,367
Net assets at beginning of year	29,530,072	3,997,409	33,527,481
Net assets at end of year	$ 31,847,325	$ 4,468,523	$ 36,315,848

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

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF WESTERN NORTH CAROLINA, INC.

Statement of Activities
Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Membership and joining fees	$ 14,795,675	$	$ 14,795,675
Less, financial assistance	(2,424,240)		(2,424,240)
Program and facility fees	7,564,222		7,564,222
Less, financial assistance	(1,763,679)		(1,763,679)
Special events	11,726		11,726
Rental income	481,362		481,362
Service revenue, net	327,830		327,830
Management fees	260,960		260,960
Sales of merchandise	48,200		48,200
Investment income, net	409,369	35,395	444,764
Miscellaneous income	195,054		195,054
Total revenue	19,906,479	35,395	19,941,874
Public support			
Charitable contributions	1,192,085	288,531	1,480,616
In-kind contributions	441,200	1,835,569	2,276,769
Government grants		5,863,804	5,863,804
Other grants		378,102	378,102
Total public support	1,633,285	8,366,006	9,999,291
Net assets released from restrictions	8,432,978	(8,432,978)	
Total revenue and public support	29,972,742	(31,577)	29,941,165
Expenses			
Program services	20,633,108		20,633,108
Supporting services	4,437,807		4,437,807
Total expenses	25,070,915		25,070,915
Increase (decrease) in net assets before other gains	4,901,827	(31,577)	4,870,250
Other gains			
Net gains on investments	8,228	95,951	104,179
Net gains on beneficial interest in endowment funds	55,784		55,784
Gain on disposal of property and equipment	24,856		24,856
Total other gains	88,868	95,951	184,819
Increase in net assets	4,990,695	64,374	5,055,069
Net assets at beginning of year	24,539,377	3,933,035	28,472,412
Net assets at end of year	$ 29,530,072	$ 3,997,409	$ 33,527,481

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

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF WESTERN NORTH CAROLINA, INC.

Statement of Functional Expenses
Year Ended September 30, 2024

		Supporting Services			
	Program Services	Management & General	Fundraising	Total Supporting Services	Total
Salaries	$ 10,575,036	$ 2,562,250	$ 333,106	$ 2,895,356	$ 13,470,392
Payroll taxes	860,133	130,210	23,130	153,340	1,013,473
Health insurance	763,277	176,901	23,169	200,070	963,347
Retirement benefits	529,340	255,578	39,877	295,455	824,795
Worker's compensation insurance	94,044	16,357	3,831	20,188	114,232
Total salaries and related expenses	12,821,830	3,141,296	423,113	3,564,409	16,386,239
Occupancy and rental	1,718,736	100		100	1,718,836
Supplies	1,423,974	24,104	1,709	25,813	1,449,787
Professional and contract services	1,609,459	298,088		298,088	1,907,547
School contracted services	412,683				412,683
Building and grounds maintenance	268,017	7,890		7,890	275,907
Repairs and maintenance	560,224	198,894		198,894	759,118
Advertising	62,428	125,661		125,661	188,089
Equipment rental	42,885	40,473		40,473	83,358
Banking fees	439,086	6,535		6,535	445,621
Vehicle expenses	175,814	13,761		13,761	189,575
National support	257,760	28,640		28,640	286,400
Telephone and communications	221,639	19,622		19,622	241,261
Insurance	222,470	33,319		33,319	255,789
Training and employee recognition	97,854	43,778		43,778	141,632
Meeting food costs	26,723	40,481	11,591	52,072	78,795
Conferences and conventions	36,647	28,078		28,078	64,725
Saleable merchandise	63,006				63,006
Swim meet costs	15,492				15,492
Property expenses		29,954		29,954	29,954
Organizational dues	28,126	45,527		45,527	73,653
Recruitment	225	6,001		6,001	6,226
Interest	233,304	58,646		58,646	291,950
Interest on tax-exempt bonds	198,508				198,508
Printing	61,953	7,387		7,387	69,340
Miscellaneous	20,300	8,118	352	8,470	28,770
Provision for uncollectible promises to give and grants receivable			80,009	80,009	80,009
Total expenses before depreciation, amortization, and income taxes	21,019,143	4,206,353	516,774	4,723,127	25,742,270
Depreciation and amortization	1,686,146	189,455	18,945	208,400	1,894,546
Amortization of goodwill	91,700				91,700
Income taxes		13,070		13,070	13,070
Total expenses	$ 22,796,989	$ 4,408,878	$ 535,719	$ 4,944,597	$ 27,741,586

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

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF WESTERN NORTH CAROLINA, INC.

Statement of Functional Expenses
Year Ended September 30, 2023

		Supporting Services			
	Program Services	Management & General	Fundraising	Total Supporting Services	Total
Salaries	$ 9,903,900	$ 2,125,817	$ 396,965	$ 2,522,782	$ 12,426,682
Payroll taxes	804,746	94,154	30,368	124,522	929,268
Health insurance	600,029	175,849	28,555	204,404	804,433
Retirement benefits	440,906	211,715	40,075	251,790	692,696
Worker's compensation insurance	83,657	14,390	3,568	17,958	101,615
Total salaries and related expenses	11,833,238	2,621,925	499,531	3,121,456	14,954,694
Occupancy and rental	1,714,098	100		100	1,714,198
Supplies	1,357,395	18,087	4,620	22,707	1,380,102
Professional and contract services	1,428,637	263,118		263,118	1,691,755
Building and grounds maintenance	248,377	20,203		20,203	268,580
Repairs and maintenance	544,899	151,119		151,119	696,018
Advertising	78,381	119,856		119,856	198,237
Equipment rental	31,096	40,570		40,570	71,666
Banking fees	390,563	3,769		3,769	394,332
Vehicle expenses	127,959	10,029		10,029	137,988
National support	215,411	21,599		21,599	237,010
Telephone and communications	208,648	22,478		22,478	231,126
Insurance	179,144	32,451		32,451	211,595
Training and employee recognition	75,899	42,397		42,397	118,296
Meeting food costs	20,737	48,426	13,971	62,397	83,134
Conferences and conventions	23,154	51,898		51,898	75,052
Saleable merchandise	50,476				50,476
Swim meet costs	23,899				23,899
Property expenses		27,316		27,316	27,316
Organizational dues	25,615	42,652		42,652	68,267
Recruitment	125	6,663		6,663	6,788
Interest	155,721	151,503		151,503	307,224
Interest on tax-exempt bonds	207,683				207,683
Printing	67,938	3,232		3,232	71,170
Miscellaneous	14,749	6,673	126	6,799	21,548
Provision for uncollectible promises to give			930	930	930
Total expenses before depreciation, amortization, and income taxes	19,023,842	3,706,064	519,178	4,225,242	23,249,084
Depreciation and amortization	1,517,566	170,513	17,051	187,564	1,705,130
Amortization of goodwill	91,700				91,700
Income taxes		25,001		25,001	25,001
Total expenses	$ 20,633,108	$ 3,901,578	$ 536,229	$ 4,437,807	$ 25,070,915

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

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF WESTERN NORTH CAROLINA, INC.

Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Increase in net assets	$ 2,788,367	$ 5,055,069
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,894,546	1,705,130
Amortization of goodwill	91,700	91,700
Amortization of debt issuance costs	10,693	10,693
Amortization of operation lease right-of-use assets	146,430	137,924
Net gains on investments	(510,124)	(104,179)
Net gains on beneficial interest in endowment funds	(111,816)	(55,784)
Provision for uncollectible promises to give	26,009	930
Provision for uncollectible grants receivable	54,000	
Present value adjustment	(106,253)	249,838
Change in value of beneficial interest in trust	(15,568)	(6,318)
Gain on disposal of property and equipment		(24,856)
Receipt of donated stock	(376,905)	(13,727)
Paycheck Protection Program loan forgiveness		(1,522,151)
Gain on debt forgiveness	(212,337)	(228,267)
Noncash interest expense	3,983	31,861
Changes in working capital - sources (uses):		
Accounts receivable	(102,387)	(100,229)
Grants receivable	(75,942)	26,804
Promises to give	385,222	(1,701,349)
Other receivables	86,625	(22,065)
Prepaid expenses	86,593	(52,754)
Deposits	(6,979)	(2,631)
Beneficial interest in trust	8,201	2,681
Accounts payable	(254,396)	(6,169)
Accrued expenses	97,121	(101,537)
Deferred revenue	(175,956)	211,330
Operating lease liabilities	(140,727)	(130,322)
Net cash provided by operating activities	3,590,100	3,451,622

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF WESTERN NORTH CAROLINA, INC.

Statements of Cash Flows (continued)
Years Ended September 30, 2024 and 2023

	2024	2023
Cash flows from investing activities		
Proceeds from sale of investments	$ 1,610,867	$ 6,161,550
Proceeds from sale of property and equipment		24,856
Purchase of investments	(1,804,581)	(6,745,580)
Change in beneficial interest in endowment funds	(3,790)	(137)
Purchase of property and equipment	(1,652,722)	(1,922,070)
Net cash used by investing activities	(1,850,226)	(2,481,381)
Cash flows from financing activities		
Principal payments on bonds payable	(527,000)	(495,000)
Principal payments on finance lease liabilities	(156,878)	(254,594)
Principal payments on long-term debt	(360,471)	(723,035)
Net cash used by financing activities	(1,044,349)	(1,472,629)
Net increase (decrease) in cash and equivalents	695,525	(502,388)
Cash and equivalents at beginning of year	14,371,032	14,873,420
Cash and equivalents at end of year	$ 15,066,557	$ 14,371,032
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 499,468	$ 536,567
Cash paid for income taxes	$ 13,070	$ 25,001
Schedule of noncash investing and financing activities		
Acquisition of finance lease right-of-use asset in exchange for finance lease liability	$	$ 172,188
Acquisition of operating lease right-of-use assets in exchange for operating lease liabilities	$	$ 1,233,884

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

**YOUNG MEN'S CHRISTIAN ASSOCIATION
OF WESTERN NORTH CAROLINA, INC.**

Notes to Financial Statements
September 30, 2024 and 2023

Note 1 - Nature of Association and Summary of Significant Accounting Policies

Association

Young Men's Christian Association of Western North Carolina, Inc. (Association or YMCA) was incorporated in 1889 under the laws of the State of North Carolina. The Association applies Christian principles by providing programs that build healthy spirit, mind, and body for all. The Association seeks to promote its mission and core values by focusing on Youth Development, Healthy Living, and Social Responsibility in programs conducted at seven centers, one resident summer camp, approximately 35 child-care sites, one food pantry, and numerous mobile food distribution sites.

Income Tax Status

The Association is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income.

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary purposes of the Association. These net assets may be used at the discretion of Association's management and Board of Directors.

- *Net assets with donor restrictions*: Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Association has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from donor-restricted contributions, grants received for a specific purpose, and investment income generated by donor-restricted endowment funds. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Note 1 - Nature of Association and Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Support is recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled and/or time period has elapsed) are reported as net assets released from restrictions.

The net asset classification of donor-restricted endowment funds is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). As a result, the investment return from donor-restricted endowment funds is classified as net assets with donor restrictions until appropriated for expenditure.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Association's ongoing program services and interest and dividends earned on investments. Non-operating activities are limited to resources that include gains and losses on investments, disposal of property and equipment, and other activities considered to be more unusual or nonrecurring in nature.

Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, other than promises to give, investments, beneficial interest in trust, beneficial interest in endowment funds, operating lease right-of-use assets, finance lease right-of-use assets, tax-exempt bonds payable, long-term debt, operating lease liabilities, and finance lease liabilities, approximates fair value due to the relatively short-term nature of the financial instruments.

Amounts recognized for promises to give approximate fair value due to the allowance for uncollectible promises to give and net present value adjustments applied to outstanding balances.

Fair value of investments, beneficial interest in trust, and beneficial interest in endowment funds are discussed in Note 6.

The carrying value of tax-exempt bonds payable and long-term debt approximates fair value due to market interest rates charged at the time of borrowing.

Amounts recognized for finance and operating lease right-of-use assets and lease liabilities approximate fair value due to present value adjustments determined by the implied borrowing rate provided by the lessor or by the Association's incremental borrowing rate.

Note 1 - Nature of Association and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, except those amounts designated and classified as investments.

Account Receivable

Accounts receivable consist of uncollateralized customer obligations for memberships, childcare fees, administrative fees, and other services and are recorded at net realizable value. The Association provides credit to customers and bills them as services are provided or on a monthly basis. Receipts of payments are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Other Receivables

Other receivables consists primarily of sales tax receivables.

Allowance for Credit Losses

The allowance for credit losses represents an estimate made my management of the lifetime expected credit losses inherent in accounts and other receivables. In reviewing aged receivables, management considers their knowledge of customers, historical losses, and current economic conditions in establishing the allowance for credit losses. The Association writes-off accounts and other receivables when they become uncollectable, and payments subsequently received on such receivables are credited back to the allowance account in the period the payment is received. The Association has not experienced significant difficulties in collecting accounts and other receivables and therefore does not assess finance charges. All accounts and other receivables are considered by management to be fully collectible and therefore no allowance for credit losses has been recorded. Receivables are considered impaired if full payment is not received in accordance with the contractual terms. It is the Association's policy to charge off uncollectible accounts and other receivables when management determines the receivable will not be collected.

Note 1 - Nature of Association and Summary of Significant Accounting Policies (continued)

Grants Receivable

Grants receivable are funds due from federal, state, or local governmental agencies and nonprofit organizations at fiscal year-end. Conditional grants receivable are not recognized in the financial statements until the conditions are substantially met. Unconditional grants receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional grants receivable that are expected to be collected in more than one year are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the grants receivable are expected to be received. Amortization of the discount is included in other grants.

Grants receivables are stated at the amount management expects to collect from outstanding balances. No allowance for uncollectible grants receivables has been recorded as of September 30, 2024 and 2023, as management believes that all amounts will be collected based on significant judgment and prior collection history.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in charitable contributions and in-kind contributions. Management provides for probable uncollectible amounts through a provision for uncollectible promises to give.

Investments

Investments are recorded at fair value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are recognized in the statements of activities.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets with donor restrictions until the related restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished).

Fair Value Measurements and Disclosures

The Association applies U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements.

Note 1 - Nature of Association and Summary of Significant Accounting Policies (continued)

Fair Value Measurements and Disclosures (continued)

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 - Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities within the fair value hierarchy are based on the lowest (or least observable) input that is significant to the measurement. The Association's assessment of the significance of an input requires judgement, which may affect the valuation and classification within the fair value hierarchy.

Property and Equipment

Additions to property and equipment, if purchased, are recorded at cost. Major renewals and replacements are capitalized. Expenditures for repairs, maintenance, and minor renewals that do not improve or extend the useful life of the asset are expensed. The Association has adopted an accounting policy to capitalize all property and equipment with a cost greater than $1,500 and an estimated useful life extending beyond one year. Depreciation is computed using the straight-line method based on the estimated useful life of each class of depreciable asset, generally three to fifty years.

Donated Property and Equipment

Donations of property and equipment are recorded as in-kind contributions at their estimated fair value at the date of the gift. The Association reports gifts of property and equipment as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are recorded as net assets with donor restrictions until such assets are acquired or placed in service.

Note 1 - Nature of Association and Summary of Significant Accounting Policies (continued)

Donated Assets

Donated marketable securities are recorded as charitable contributions at their estimated fair value at the date of donation. Donated materials and equipment are reflected as in-kind contributions at their estimated fair value at the date of donation. Noncash donated assets are described in Note 15.

Donated Services

Donated services are recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. Donated services are described in Note 15.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable assets in a business acquisition. Goodwill was recorded in connection with the acquisition of assets of a local fitness center in September 2018. The Association has elected the accounting alternative available under FASB ASC 350-20, *Goodwill* to amortize goodwill on a straight-line basis over a 10-year period. Goodwill is tested for impairment only when a triggering event occurs indicating the fair value may be below the carrying amount.

Leases

The Association determines if an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception. Operating leases are included as operating lease right-of-use (ROU) assets and operating lease liabilities in the accompanying statements of financial position. Finance leases are recorded as property and equipment and finance lease liabilities in the accompanying statements of financial position.

ROU assets represent the Association's right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments, discounted using the Association's incremental borrowing rate or the implied interest rates.

Lease terms may include options to renew when it is reasonably certain the Association will exercise those options. Lease agreements do not contain any material residual value guarantees or restrictive covenants.

The Association has elected to apply the short-term lease exception to all leases with a remaining term of 12 months or less and those that are considered immaterial.

Note 1 - Nature of Association and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Membership dues are recognized ratably over the period of membership, which varies based on when members join or leave the YMCA. Unearned membership revenue is reflected as deferred revenue in the statements of financial position. Members are provided with monthly access to the YMCA locations with a variety of services, and revenue is recognized monthly as services are provided. Management has adopted the practical expedient whereby costs to obtain membership contracts are not capitalized as the average length of a membership contract is less than one year. Dues revenue is allocated among the performance obligations and is recognized when each of the performance obligations are satisfied. Monthly access to the various YMCA locations and services that are included in the monthly membership are recognized monthly as service is provided. Discounted program service fees are recognized during the year in which the discount is actually taken and the program service provided.

Program and facility fees are reported at the amount that reflects the consideration to which the YMCA expects to be entitled in exchange for providing services to program participants. Program fees include fitness classes, child-care, day camps, overnight camps, swim lessons, and various other programs operating at YMCA locations, program sites, camps, or schools. Performance obligations are determined based on the nature of the services provided by the YMCA. Performance obligations are generally providing a service at a point in time. Revenue is recognized at the time the program is held. Unearned program fees are reflected as deferred revenue on the statements of financial position.

Service revenue is recorded at the transaction price estimated to reflect the total consideration due from customers and third-party payors in exchange for providing services. These services are considered to be a single performance obligation and have a duration of less than one year. Revenues are recorded as these services are provided. The transaction price is determined based on third-party contractual arrangements as well as direct arrangements with customers. Payments received in advance of services being provided are recorded as deferred revenue in the statements of financial position. The balance is reported net of costs of providing the services in the accompanying statements of activities.

The Association also recognizes revenue from acting as a lessor in operating leases. Revenue is recorded as rental income and is accounted for on the straight-line basis over the lease term.

Management fees are generated from operating pools and managing properties. Management fees are recognized at the amount earned and do not include pass through expenditures that occur within the agency agreement such as paying utilities and taxes on behalf of an entity where the Association facilitates the transaction and does not have a liability for the bills. Revenue is recorded as the services are provided in accordance with the terms of the various agreements.

The Association sells merchandise through vending machines and stands. Those sales contain a single performance obligation and revenue is recognized at a single point in time when ownership, risks, and rewards transfer to the customers.

Note 1 - Nature of Association and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return of the asset or right of release of the obligation - are not recognized until the conditions on which they depend have been met. The Association received conditional contributions of $80,000 and $187,582 that has not been recognized as of September 30, 2024 and 2023, respectively. These amounts will be included in deferred revenue until qualifying expenditures have been incurred. Additionally, the Association has received notification from the grantor for an additional $528,093 in conditional grant funding for child-care services, community health work, and advocacy to be paid during the year ended September 30, 2025. This amount will be recognized as revenue upon substantially satisfying the underlying conditions.

A portion of the Association's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Association has incurred expenditures in compliance with specific contract or grant provisions. The Association received $49,617 in advance payments on a cost-reimbursement grant that have not been recognized as of September 30, 2024. This amount will be included in deferred revenue until qualifying expenditures have been incurred.

Advertising

The Association uses advertising to promote various programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. Advertising expense for the years ended September 30, 2024 and 2023, was $188,089 and $198,237, respectively.

Debt Issuance Costs

Debt issuance costs are comprised of costs incurred in connection with financing arrangements with third party lenders and are presented as a direct deduction of the carrying value of the associated debt. These costs are amortized as interest expense on the straight-line basis over the terms of the related financing contracts.

Note 1 - Nature of Association and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing program and supporting services activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to programs and support. All expenses except for saleable merchandise, swim meet costs, property expenses, interest on tax-exempt bonds, provision for uncollectible promises to give and grants receivable, amortization of goodwill, and income taxes are allocated on the basis of a combination of estimates of time and effort and the square footage of building space in which the programs are operated. Saleable merchandise, swim meet costs, interest on tax-exempt bonds, and amortization of goodwill are directly related to program services. The provision for uncollectible promises to give and grants receivable are directly related to fundraising which is a supporting service. Property expenses and income taxes are directly related to the corporate office and rental income which are supporting services.

Newly Adopted Accounting Pronouncements

During the year ended September 30, 2024, the Association adopted the requirements of Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). The FASB also subsequently issued the following additional ASUs, which amend and clarify the ASU: ASU 2019-04, *Codification Improvements to Topic 326*, *Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments;* ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses;* and ASU 2020-03*, Codification Improvements to Financial Instruments*. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires entities to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. Additional note disclosures have been added to Note 1, Allowance for Credit Losses, as a result of the implementation of ASU 2016-13.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements.

Note 2 - Net Assets

Net assets are described as follows:

At September 30	2024	2023
Net assets without donor restrictions:		
Undesignated	$ 16,652,515	$ 15,163,348
Board designated:		
Reserves	13,919,492	13,288,579
Endowment funds	1,275,318	1,078,145
Net assets without donor restrictions	31,847,325	29,530,072
Net assets with donor restrictions:		
Subject to expenditure for specified purpose or period:		
Passage of time	1,270,613	1,603,360
Camp Watia	8,647	51,647
Annual campaign and sponsorships	155,871	126,754
Programs	50,000	104,000
Advocacy	50,000	
Total subject to expenditure for specified purpose or period	1,535,131	1,885,761
Subject to the Association's spending policy or appropriation:		
Endowment promises to give, net	922	2,270
Beneficial interest in trust	55,622	48,255
Donor-restricted endowment	1,501,528	1,011,123
Total subject to the Association's spending policy or appropriation	1,558,072	1,061,648
Not subject to spending policy or appropriation:		
Investment in perpetuity - endowment	1,375,320	1,050,000
Net assets with donor restrictions	4,468,523	3,997,409
Total net assets	$ 36,315,848	$ 33,527,481

Note 3 - Liquidity and Availability of Financial Assets

The Association received significant contributions and promises to give restricted by donors and consider those program contributions, which are ongoing, major, and central to its operations, to be available to meet cash needs for general expenditures. Promises to give made to endowments are not considered available to meet cash needs for general expenditures. Board-designated endowment funds are available, if necessary, for expenditure by appropriation by the Board.

Note 3 - Liquidity and Availability of Financial Assets (continued)

The Association manages liquidity and reserves utilizing three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Dedicated reserves to provide reasonable assurance that obligations and lender requirements are met.

The following reflects the liquidity and availability of the Association's financial assets:

At September 30	2024	2023
Financial assets:		
Cash and equivalents	$ 15,066,557	$ 14,371,032
Accounts receivable	476,072	373,685
Grants receivable	190,336	168,394
Promises to give, net	1,427,406	1,732,384
Other receivables	33,066	119,691
Deposits	148,404	141,425
Investments	4,007,556	2,926,813
Beneficial interest in trust	55,622	48,255
Beneficial interest in endowment funds	855,885	740,279
Total financial assets	22,260,904	20,621,958
Amounts not available for general expenditure:		
Board designated reserves	(13,919,492)	(13,288,579)
Board-designated endowment funds	(1,275,318)	(1,078,145)
Total net assets with donor restrictions	(4,468,523)	(3,997,409)
Add back: restricted grants receivable	50,000	104,000
Add back: cash promises to give, current portion	155,871	126,754
Total amounts not available for general expenditure	(19,457,462)	(18,133,379)
Net financial assets available to meet cash needs for general expenditures within one year	$ 2,803,442	$ 2,488,579

Note 4 - Contract Assets and Liabilities

Accounts receivable, grants receivable, promises to give, and beneficial interest in trust represent the Association's contract assets with an unconditional right to receive consideration from customers. Accounts receivable and grants receivable are recorded at invoiced amounts or amounts expected to be received based on contract terms without conditions. Promises to give are recorded at net realizable value or present value of future cash flows. The beneficial interest in trust is recorded at the fair value of the Association's interest in the underlying assets that are expected to be received which approximates the net present value of future cash flows.

Note 4 - Contract Assets and Liabilities (continued)

The following provides information about contract assets:

At September 30	2024	2023	2022
Accounts receivable	$ 476,072	$ 373,685	$ 273,456
Grants receivable	190,336	168,394	195,198
Promises to give:			
Due in less than one year	608,674	568,955	166,409
Due in one to five years	987,780	1,426,750	150,000
Total unconditional promises to give	1,596,454	1,995,705	316,409
Less, allowance for uncollectible promises to give	(12,881)	(931)	(22,054)
Less, discount to net present value at 4.5% - 7.5%	(156,167)	(262,390)	(12,552)
Promises to give, net	1,427,406	1,732,384	281,803
Beneficial interest in trust	55,622	48,255	44,618
Total contract assets	$ 2,149,436	$ 2,322,718	$ 795,075

Contract liabilities are recorded when a customer pays consideration, or the Association has a right to an amount of consideration that is unconditional, before the transfer of a good or performance of a service to the customer. Thus, the Association has an obligation to transfer the good or service to the customer at a future date. The Association's contract liabilities consist of deferred revenue and security deposits.

Deferred revenue is comprised of payments received in advance for membership dues, program fees, camp deposits, and conditional grants prior to performance obligations being met. Revenue will be recognized as performance obligations are fulfilled.

Security deposits are included in accrued expenses in the accompanying statements of financial position. These deposits will be recognized as rental income when earned or refunded to the tenant in accordance with the underlying lease terms.

Note 4 - Contract Assets and Liabilities (continued)

The following provides information about contract liabilities:

At September 30	2024	2023	2022
Deferred revenue:			
Membership dues and program fees	$ 397,988	$ 587,593	$ 412,975
Camp deposits	287,601	215,987	127,213
Conditional grants	129,617	187,582	239,644
Deferred revenue	815,206	991,162	779,832
Security deposits	14,426	12,668	12,668
Total contract liabilities	$ 829,632	$ 1,003,830	$ 792,500

Note 5 - Beneficial Interest in Endowment Funds

The beneficial interest in endowment funds is managed by the Community Foundation of Western North Carolina, Inc. (Foundation). The fund agreements grant variance power to the Foundation. This power allows the Board of Directors of the Foundation to modify any condition or restriction on the distribution of funds if, in its sole judgement (without the approval of any trustee, custodian, guardian, or agent), such condition or restriction becomes in effect unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundation. Under the terms of the agreements, the Association can withdraw all or a portion of the original principal provided the governing board of the Association and the Foundation approve the withdrawal. The Association's beneficial interest in endowment funds is invested in an allocated investment pool at the Foundation and is presented in the financial statements in the aggregate at fair value.

Note 6 - Fair Value Measurements

Investments, beneficial interest in trust, and beneficial interest in endowment funds are reported in the accompanying financial statements at estimated fair value in accordance with the fair value hierarchy. The following is a description of the valuation methodologies used for assets measured at fair value:

Cash and Money Market Funds
Cash and money market funds are valued using observable market data and are categorized as Level 1 to the degree that they are valued based on quoted market prices in active markets. Although these funds are readily available, it is the intent of the Association to hold them for investment purposes and therefore has classified them as investments.

Equity Investments
Equity investments consist of daily traded exchange-traded funds, common stock, mutual funds, and real estate investment trust (REIT) funds. These investments are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Note 6 - Fair Value Measurements (continued)

Certificates of Deposit
Certificates of deposit are time deposits that are valued at fair market value and are categorized as Level 2.

Captive
The captive consists of a segregated insurance collateral account that is valued at fair value as reported by the insurance captive provider. Due to the inputs being unobservable, the instrument is categorized as Level 3.

Beneficial Interest in Trust
The fair value of the beneficial interest in trust is provided by the custodian that holds the funds. Due to inputs being unobservable, the instrument is categorized as Level 3.

Beneficial Interest in Endowment Funds
The fair value of the beneficial interest in endowment funds is provided by the Foundation. Due to inputs being unobservable, the instruments are categorized as Level 3.

The following table sets forth estimated fair values for financial instruments:

At September 30, 2024	Level 1	Level 2	Level 3	Total
Cash and money market funds	$ 819,178	$	$	$ 819,178
Equity investments:				
Exchange-traded funds	1,589,563			1,589,563
Common stock	644,251			644,251
Mutual funds	222,080			222,080
REIT	22,093			22,093
Certificates of deposit		527,532		527,532
Captive			182,859	182,859
Total investments	3,297,165	527,532	182,859	4,007,556
Beneficial interest in trust			55,622	55,622
Beneficial interest in endowment funds			855,885	855,885
Total fair value measurements	$ 3,297,165	$ 527,532	$ 1,094,366	$ 4,919,063

Note 6 - Fair Value Measurements (continued)

At September 30, 2023	Level 1	Level 2	Level 3	Total
Cash and money market funds	$ 234,856	$	$	$ 234,856
Equity investments:				
Exchange-traded funds	1,626,134			1,626,134
Common Stock	463,560			463,560
Mutual Funds	57,475			57,475
REIT	19,637			19,637
Certificates of deposit		505,151		505,151
Captive			20,000	20,000
Total investments	2,401,662	505,151	20,000	2,926,813
Beneficial interest in trust			48,255	48,255
Beneficial interest in endowment funds			740,279	740,279
Total fair value measurements	$ 2,401,662	$ 505,151	$ 808,534	$ 3,715,347

A reconciliation of changes in Level 3 inputs is as follows:

Years Ended September 30	2024	2023
Level 3 inputs, beginning of year	$ 808,534	$ 728,976
Purchases	162,859	20,000
Distributions	(8,201)	(2,681)
Interest and dividends	11,170	7,365
Investment fees	(7,380)	(7,228)
Change in value of beneficial interest in trust	15,568	6,318
Net gains	111,816	55,784
Total Level 3 inputs, end of year	$ 1,094,366	$ 808,534

Note 7 - Endowment Funds

The Association's endowment funds consist of approximately 25 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. 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. Donor restricted endowment funds are classified as net assets with donor restrictions and board-designated endowment funds are classified as net assets without donor restrictions.

Note 7 - Endowment Funds (continued)

Interpretation of Relevant Law

Absent explicit donor stipulations to the contrary, the Board of Directors of the Association has interpreted North Carolina UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds. As a result of this interpretation, the Association retains in perpetuity (1) the original value of initial and subsequent gifts donated to the permanent endowment and (2) 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.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure. UPMIFA permits the Board of Directors to appropriate for expenditure as much of a donor-restricted endowment fund as determined prudent for uses, benefits, purposes, and duration for which the endowment fund was established. In accordance with UPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) investment policies of the Association.

Investment Return Objectives, Risk Parameters, and Strategies

The Association has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of endowment assets. As authorized by the Board of Directors, these assets are invested to maximize long-term returns, while mitigating risk through a diversified portfolio. The assets are invested in a manner that is intended to produce an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds expenditures with acceptable levels of risk. The Association expects its endowment assets, over time, to produce an average rate of return in excess of inflation. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment funds; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy

The Association has a policy of appropriating for distribution an average spending rate of up to 5% of the average of the three most recent year-end market values of the endowment funds. In establishing this policy, the Association considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Note 7 - Endowment Funds (continued)

Underwater Endowment Funds

The Association considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. These deficiencies could result from unfavorable market fluctuations. The Association has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Association has no material underwater endowment funds at September 30, 2024 and 2023.

Endowment net asset composition by type of fund is as follows:

At September 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Board-designated endowment fund	$ 419,434	$	$ 419,434
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor		1,703,395	1,703,395
Accumulated investment gains		1,173,452	1,173,452
Beneficial interest in trust		55,622	55,622
Promises to give, net		922	922
Total funds	$ 419,434	$ 2,933,391	$ 3,352,825

At September 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Board-designated endowment fund	$ 337,866	$	$ 337,866
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor		1,349,725	1,349,725
Accumulated investment gains		711,399	711,399
Beneficial interest in trust		48,255	48,255
Promises to give, net		2,270	2,270
Total funds	$ 337,866	$ 2,111,649	$ 2,449,515

Note 7 - Endowment Funds (continued)

Changes in endowment net assets are as follows:

Year Ended September 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$ 337,866	$ 2,111,649	$ 2,449,515
Contributions	5,762	352,875	358,637
Investment returns, net	76,696	476,622	553,318
Unfulfilled promises to give		(545)	(545)
Appropriation of endowment assets for expenditure	(890)	(7,210)	(8,100)
Endowment net assets, end of year	$ 419,434	$ 2,933,391	$ 3,352,825

Year Ended September 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$ 316,315	$ 1,957,432	$ 2,273,747
Contributions	6,053	19,234	25,287
Investment returns, net	15,498	137,664	153,162
Appropriation of endowment assets for expenditure		(2,681)	(2,681)
Endowment net assets, end of year	$ 337,866	$ 2,111,649	$ 2,449,515

Note 8 - Property and Equipment

A description of property and equipment is as follows:

At September 30	2024	2023
Land	$ 3,759,198	$ 3,759,198
Property improvements	10,470,686	10,218,750
Buildings and structures	27,782,875	27,782,874
Equipment and fixtures	9,382,778	7,842,502
Transportation vehicles	1,048,475	1,048,475
Construction in progress	49,548	189,039
	52,493,560	50,840,838
Less, accumulated depreciation	(24,038,807)	(22,144,261)
Property and equipment	$ 28,454,753	$ 28,696,577

Note 8 - Property and Equipment (continued)

Depreciation and amortization expense for the years ended September 30, 2024 and 2023, was $1,894,546 and $1,705,130, respectively.

Note 9 - Goodwill

A description of goodwill is as follows:

At September 30	2024	2023
Goodwill	$ 917,000	$ 917,000
Less, accumulated amortization	(366,800)	(275,100)
Total goodwill	$ 550,200	$ 641,900

Amortization expense was $91,700 for each of the years ended September 30, 2024 and 2023. No impairment loss has been recorded for the years ended September 30, 2024 and 2023.

Future amortization of goodwill is as follows:

Years Ending September 30	
2025	$ 91,700
2026	91,700
2027	91,700
2028	91,700
2029	91,700
Thereafter	91,700
Total future amortization	$ 550,200

Note 10 - Accrued Expenses

Accrued expenses consist of the following:

At September 30	2024	2023
Accrued payroll	$ 637,860	$ 554,985
Accrued employee benefits	41,848	29,181
Health and dental insurance claims	215,931	209,424
Security deposits	14,426	12,668
Accrued interest payable	80,838	99,472
Accrued expenses	$ 990,903	$ 905,730

Note 11 - Leases

The Association has operating and finance leases for office equipment, building & exercise equipment, building space, and land. Certain lease agreements include variable payments based on usage rates which are not determinable at lease commencement and are not included in the measurement of lease assets and liabilities.

The following summarizes the line items in the accompanying statements of financial position which includes amounts for leases.

At September 30	2024	2023
Operating leases		
Operating lease right-of-use assets	$ 949,530	$ 1,095,960
Operating lease liabilities	$ 962,835	$ 1,103,562
Finance leases		
Equipment	$ 898,524	$ 1,449,869
Transportation vehicles	64,860	92,760
Accumulated amortization	(565,515)	(1,034,685)
Property and equipment, net	$ 397,869	$ 507,944
Finance lease liabilities	$ 291,481	$ 448,359

The following summarizes the weighted average remaining lease term and discount rate on lease obligations:

At September 30	2024	2023
Weighted Average Remaining Lease Term		
Operating leases	21.44 years	20.05 years
Finance leases	1.96 years	2.84 years
Weighted Average Discount Rate		
Operating leases	6.25%	6.25%
Finance leases	5.48%	5.14%

The Association also leases building space under non-cancellable operating lease agreements. Leases with a remaining term of 12 months or less at inception, or those that are considered immaterial, are not recorded in the statements of financial position. Management has determined all remaining operating leases meet this criterion and has not recognized operating lease agreements as operating lease liabilities. Lease expense is recognized for these leases on a straight-line basis over the lease term. These leases require various monthly payments and expire through September 2025.

Note 11 - Leases (continued)

Future minimum payments under the finance lease are as follows:

Years Ending September 30	Operating	Finance
2025	$ 203,343	$ 169,501
2026	203,616	102,765
2027	203,892	37,755
2028	28,140	
2029	28,421	
Thereafter	1,195,873	
Total payments	1,863,285	310,021
Less, imputed interest	(900,450)	(18,540)
Total lease obligations	$ 962,835	$ 291,481

The following is a schedule of future minimum lease payments under short-term and immaterial lease agreements:

Years Ending September 30	Payments
2025	$ 17,500
2026	17,500
2027	100
2028	
2029	
Total minimum lease payments	$ 35,100

The following summarize the line items in the accompanying statements of functional expenses which include the components of lease costs:

Years Ended September 30	2024	2023
Short-term and immaterial operating leases included in occupancy & rental and repairs & maintenance	$ 735,447	$ 736,610
Operating lease costs:		
Occupancy and rental	208,777	208,777
Finance lease costs:		
Amortization of lease assets included in depreciation and amortization	110,075	175,804
Interest on lease liabilities included in interest expense	19,239	17,469
Total finance lease costs	129,314	193,273
Total lease costs	$ 1,073,538	$ 1,138,660

Note 11 - Leases (continued)

The following summarizes cash flow information related to leases:

Years Ended September 30	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	$ 203,073	$ 201,175
Financing cash flows from finance leases	$ 19,239	$ 17,469
Operating cash flows from finance leases	160,032	254,594
Total cash paid for finance leases	$ 179,271	$ 272,063
Assets obtained in exchange for lease obligations:		
Operating leases	$	$ 1,233,884
Finance lease	$	$ 172,188

Maxwell M. Corpening, Jr. Memorial Center, Inc. (the "Center")

The Center is a nonprofit organization which provides facilities and support to the Association. The Center owns the facility located in Marion, North Carolina and is responsible for its debt. The Association is responsible for the management, staffing, and general operation of the facility. A lease and management agreement between the Association and the Center provides for the Association's leasing of the facility from the Center for a nominal value and an annual contribution in exchange for the operation and management of the facility. The lease commenced January 1, 2003, for a twenty-year term with automatic renewal terms of five years each. A promise to give related to the contribution of donated building space has been recorded at the present value of future cash flows over the lease term totaling $1,270,613 and $1,603,360 as of September 30, 2024 and 2023, respectively. Donated rent from the Center to the Association has been recorded in the amounts of $106,253 and $2,042,360 for the years ended September 30, 2024 and 2023, respectively.

The Center has also pledged to the Association to provide restricted operational support for the Corpening Facility, and to defray start-up costs and fund operating deficits, exclusive of indirect costs. Funds are used for direct expense to include furnishings and equipment.

Grants from the Center are contingent upon the Association's ability to meet debt covenant ratios and pay debt service for project construction to include tax-exempt bond financing. There is no balance of the conditional pledge for the years ended September 30, 2024 and 2023. The Association received $104,000 during each of the years ended September 30, 2024 and 2023, which is included in other grants in the accompanying statements of activities.

Note 12 - Tax-Exempt Bonds Payable

On October 31, 2014, the Association entered into a bond purchase and loan agreement with the Public Finance Authority (a political subdivision of the State of Wisconsin), as the Authority, and TD Bank, N.A, as the purchaser, for the issuance of $9,090,000 Recreational Facilities Revenue Bond (YMCA of Western North Carolina), Series 2014. Bond proceeds were to be used to finance and refinance certain capital improvement projects, refund, in advance of maturity, the outstanding principal amount of the Buncombe County Industrial Facilities and Pollution Control Financing Authority Tax-Exempt Adjustable Mode Recreational Facilities Revenue Bonds (YMCA of Western North Carolina), Series 2001, finance interest on the bonds during the project construction period, and pay certain expenses incurred in connection with the issuance of the bonds by the Authority. The bonds are redeemable in varying principal amounts of $5,000 to $644,000 between June 1, 2017, and June 1, 2034, and bear interest at a rate of 3.11%.

Bonds payable consisted of the following:

At September 30	2024	2023
Bond credit agreement	$ 5,902,000	$ 6,429,000
Less, unamortized bond issuance costs	(60,325)	(66,565)
Bonds payable, less unamortized bond issuance costs	5,841,675	6,362,435
Less, current portion	(538,000)	(527,000)
Bonds payable, less current portion	$ 5,303,675	$ 5,835,435

Principal maturities on tax-exempt bonds payable are as follows:

Years Ending September 30	
2025	$ 538,000
2026	549,000
2027	561,000
2028	571,000
2029	584,000
Thereafter	3,099,000
Principal payments on tax-exempt bonds payable	$ 5,902,000

Covenants

The Association's credit agreement and related agreements contain the same covenants as long-term debt in Note 13. As of September 30, 2024, the Association was in compliance with debt covenants.

Note 13 - Long-term Debt

Long-term debt is described as follows:

At September 30	2024	2023
Note bearing interest at 3.7%, payable in 119 monthly installments of $30,695 in principal plus interest, with a balloon payment of all outstanding principal and interest due August 2027, secured by building	$ 3,762,022	$ 3,985,551
Note bearing interest at 4.09%, payable in 119 monthly installments of $20,876 in principal plus interest, with a balloon payment of all outstanding principal and interest due November 2028, secured by building	2,688,311	2,825,252
Note bearing interest at 8%, payable in three annual installments of $196,406 in principal plus interest through January 2024, unsecured		196,406
Total long-term debt	6,450,333	7,007,209
Less, unamortized debt issuance costs	(12,816)	(17,268)
Long-term debt, less unamortized debt issuance costs	6,437,517	6,989,941
Less, current portion	(375,509)	(556,877)
Long-term debt, less current portion	$ 6,062,008	$ 6,433,064

Principal maturities on long-term debt is as follows:

Years Ending September 30	
2025	$ 375,509
2026	390,427
2027	3,447,646
2028	159,995
2029	2,076,756
Principal payments on long-term debt	$ 6,450,333

Covenants

During 2017 and 2018, the Association entered into two term loan agreements with TD Bank, N.A. for $5,175,000 and $3,400,000, respectively. The agreements contain restrictive covenants, including maintaining a primary banking relationship and various financial covenants. As a result, a concentration of debt exists with TD Bank, N.A. in the form of long-term debt and tax-exempt bonds payable. As of September 30, 2024, the Association was in compliance with debt covenants.

Note 14 - Rental Income

The Association leases portions of the buildings located at Reuter Family YMCA and Woodfin YMCA to third parties. Additionally, the Association leases space in its facilities to third parties under short-term rental agreements. The leases expire at various dates through May 2033. The leases contain various provisions to terminate the leases early with and without early termination penalties as well as additional renewal options ranging from one to five years.

At lease inception, the Association determines whether an arrangement qualifies as a lease under ASC 842 (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration). The Association only reassess if the terms and conditions of the contract are changed. Certain leases may require the customer to pay common area maintenance and other variable charges. When this happens, the amounts for these charges that the Association invoices to the customer and pay to third parties are considered variable payments and are recorded as rental income and occupancy & rental and property expenses, respectively. Cash receipts from operating leases are classified within cash flows from operating activities. Rental income is derived from the following sources:

Years Ended September 30	2024	2023
Building space	$ 377,661	$ 367,026
Variable charges	56,913	67,590
Short-term rentals	76,053	46,746
Total rental income	$ 510,627	$ 481,362

The following is an analysis of the carrying amounts of the underlying assets related to operating leases:

At September 30	2024	2023
Buildings and improvements	$ 13,782,252	$ 13,737,390
Less, accumulated depreciation	(6,024,704)	(5,633,419)
Total cost, net	$ 7,757,548	$ 8,103,971

The following is a schedule of future minimum rental income:

Years Ending September 30	
2025	$ 334,528
2026	307,681
2027	268,394
2028	259,173
2029	262,991
Thereafter	471,256
Total future rental income	$ 1,904,023

Note 15 - In-kind Contributions

In-kind gifts are acknowledged for the furtherance of the various programs and mission of the Association. Volunteers also donated a significant amount of time to the Association's operations and program services throughout the fiscal year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

The Association uses building space provided by a local foundation under a lease agreement for $100 per year. During the year ended September 30, 2023, the Association recognized an unconditional promise to give in the amount of $2,195,000 and in-kind rent contributions for the full lease term through December 2027, as described in Note 4. The usage of the donated building space will be amortized over the life of the promise to give on the straight-line basis.

In-kind contributions are summarized as follows:

Year Ended September 30, 2024	Fair Value	Usage in Program	Donor Restriction
Building space	$ 106,253	Program	Passage of Time
Food	251,572	Program	Nutrition Pantry
Other	112	Program	None
Total contributions of nonfinancial assets	$ 357,937		

Year Ended September 30, 2023	Fair Value	Usage in Program	Donor Restriction
Building space	$ 2,042,360	Program	Passage of Time
Food	232,209	Program	Nutrition Pantry
Other	2,200	Allocated to program and fundraising	None
Total contributions of nonfinancial assets	$ 2,276,769		

Note 15 - In-kind Contributions (continued)

Fair valuation techniques - The fair value of donated building space is based on current market rates. Donated food products are valued using the average value per pound of donated food. The value used for the years ended September 30, 2024 and 2023, was $1.97 and $1.93, respectively. All other in-kind contributions are valued at the donor provided amount, price that would be paid to purchase a comparable item, or current sales price of the item as sold by the donating vendor.

Note 16 - Retirement Fund

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

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

In accordance with the agreement with the YMCA Retirement Fund, the Association and employee contributions are a percentage of the participating employees' salaries, paid for by the Association, and are remitted to the YMCA Retirement Fund monthly. The Association's contributions charged to retirement expense were $824,795 and $692,696, for the years ended September 30, 2024 and 2023, respectively.

Note 17 - Commitments and Contingencies

Self-insured Health Insurance

The Association offers health insurance to eligible employees through a self-insured health insurance program. The insurance costs are paid by the Association and are managed through a third-party administrator. The Association has recognized a liability in the amount of $215,931 and $209,424, at September 30, 2024 and 2023, respectively, which represents an estimate of claims incurred but not reported by providers. While management believes the accrual is adequate, actual claims may exceed accruals.

The Association maintains a stop loss insurance policy which limits claims to $30,000 per plan member per benefit period. The maximum annual reimbursement under the aggregate stop loss coverage is $1 million over the minimum aggregate deductible for the year ended September 30, 2024.

Risk Management

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The Association carries commercial insurance coverage for risks of loss.

Note 17 - Commitments and Contingencies (continued)

Federal and State Assisted Programs

The Association has received proceeds from several federal and state grants. Periodic audits of these grants and third-party reimbursements are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in a refund or reimbursement to the grantor or third-party agencies. Management believes that refunds or reimbursements, should any be determined, would be immaterial. No provisions have been made in the accompanying financial statements for the repayment of any grant monies or third-party reimbursements.

Note 18 - Concentration of Credit Risk

From time to time the Association's cash balances in financial institutions exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Association has not experienced any losses in such accounts. Management believes the Association is not exposed to any significant credit risk related to such funds.

The Association's investments and beneficial interest in endowment funds are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the fair value of investments, it is at least reasonably possible that changes in the various risk factors could occur in the near term and materially affect the Association's financial position.

Concentrations of Receivables

Concentrations of receivables exist when receivables from a single source equals 10% or more of the Association's total receivables. Accounts receivable from two customers totaled $155,468 and $208,388 as of September 30, 2024 and 2023, respectively. Grants receivable from three grantors totaled $188,253 as of September 30, 2024. Grants receivable from two grantors totaled $155,877 as of September 30, 2023. Promises to give from a single donor totaled $1,270,613 and $1,603,360 as of September 30, 2024 and 2023, respectively.

Geographical Concentration

The Association receives substantially all revenue and public support from residents, businesses, and organizations in or associated with Buncombe, Henderson, and McDowell Counties in North Carolina. The Association is exposed to a geographical concentration of members and contributors for approximately 100% of all revenue and charitable contributions as well as certain grants.

Note 19 - Related Party Transactions

During the years ended September 30, 2024 and 2023, the Association received grant funding from national and state YMCA affiliates. Grant revenues from YMCA affiliates totaled $509,659 and $459,612 for the years ended September 30, 2024 and 2023, respectively. Accounts payable due to YMCA affiliates totaled $25,058 as of September 30, 2023.

Note 19 - Related Party Transactions (continued)

Charitable contributions for annual giving and the capital campaign include board member and employee contributions totaling $227,031 and $183,346 for the years ended September 30, 2024 and 2023, respectively. Promises to give for annual giving and the capital campaign include amounts due from board members and employees totaling $18,429 and $47,650 at September 30, 2024 and 2023, respectively.

Note 20 - YMCA of the USA

The Association is a member organization of the National Council of Young Men's Christian Associations of the United States of America (the Council). The Association is an independent autonomous organization, recognized as a member, but separate from the National Council. The Association must meet annual certification requirements to remain a member. National support paid to the Council for the years ended September 30, 2024 and 2023, was $286,400 and $237,010, respectively.

Note 21 - Income Taxes

Uncertain Tax Positions

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Association believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions material to the financial statements.

The Association has received rental income for commercial space it owns at 40 North Merrimon Avenue. The building is debt-financed and as such the net rental income is subject to unrelated business income tax as specified in the Internal Revenue Code. Management has determined the accrual for income taxes payable for unrelated business income would not be material.

Open Tax Years

The Association's Return of Organization Exempt From Income Tax (Form 990) and Exempt Organization Business Income Tax Return (Form 990-T) for the years ended September 30, 2023, 2022, and 2021, are subject to examination by the IRS, generally for three years after they were filed.

Note 22 - Subsequent Events

Management has evaluated subsequent events through January 15, 2025, the date on which the financial statements were available to be issued.

In November 2024, the Association received notification of an unrestricted $250,000 grant award from a local nonprofit organization.

SUPPLEMENTARY INFORMATION

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF WESTERN NORTH CAROLINA, INC.

Schedule of Changes in Promises to Give
September 30, 2024

	Operating	Restricted	Endowment	In-kind Rental Space	Total Promises to Give
Promises to give, September 30, 2023	$ 126,754	$	$ 2,270	$ 1,603,360	$ 1,732,384
New pledges	1,370,082	236,687	354,892		1,961,661
Cash collections	(1,313,352)	(24,350)	(355,695)		(1,693,397)
Debt and interest forgiveness		(212,337)			(212,337)
Use of donated facilities				(439,000)	(439,000)
Write-offs	(15,758)		(450)		(16,208)
Change in allowance	(11,855)		(95)		(11,950)
Change in discount				106,253	106,253
Promises to give, September 30, 2024	$ 155,871	$	$ 922	$ 1,270,613	$ 1,427,406

COMPLIANCE SECTION

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Young Men's Christian Association of Western North Carolina, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Young Men's Christian Association of Western North Carolina, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Young Men's Christian Association of Western North Carolina, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Young Men's Christian Association of Western North Carolina, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A s*ignificant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Young Men's Christian Association of Western North Carolina, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carter, P.C.

Asheville, North Carolina
January 15, 2025