



**FOR YOUTH DEVELOPMENT®  
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FOR SOCIAL RESPONSIBILITY**

# **ADDING HOPE TO OUR COMMUNITIES**

**YMCA of Northwest North Carolina 2024  
Financial Statements and Report of  
Independent Certified Public Accountants**



YMCA of Northwest North Carolina

FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
YMCA of Northwest North Carolina  
Winston-Salem, North Carolina

### ***Opinion***

We have audited the accompanying financial statements of YMCA of Northwest North Carolina (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presented fairly, in all material respects, the financial position of YMCA of Northwest North Carolina as of December 31, 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 YMCA of Northwest North Carolina and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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 YMCA of Northwest North Carolina's ability to continue as a going concern within one year after the date that 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, including omissions, 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 YMCA of Northwest North Carolina'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 YMCA of Northwest North Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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 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 schedule of federal and state awards 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 June 11, 2025, on our consideration of YMCA of Northwest North Carolina'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 YMCA of Northwest North Carolina's internal control over financial reporting and compliance.

*Butler & Burke LLP*

Winston-Salem, North Carolina  
June 11, 2025

YMCA of NORTHWEST NORTH CAROLINA  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2024 and 2023

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 9,686,050	\$ 13,737,863
Accounts receivable		
Members and participants	43,464	214,080
Pledges receivable, net	597,349	323,175
Grants and contracts	1,630,922	902,574
United Way	30,990	3,009
Refundable sales tax	527,649	188,780
Other accounts receivable	1,423,941	1,339,136
Prepaid expenses	278,211	228,091
Total current assets	14,218,576	16,936,708
Investments, at fair value	5,628,187	3,464,561
Beneficial interest in trust	118,065	112,100
Long-term pledges receivable, less current portion	817,781	230,265
Long-term accounts receivable, less current portion	1,750,000	2,750,000
Finance lease right-of-use assets, net	1,264,491	1,526,819
Operating lease right-of-use assets, net	119,451	240,465
Property, plant and equipment, net	47,634,353	42,802,193
Total assets	\$ 71,550,904	\$ 68,063,111
<b>LIABILITIES &amp; NET ASSETS</b>		
Liabilities		
Current liabilities		
Accounts payable	\$ 1,781,524	\$ 929,191
Accrued expenses	838,658	661,563
Deferred revenue	1,140,619	1,308,711
Other current liabilities	72	10,036
Current portion of finance lease liability	523,478	840,030
Current portion of operating lease liability	74,189	121,014
Current portion of bonds and notes payable	1,082,455	1,896,795
Total current liabilities	5,440,995	5,767,340
Long-term finance lease liability, less current portion	613,422	614,158
Long-term operating lease liability, less current portion	45,262	119,451
Long-term bonds and notes payable, less current portion	10,001,200	11,082,874
Total liabilities	16,100,879	17,583,823
Net assets		
Without donor restrictions		
Undesignated	5,935,512	8,274,876
Board-designated	3,113,247	3,689,646
Invested in property, plant, and equipment, net of related debt	36,678,289	29,895,155
Total without donor restrictions	45,727,048	41,859,677
With donor restrictions		
Restricted by purpose or time	7,084,096	6,888,237
Restricted in perpetuity	2,638,881	1,731,374
Total with donor restrictions	9,722,977	8,619,611
Total net assets	55,450,025	50,479,288
Total liabilities and net assets	\$ 71,550,904	\$ 68,063,111

See accompanying notes to the financial statements.

YMCA of NORTHWEST NORTH CAROLINA  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
Year Ended December 31, 2024  
(With summarized financial information for the year ended December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
<b>Operating activities</b>				
<b>Public support</b>				
Contributions	\$ 2,474,059	\$ -	\$ 2,474,059	\$ 2,789,719
In-kind contributions	11,092	-	11,092	6,367
United Way allocations	146,990	30,990	177,980	216,219
Corporate and foundation grants	489,720	-	489,720	652,906
Special events, net	267,518	-	267,518	251,570
Sales to public, net	805	-	805	19,386
Net assets released from restrictions	60,598	(60,598)	-	-
Total public support	3,450,782	(29,608)	3,421,174	3,936,167
<b>Revenue</b>				
Government grants and contracts	1,679,788	-	1,679,788	3,753,358
Membership fees, net	19,936,021	-	19,936,021	18,320,281
Program fees, net	8,636,676	-	8,636,676	8,243,982
Allocation of investment earnings	67,939	57,589	125,528	113,186
Interest income	336,425	-	336,425	383,039
Total revenue	30,656,849	57,589	30,714,438	30,813,846
Total public support and revenue	34,107,631	27,981	34,135,612	34,750,013
<b>Expenses</b>				
Program services				
Youth development	8,422,640	-	8,422,640	8,858,718
Healthy living	20,494,976	-	20,494,976	19,574,245
Social responsibility	789,336	-	789,336	760,288
Total program services	29,706,952	-	29,706,952	29,193,251
Supporting services				
Management and general	3,751,747	-	3,751,747	3,477,198
Fundraising	1,372,537	-	1,372,537	1,107,243
Total supporting services	5,124,284	-	5,124,284	4,584,441
Total expenses	34,831,236	-	34,831,236	33,777,692
Changes in net assets from operations	(723,605)	27,981	(695,624)	972,321
<b>Non-operating activities</b>				
Gain on sale of property	684	-	684	386
Net realized and unrealized gain on investments				
in excess of designation for current operations	64,479	64,509	128,988	197,818
Investment income, net	198,332	72,976	271,308	151,244
Change in beneficial interest in trust	10,533	-	10,533	9,518
In-kind contributions	-	-	-	150,000
Contributions for endowment	-	193,658	193,658	1,951,191
Contributions for capital assets	-	3,071,839	3,071,839	213,422
Grants for capital assets	-	1,989,351	1,989,351	-
Net assets released from restrictions	4,316,948	(4,316,948)	-	-
Total non-operating activities	4,590,976	1,075,385	5,666,361	2,673,579
Changes in net assets	3,867,371	1,103,366	4,970,737	3,645,900
Net assets at beginning of year	41,859,677	8,619,611	50,479,288	46,833,388
Net assets at end of year	\$ 45,727,048	\$ 9,722,977	\$ 55,450,025	\$ 50,479,288

See accompanying notes to the financial statements.

YMCA OF NORTHWEST NORTH CAROLINA  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2023
<b>Operating activities</b>			
<b>Public support</b>			
Contributions	\$ 2,789,719	\$ -	\$ 2,789,719
In-kind contributions	6,367	-	6,367
United Way allocations	213,210	3,009	216,219
Corporate and foundation grants	640,656	12,250	652,906
Special events, net	251,570	-	251,570
Sales to public, net	19,386	-	19,386
Net assets released from restrictions	8,080	(8,080)	-
Total public support	3,928,988	7,179	3,936,167
<b>Revenue</b>			
Government grants and contracts	3,753,358	-	3,753,358
Membership fees, net	18,320,281	-	18,320,281
Program fees, net	8,243,982	-	8,243,982
Allocation of investment earnings	108,620	4,566	113,186
Interest income	383,039	-	383,039
Total revenue	30,809,280	4,566	30,813,846
Total public support and revenue	34,738,268	11,745	34,750,013
<b>Expenses</b>			
Program services			
Youth development	8,858,718	-	8,858,718
Healthy living	19,574,245	-	19,574,245
Social responsibility	760,288	-	760,288
Total program services	29,193,251	-	29,193,251
Supporting services			
Management and general	3,477,198	-	3,477,198
Fundraising	1,107,243	-	1,107,243
Total supporting services	4,584,441	-	4,584,441
Total expenses	33,777,692	-	33,777,692
Changes in net assets from operations	960,576	11,745	972,321
<b>Non-operating activities</b>			
Gain on sale of property	386	-	386
Net realized and unrealized gain on investments			
in excess of designation for current operations	181,166	16,652	197,818
Investment income, net	71,825	79,419	151,244
Change in beneficial interest in trust	9,518	-	9,518
	-	150,000	150,000
Contributions for endowment	1,873,591	77,600	1,951,191
Contributions for capital assets	-	213,422	213,422
Net assets released from restrictions	1,686,338	(1,686,338)	-
Total non-operating activities	3,822,824	(1,149,245)	2,673,579
Changes in net assets	4,783,400	(1,137,500)	3,645,900
Net assets at beginning of year	37,076,277	9,757,111	46,833,388
Net assets at end of year	\$ 41,859,677	\$ 8,619,611	\$ 50,479,288

See accompanying notes to the financial statements.



YMCA OF NORTHWEST NORTH CAROLINA  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2024

	Program Services				Supporting Services			Total
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fund Raising	Total Supporting Services	December 31, 2024
Personnel costs								
Salaries	\$ 4,635,384	\$ 8,306,422	\$ 313,248	\$ 13,255,054	\$ 2,324,069	\$ 671,029	\$ 2,995,098	\$ 16,250,152
Employee health and retirement benefits	286,126	1,208,341	41,667	1,536,134	186,475	76,719	263,194	1,799,328
Payroll taxes	402,254	729,551	27,725	1,159,530	148,301	35,383	183,684	1,343,214
Total personnel costs	5,323,764	10,244,314	382,640	15,950,718	2,658,845	783,131	3,441,976	19,392,694
Non-personnel costs								
Professional fees and contract services	54,788	269,420	7,073	331,281	680,517	76,250	756,767	1,088,048
Office services - supplies, telephone, postage	1,022,837	994,533	48,597	2,065,967	57,362	366,776	424,138	2,490,105
Occupancy, equipment expense and maintenance	920,065	4,210,374	167,329	5,297,768	14,653	28,097	42,750	5,340,518
Information technology	164,855	765,586	28,130	958,571	77,242	52,471	129,713	1,088,284
Marketing	37,855	269,800	5,726	313,381	-	46,471	46,471	359,852
Travel and transportation expense	123,182	173,428	5,998	302,608	63,843	11,759	75,602	378,210
Conferences, meetings and training	4,448	58,688	858	63,994	53,553	2,541	56,094	120,088
National and world support	59,025	339,733	21,810	420,568	24,000	-	24,000	444,568
Interest and bond fees	66,637	333,169	11,948	411,754	-	-	-	411,754
Insurance	54,623	150,065	5,881	210,569	31,104	2,301	33,405	243,974
Miscellaneous	18,478	25,632	767	44,877	35,130	2,740	37,870	82,747
Depreciation	566,700	2,590,446	101,614	3,258,760	-	-	-	3,258,760
Lease costs	5,383	69,788	965	76,136	55,498	-	55,498	131,634
Total non-personnel costs	3,098,876	10,250,662	406,696	13,756,234	1,092,902	589,406	1,682,308	15,438,542
Total expenses	\$ 8,422,640	\$ 20,494,976	\$ 789,336	\$ 29,706,952	\$ 3,751,747	\$ 1,372,537	\$ 5,124,284	\$ 34,831,236

See accompanying notes to the financial statements.

YMCA OF NORTHWEST NORTH CAROLINA  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2023

	Program Services				Supporting Services		Total
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fund Raising	Total Supporting Services
							December 31, 2023
Personnel costs							
Salaries	\$ 4,647,046	\$ 7,339,571	\$ 305,412	\$ 12,292,029	\$ 2,212,558	\$ 598,231	\$ 2,810,789
Employee health and retirement benefits	267,874	1,124,331	35,334	1,427,539	266,895	63,916	330,811
Payroll taxes	391,521	626,711	26,399	1,044,631	139,324	31,179	170,503
Total personnel costs	<u>5,306,441</u>	<u>9,090,613</u>	<u>367,145</u>	<u>14,764,199</u>	<u>2,618,777</u>	<u>693,326</u>	<u>3,312,103</u>
Non-personnel costs							
Professional fees and contract services	78,524	409,566	4,197	492,287	490,685	30,444	521,129
Office services - supplies, telephone, postage	1,109,775	1,094,415	64,784	2,268,974	52,570	244,041	296,611
Occupancy, equipment expense and maintenance	1,097,477	4,405,878	159,740	5,663,095	14,016	3,228	17,244
Information technology	157,105	660,720	21,255	839,080	51,491	50,522	102,013
Marketing	41,004	264,837	5,555	311,396	-	54,627	54,627
Travel and transportation expense	200,176	232,056	7,248	439,480	76,122	17,605	93,727
Conferences, meetings and training	4,220	54,820	636	59,676	54,373	-	54,373
National and world support	59,606	288,920	21,615	370,141	4,000	-	4,000
Interest and bond fees	85,684	376,445	12,134	474,263	-	-	-
Insurance	44,823	115,309	4,134	164,266	29,094	2,191	31,285
Miscellaneous	29,953	20,547	656	51,156	29,326	11,259	40,585
Depreciation	634,327	2,502,923	89,829	3,227,079	-	-	-
Lease costs	9,603	57,196	1,360	68,159	56,744	-	56,744
Total non-personnel costs	<u>3,552,277</u>	<u>10,483,632</u>	<u>393,143</u>	<u>14,429,052</u>	<u>858,421</u>	<u>413,917</u>	<u>1,272,338</u>
Total expenses	<u>\$ 8,858,718</u>	<u>\$ 19,574,245</u>	<u>\$ 760,288</u>	<u>\$ 29,193,251</u>	<u>\$ 3,477,198</u>	<u>\$ 1,107,243</u>	<u>\$ 4,584,441</u>

See accompanying notes to the financial statements.

YMCA OF NORTHWEST NORTH CAROLINA  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2024 and 2023

	2024	2023
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 4,970,737	\$ 3,645,900
Adjustments to reconcile change in net assets to net cash from operations:		
Depreciation - fixed assets	2,439,785	2,369,857
Amortization on operating leases	110,654	118,447
Amortization on finance leases	818,976	857,222
Amortization of cost of bond issuance	25,781	25,364
Net realized and unrealized gain on investments	(254,516)	(311,004)
Contributions restricted for endowment	(193,658)	(77,600)
Contributions restricted for capital assets	(4,035,469)	(155,737)
Change in discount on pledges receivable	82,549	(9,110)
Change in allowance for uncollectible pledges	115,374	(10,143)
Gain on sale of property, plant and equipment	(684)	(386)
Change in operating assets and liabilities:		
Capital campaign pledges receivable	(1,059,613)	(48,575)
Refundable sales tax receivable	(338,869)	79,847
Other accounts receivable	329,482	1,437,223
Prepaid expenses	(50,120)	16,930
Accounts payable and accrued expenses	473,954	452,628
Deferred revenue	(168,092)	14,677
Operating lease liabilities	(110,654)	(118,447)
Other liabilities	(9,964)	(944)
Beneficial interest in trust	(5,965)	(4,990)
Net cash from operating activities	<u>3,139,688</u>	<u>8,281,159</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of equipment	166,834	3,300
Purchase of property and equipment	(6,882,621)	(1,474,406)
Net investment purchases	<u>(1,909,110)</u>	<u>(76,800)</u>
Net cash from investing activities	<u>(8,624,897)</u>	<u>(1,547,906)</u>
<b>Cash flows from financing activities</b>		
Contributions restricted for endowment	193,658	77,600
Contributions restricted for capital assets	4,035,469	155,737
Payments on bonds and note payable	(1,896,795)	(1,413,202)
Payment of debt issuance cost	(25,000)	-
Payments on capital leases	<u>(873,936)</u>	<u>(888,179)</u>
Net cash from financing activities	<u>1,433,396</u>	<u>(2,068,044)</u>
<b>Net change in cash</b>	(4,051,813)	4,665,209
Cash and cash equivalents, beginning of year	<u>13,737,863</u>	<u>9,072,654</u>
Cash and cash equivalents, end of year	<u>\$ 9,686,050</u>	<u>\$ 13,737,863</u>
<b><u>Supplemental Information</u></b>		
Interest paid	<u>\$ 387,043</u>	<u>\$ 448,276</u>
In-kind contribution for capital asset	<u>\$ -</u>	<u>\$ 150,000</u>
Construction in progress in accounts payable	<u>\$ 555,474</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

YMCA OF NORTHWEST NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2024 and 2023

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**NOTE 1 - NATURE OF OPERATIONS**

Description of Organization: YMCA of Northwest North Carolina's (YMCA) mission is to help all people reach their God-given potential in spirit, mind and body. We advance our cause of strengthening community through youth development, healthy living and social responsibility. The YMCA is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families and communities to be healthy, confident, connected and secure.

Program Activities:

Youth Development – Our YMCA is committed to nurturing the potential of every child and teen. We believe that all kids deserve the opportunity to discover who they are and what they can achieve. That is why we help young people cultivate the values, skills and relationships that lead to positive behaviors, better health and educational achievement. Our YMCA programs, such as After School Academies, Camping, Youth Sports, Youth and Government, Summer Exploration Academies, and Black and Latino Achievers offer a range of experiences that enrich cognitive, social, physical and emotional growth.

Healthy Living – The YMCA is a leading voice on health and well-being. We bring families closer together, encourage good health and foster connections through fitness, sports, fun and shared interests. As a result, people in our community are receiving the support, guidance and resources they need to achieve greater health in spirit, mind and body. This support is particularly important as our nation struggles with an obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment. Programs addressing these issues include diabetes prevention, group exercise classes, health screenings, uFit sessions, Safety Around Water, LiveSTRONG at the Y, Active Older Adults, Adventure Guides, and many more.

Social Responsibility – Our YMCA believes in giving back and supporting our neighbors, while responding to our community's most critical social needs. YMCA programs, such as our literacy initiative, English as a second language, outdoor education, Let's Get Fit (reaching adults with intellectual and developmental disabilities with fitness opportunities) and partnerships with underserved communities are examples of how we deliver training, resources and support that empower our neighbors to effect change and bridge gaps. These endeavors help us create strong, inclusive communities for ALL. Our Diversity, Equity, and Inclusion (DEI) Committee is integrally involved in the launch of Reaching Our Potential, a new YMCA of NWNK initiative that gives youth in crisis a free Y membership and access to other opportunities at the Y. We engage YMCA members, participants, and volunteers in activities that strengthen our community and pave the way for future generations to thrive.

As part of our mission, our programs are accessible, affordable and open to all faiths, backgrounds, abilities and income levels. We provide financial assistance through our Open Doors Program to people who otherwise may not have been able to afford to participate.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: The financial statements of the YMCA have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP).

YMCA OF NORTHWEST NORTH CAROLINA  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation: The YMCA records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

YMCA reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Operating Activities: Operating activities reflect all transactions increasing or decreasing net assets except those items associated with long-term investment such as contributions for endowment and facilities and equipment, and investment returns in excess of amounts designated for current operations.

Accounting Estimates: The preparation of 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 disclosures of contingent matters at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition: Membership dues and program fees are recognized as revenue ratably over the period of membership or the duration of the program.

Contributions and Pledges: The YMCA records unconditional promises to give (pledges) as receivables and contributions within the appropriate net asset category based on the existence or absence of donor-imposed restrictions. The YMCA recognizes conditional promises to give when the conditions stipulated by the donor are substantially met. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote.

Contributed Services: The YMCA recognizes revenue from contributed services that create or enhance non-financial assets or require specialized skills. The recognized value of these services is based on rates commensurate with the type of services performed. The YMCA receives a significant amount of skilled contributed time which does not meet the recognition criteria. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements. Additionally, the YMCA receives services from a large number of volunteers who give significant amounts of their time to the programs of the YMCA. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Functional Allocation of Expenses: Expenses are charged directly to program, management and general, or fundraising in general categories based on specific identification. Indirect expenses have been allocated based on program revenue or other bases, as determined by management. Although the methods of allocation used are considered reasonable and appropriate, other methods could be used that would produce different results.

Advertising: The YMCA expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2024 and 2023 were approximately \$407,945 and \$405,469, respectively.

Income Taxes: The YMCA has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (IRC), as an organization described in Section 501(c)(3), except for income taxes pertaining to unrelated business income.

The Financial Accounting Standards Board (FASB) guidance requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Interest and penalties would be recognized as tax expense; however, there is no interest or penalties recognized in the statements of activities.

The YMCA is required to file a federal exempt organization tax return (Form 990) annually to retain its exempt status. The YMCA is also required to file an exempt organization business income tax return (Form 990-T) for any year unrelated business income exceeds \$1,000. The YMCA's Form 990 filings are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Cash and Cash Equivalents: The YMCA considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash allocated to the investment portfolio as part of the YMCA's investment strategy is reported as investments.

Concentration of Credit Risk: The YMCA maintains cash balances at certain financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation. The YMCA has not experienced any losses in such accounts. The YMCA monitors the financial stability of financial institutions regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.

Unamortized Loan Costs: Loan costs are capitalized when paid and are amortized over the life of the loan. These are included in long-term notes payable.

Accounts Receivable and Allowance for Credit Losses: Accounts receivable are recorded at amortized cost. Amortized cost represents the original carrying amount of the financial instrument less an allowance for future credit losses. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based on current trends, and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The YMCA believes that an allowance for credit losses would not be significant and, therefore, was not considered necessary at December 31, 2024 or 2023.

YMCA OF NORTHWEST NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments: Investments are reported at fair value and are based primarily on quoted market prices or estimated fair value. Investment fees, netted with investment income, amounted to \$26,081 and \$28,878 for the years ended December 31, 2024 and 2023, respectively.

Deferred Revenue: Membership dues and program fees that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which they apply.

Leases: Financing and operating leases are recognized as right-of-use assets with related lease liabilities in the accompanying statements of financial position. Right-of-use assets represent the YMCA's right to use an underlying asset for the lease term. Lease liabilities represent the YMCA's obligation to make lease payments arising from the lease. Right-of-use assets and related liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term using interest rates implicit in the lease. Absent an implicit rate in the lease, the YMCA uses the risk-free rate of a zero-coupon U.S. Treasury instrument.

The YMCA has made the accounting policy election not to separate lease components from non-lease components, but rather accounts for the components as a single lease component. The YMCA has also elected to apply the short-term lease exception for all classes of underlying assets to all leases with a term of one year or less. Therefore, lease assets and liabilities for these leases, if applicable, are not recorded in the statements of financial position, but rather expensed as incurred.

Property, Plant, and Equipment: Investment in property, plant, and equipment is stated at cost less accumulated depreciation or at fair value if donated. Buildings and building improvements are depreciated using the straight-line method over 10 to 40 years based upon useful lives. Equipment and furniture and vehicles are depreciated using the straight-line method over 3 to 10 years. Only major replacements and improvements with a cost in excess of \$5,000 are capitalized and included in investment in property, plant, and equipment.

Impairment of Long-lived Assets: The carrying value of the YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful, depreciable life may need to be changed. The YMCA considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2024, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2024. Management has performed their analysis through the date the financial statements were available to be issued.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Previously reported Board designated net assets for endowment have been reclassified to donor restricted net assets for endowment, with no effect on total net assets or total endowment net assets.

YMCA OF NORTHWEST NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2024 and 2023

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**NOTE 3 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 9,686,050
Accounts receivable	4,223,325
Distributions from beneficial interests in assets held by others	4,520
Endowment spending-rate appropriations	<u>140,845</u>
	<u>\$ 14,054,740</u>

YMCA endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

YMCA's board-designated endowment of \$3,113,247 is subject to an annual spending rate of 4 percent as described in Note 12. Although management does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The YMCA also maintains a line of credit in the amount of \$2,000,000, which could be drawn upon in the event of an unanticipated liquidity need.



YMCA OF NORTHWEST NORTH CAROLINA  
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**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The FASB defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the YMCA's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy which requires the YMCA to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the YMCA has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect the YMCA's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Equity and fixed income funds within the beneficial interest in assets held by the Winston-Salem Foundation (the Foundation) endowment pool are valued at the closing price reported on the active markets on which the individual securities are traded. Although the measurement is based on the unadjusted fair value of trust assets reported by the Foundation, the YMCA had irrevocably assigned the monies to the Foundation and is only able to redeem accumulated income that the Foundation has transferred to the grantable funds account within the endowments. Therefore, the YMCA considers the measurement of its beneficial interest in assets held by the Foundation to be a Level 3 measurement within the fair value hierarchy.

The following tables by level within the fair value hierarchy set forth the YMCA's assets and liabilities accounted for at fair value on a recurring basis as of December 31, 2024 and 2023. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The YMCA's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Assets measured at fair value at December 31, 2024, are summarized below:

	2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 748,244	\$ -	\$ -	\$ 748,244
Mutual funds and ETFs				
Domestic equities	2,183,665	-	-	2,183,665
International equities	453,963	-	-	453,963
Fixed income	1,598,880	-	-	1,598,880
Alternative investments	643,435	-	-	643,435
Real assets	-	-	-	-
Total Investments	<u>\$ 5,628,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,628,187</u>
Beneficial interest in assets held by others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,065</u>	<u>\$ 118,065</u>

YMCA OF NORTHWEST NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS** (Continued)

Assets measured at fair value at December 31, 2023, are summarized below:

	2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 445,218	\$ -	\$ -	\$ 445,218
Mutual funds and ETFs				
Domestic equities	1,280,696	-	-	1,280,696
International equities	381,625	-	-	381,625
Fixed income	967,090	-	-	967,090
Alternative investments	279,094	-	-	279,094
Real assets	110,838	-	-	110,838
Total Investments	<u>\$ 3,464,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,464,561</u>
Beneficial interest in assets held by others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,100</u>	<u>\$ 112,100</u>

The following table illustrates the activity of Level 3 assets during the years ended December 31, 2024 and 2023:

	2024	2023
Fair value, beginning of year	\$ 112,100	\$ 107,110
Unrealized gains	11,691	10,541
Distributions and fees	<u>(5,726)</u>	<u>(5,551)</u>
Fair value, end of year	<u>\$ 118,065</u>	<u>\$ 112,100</u>

There were no changes during the years ended December 31, 2024 and 2023 to the YMCA's valuation techniques used to measure asset and liability fair values on a recurring basis.

Disclosures about the fair value of all financial instruments, whether or not recognized, for financial statement purposes are required under accounting principles generally accepted in the United States of America. Disclosures about the fair value of financial instruments are based on pertinent information available to management as of December 31, 2024. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that could be realized on disposition of the financial instruments.

Management estimates that the fair value of United Way pledge receivable, refundable sales tax receivable, other receivables, payables, and accrued expense approximate their carrying values due to the short maturity of these instruments. The fair value of long-term debt approximates carrying values since these instruments either bear interest at variable rates based on current market interest rates or at fixed rates which approximate current market interest rates.

YMCA OF NORTHWEST NORTH CAROLINA  
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**NOTE 5 - PLEDGES RECEIVABLE**

Pledges receivable represent amounts due from donors for multiyear unconditional pledges. Pledges receivable are shown net of a discount on future collections and an allowance for uncollectible amounts. Payments on the pledges are expected to be received as follows:

	<u>2024</u>
Amounts due in:	
Less than one year	\$ 658,165
One to five years	<u>1,026,987</u>
Total pledges receivable	1,685,152
Less unamortized discount	(106,507)
Less allowance for uncollectible pledges receivable	<u>(163,515)</u>
Pledges receivable, net	1,415,130
Less current portion	<u>(597,349)</u>
 Long-term pledges receivable, net	 <u><u>\$ 817,781</u></u>

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

Property, plant, and equipment at December 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Land and land improvements	\$ 19,532,616	\$ 16,988,191
Land held for sale	-	150,000
Buildings and building improvements	66,804,831	66,257,835
Leasehold improvements	17,443	17,443
Equipment and furniture	7,975,068	7,416,108
Construction in progress	4,063,864	292,300
Vehicles	<u>231,551</u>	<u>231,551</u>
 Total investment in property, plant, and equipment	98,625,372	91,353,428
Less accumulated depreciation	<u>(50,991,020)</u>	<u>(48,551,235)</u>
 Net investment in property, plant, and equipment	 <u><u>\$ 47,634,353</u></u>	 <u><u>\$ 42,802,193</u></u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$2,439,785 and \$2,369,857, respectively.

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**NOTE 7 - NOTES PAYABLE**

Notes payable as of December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
2.71% fixed rate 15 year tax exempt Recreational Facilities Refunding Bonds through Public Finance Authority of Wisconsin; total issuance for Series 2014-B bonds was \$5,000,000; secured by facilities in Forsyth County and matures April 1, 2024 (10 year maturity); interest due monthly and principal payments due semi-annually on April 1 and October 1	\$ -	\$ 833,329
3.23% fixed rate 15 year tax exempt Recreational Facilities Refunding and Revenue Bonds through Public Finance Authority of Wisconsin for refinancing of notes payable and to pay certain costs incurred in relation to the issuance of the bonds; total issuance for Series 2014-C bonds was \$2,346,744; secured by facilities in Forsyth County and matures April 1, 2029 (15 year maturity); interest due monthly and principal payments due semi-annually on April 1 and October 1	649,258	821,354
3.23% fixed rate 15 year tax exempt draw-down Recreational Facilities Revenue Bonds through Public Finance Authority of Wisconsin for capital improvements of facilities in Alexander, Davie, Forsyth, Stokes, Wilkes and Yadkin Counties to be completed by 2017; total available through the issuance for Series 2014-D bonds is \$2,800,000; secured by facilities in Forsyth County and matures April 1, 2029 (15 year maturity); interest payments due monthly and principal payments due semi-annually on April 1 and October 1 commencing October 1, 2017	893,853	1,130,775
2.65% fixed rate 15 year tax exempt Recreational Facilities Refunding Bond through Public Finance Authority of Wisconsin for refinancing of notes payable; secured by facilities in Forsyth County and matures April 1, 2037; interest and principal due monthly	9,144,340	9,760,871
3.65% fixed rate 15 year taxable note payable to financial institution for refinancing of notes payable with interest and principal payments monthly; matures April 1, 2037	<u>605,159</u>	<u>643,076</u>
	11,292,610	13,189,405
Unamortized loan costs	<u>(208,955)</u>	<u>(209,736)</u>
Total notes payable	<u>\$ 11,083,655</u>	<u>\$ 12,979,669</u>

YMCA OF NORTHWEST NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2024 and 2023

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**NOTE 7 - NOTES PAYABLE** (Continued)

Future annual maturities of the notes are as follows:

2025	\$ 1,082,455
2026	1,082,594
2027	1,083,256
2028	1,102,468
2029	751,550
Thereafter	<u>6,190,287</u>
	11,292,610
Less unamortized loan costs	<u>(208,955)</u>
Total	<u>\$ 11,083,655</u>

Various restrictive covenants exist for the outstanding debt. The YMCA was in compliance with these covenants at December 31, 2024 and 2023.

**NOTE 8 - REVOLVING LINE OF CREDIT**

The YMCA has an unsecured available \$2,000,000 line of credit (LOC) with First Citizens. The LOC has a variable interest rate equal to the 30-day average SOFR plus 2.5%, with a maximum rate of 8% and a minimum rate of 4.06%. Interest is payable monthly on any outstanding borrowings. The LOC is renewable bi-annually at the discretion of the bank. Borrowings against the line of credit as of December 31, 2024 and 2023 were \$0.

The line of credit agreement contains certain financial and nonfinancial covenants. The YMCA was in compliance with these covenants at December 31, 2024 and 2023.

**NOTE 9 - BOARD DESIGNATED NET ASSETS**

Board designated net assets as of December 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Endowment	\$ 3,113,247	\$ 3,689,646
Total board designated net assets	<u>\$ 3,113,247</u>	<u>\$ 3,689,646</u>

YMCA OF NORTHWEST NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Net assets with donor restrictions:		
Restricted for		
Programs	\$ 914,009	\$ 956,320
Capital expenditure	4,624,399	3,480,376
Time	1,545,688	2,451,541
Endowments restricted in perpetuity	<u>2,638,881</u>	<u>1,731,374</u>
 Total net assets with donor restrictions	 <u>\$ 9,722,977</u>	 <u>\$ 8,619,611</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of events specified by the donors, or by a change in the restrictions specified by the donor. Those amounts released from restrictions during the years ended December 31, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Programs	\$ 162,944	\$ 8,080
Time	1,000,000	1,250,000
Capital expenditure	<u>3,214,602</u>	<u>436,338</u>
 Total donor restricted net assets released from restrictions	 <u>\$ 4,377,546</u>	 <u>\$ 1,694,418</u>

YMCA OF NORTHWEST NORTH CAROLINA  
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**NOTE 11 - ENDOWMENT**

The YMCA's endowment consists of funds established by donors to provide annual funding for specific activities and general operations. The YMCA's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments for the following purposes:

- Youth Development
- Healthy Living
- Social responsibility

Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Purpose of the Endowment: The Endowment Fund is intended to provide for the operation and special programs of the YMCA. In so doing, the Endowment Fund provides a secure, long-term source of funds to establish or maintain programs that are consistent with the aim of the YMCA.

Interpretation of Relevant Law: The State of North Carolina has passed a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Trustees of the YMCA has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. At December 31, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, YMCA retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts, including promises to give at fair value) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the YMCA 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 purposes of the organization 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 investments
6. Other resources of the organization
7. The investment policies of the organization

Endowment net asset composition by type of fund as of December 31, 2024:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Restricted in perpetuity	\$ -	\$ 1,857,327	\$ 1,857,327
Accumulated investment gain on amounts to be retained in perpetuity	-	781,554	781,554
Board-designated	<u>3,113,247</u>	<u>-</u>	<u>3,113,247</u>
Total funds	<u>\$ 3,113,247</u>	<u>\$ 2,638,881</u>	<u>\$ 5,752,128</u>

YMCA OF NORTHWEST NORTH CAROLINA  
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**NOTE 11 - ENDOWMENT** (Continued)

Endowment net asset composition by type of fund as of December 31, 2023:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Restricted in perpetuity	\$ -	\$ 1,725,136	\$ 1,725,136
Accumulated investment gain on amounts to be retained in perpetuity	-	6,238	6,238
Board-designated	<u>3,689,646</u>	<u>-</u>	<u>3,689,646</u>
Total funds	<u>\$ 3,689,646</u>	<u>\$ 1,731,374</u>	<u>\$ 5,421,020</u>

Changes in endowment net assets for the years ended December 31, 2024 and 2023:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets as of January 1, 2023	\$ 1,551,747	\$ 1,632,122	\$ 3,183,869
Investment return:			
Investment income	70,802	5,000	75,802
Net realized and unrealized loss	<u>300,327</u>	<u>21,218</u>	<u>321,545</u>
Total investment return	<u>371,129</u>	<u>26,218</u>	<u>397,347</u>
Endowment contributions	1,875,390	77,600	1,952,990
Appropriation of endowment assets for expenditure	<u>(108,620)</u>	<u>(4,566)</u>	<u>(113,186)</u>
Endowment net assets as of December 31, 2023	3,689,646	1,731,374	5,421,020
Investment return:			
Investment income	103,909	72,976	176,885
Net realized and unrealized gain	<u>144,046</u>	<u>122,098</u>	<u>266,144</u>
Total investment return	<u>247,955</u>	<u>195,074</u>	<u>443,029</u>
Endowment contributions	-	193,958	193,658
Reclassification of net assets	(576,364)	576,364	-
Distribution of board designated funds	(180,051)	-	(180,051)
Appropriation of endowment assets for expenditure	<u>(67,939)</u>	<u>(57,589)</u>	<u>(125,528)</u>
Endowment net assets as of December 31, 2024	<u>\$ 3,113,247</u>	<u>\$ 2,638,881</u>	<u>\$ 5,752,128</u>



YMCA OF NORTHWEST NORTH CAROLINA  
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**NOTE 11 - ENDOWMENT** (Continued)

Return Objectives and Risk Parameters: The YMCA 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 YMCA must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Investment Objective: Strategies Employed for Achieving Objectives: Endowments Funds are invested in a diversified portfolio, consisting primarily of fixed income and equity mutual funds and other investments, which may reflect varying rates of return. The intended overall rate of return of the portfolio is a reasonable "real" rate, consistent with the risk levels established by the Investment Committee. The objective is that the minimum acceptable rate of return over a full market cycle of 3 to 5 years is one that equals or exceeds the assumed spending rate plus the rate of inflation.

Spending Policy and How the Investment Objectives Relate to Spending Policy: As required by UPMIFA, appropriations from the endowment funds are subject to specific limitations, if any, contained in an applicable gift instrument. Remaining annual appropriations will be the amount of interest and dividends earned in the previous 12 months as of June 30 each year, but will be limited to no greater than 4% of the 3-year trailing average of the June 30s market value of the fund. Calculations of the appropriations from the fund will be made as part of the annual budgeting process so that amounts to be used in the operations of the YMCA for the following fiscal year will be known when the operating budget is prepared. This spending policy will be reviewed annually by the Investment Committee and investment managers will be given ample notice of the required withdrawal schedule. Appropriate liquidity should be maintained to fund these withdrawals without impairing the investment process. The Spending Policy is implemented with the intent not only to provide funds for the YMCA's immediate aims but also to preserve and grow assets to meet future spending needs.

Funds with Deficiencies: From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. Deficiencies of this nature that are in excess of related accumulated gains are reported in net assets with donor restrictions. There were no deficiencies at December 31, 2024. The donor-restricted endowment funds had a deficiency of \$4,508 at December 31, 2023. This deficiency resulted from unfavorable market fluctuations on the underlying investments.

**NOTE 12 - SPECIAL EVENTS**

As part of its fundraising efforts, the YMCA holds periodic special events. Revenue for special events is recognized in the period in which the event is held. Direct expenses associated with special events are netted against such revenue as follows:

	<u>2024</u>	<u>2023</u>
Special event revenue	\$ 513,453	\$ 490,445
Special event direct expenses	<u>(245,935)</u>	<u>(238,875)</u>
Special event revenue, net	<u>\$ 267,518</u>	<u>\$ 251,570</u>

YMCA OF NORTHWEST NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2024 and 2023

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**NOTE 13 - FINANCIAL ASSISTANCE PROVIDED**

The YMCA provides financial assistance, through contributions and other fundraising, to help defray the costs of membership and program and other fees for individuals with need. Membership dues and program fees are recorded net of such assistance in the accompanying statements of activities. Such amounts were as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Membership dues	\$ 21,117,274	\$ 19,360,778
Less financial assistance provided	<u>(1,181,253)</u>	<u>(1,040,497)</u>
Membership dues, net	<u>\$ 19,936,021</u>	<u>\$ 18,320,281</u>
Program fees	\$ 9,306,503	\$ 9,024,745
Less financial assistance provided	<u>(669,827)</u>	<u>(780,763)</u>
Program fees, net	<u>\$ 8,636,676</u>	<u>\$ 8,243,982</u>

**NOTE 14 - DEFINED CONTRIBUTION PLANS**

The YMCA participates in the YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in section 403(b)(9) of the code. Both Plans are sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with our agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the YMCA. Total contributions charged to retirement costs aggregated \$705,978 and \$587,200 for the years ended December 31, 2024 and 2023, respectively, of which \$41,073 was unpaid at December 31, 2024.

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution to this plan.

**NOTE 15 - RELATED PARTIES**

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2024 and 2023, were \$410,712 and \$351,685, respectively.

YMCA OF NORTHWEST NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2024 and 2023

**NOTE 16 – LEASING ARRANGEMENTS**

The YMCA has operating and financing leases for certain equipment, office space and program space. These leases have remaining lease terms of 1 to 5 years. The YMCA qualifies arrangements as leases when the arrangements provide the right to control the use of an identified asset for a period of time in exchange for consideration. Any lease with an initial term of 12 months or less is not recorded on the statement of financial position and are expensed on a straight-line basis over the lease term.

Some leases include one or more options to renew, with renewal terms that can extend the lease term. It is the sole discretion of the YMCA whether to exercise these renewal options. Certain leases also include the option to purchase the leased property. The depreciable life of the assets are limited by the lease term unless there is a transfer of title or purchase option reasonably certain to be exercised.

The following summarizes the line items in the statements of financial position which include amounts for operating and finance leases as of December 31:

	<u>2024</u>	<u>2023</u>
<b>Operating Leases</b>		
Operating lease right-of-use assets	\$ 119,451	\$ 240,465
Current portion of operating lease liability	\$ 74,189	\$ 121,014
Long-term operating lease liability	<u>45,262</u>	<u>119,451</u>
Total operating lease liability	\$ 119,451	\$ 240,465
<b>Finance Leases</b>		
Finance lease right-of-use assets	\$ 3,599,479	\$ 3,042,832
Accumulated amortization	<u>(2,334,988)</u>	<u>(1,516,013)</u>
Finance lease right-of-use assets, net	\$ 1,264,491	\$ 1,526,819
Current portion of finance lease liability	\$ 523,478	\$ 840,030
Long-term finance lease liability	<u>613,422</u>	<u>614,158</u>
Total finance lease liability	\$ 1,136,900	\$ 1,454,188

Total lease costs for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Finance lease costs		
Amortization of right-of-use assets	\$ 818,976	\$ 857,222
Interest on lease liabilities	38,686	52,227
Operating lease costs	110,654	118,447
Short-term lease costs	<u>53,349</u>	<u>57,693</u>
	\$ 1,021,665	\$ 1,085,589

YMCA OF NORTHWEST NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2024 and 2023

**NOTE 16 – LEASING ARRANGEMENTS** (Continued)

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	<u>2024</u>	<u>2023</u>
<b>Weighted Average Remaining Lease Term</b>		
Operating leases	1.1 years	1.7 years
Finance leases	2.0 years	1.6 years
<b>Weighted Average Discount Rate</b>		
Operating leases	3.08%	3.09%
Finance leases	4.67%	2.85%

The maturities of lease liabilities as of December 31, 2024 are as follows:

Year Ending December 31:	<u>Operating</u>	<u>Finance</u>
2025	\$ 76,206	\$ 564,766
2026	21,500	315,689
2027	21,500	135,887
2028	3,583	128,466
2029	-	83,435
Thereafter	-	-
Total lease payments	<u>122,789</u>	<u>1,228,243</u>
Less: interest	<u>(3,338)</u>	<u>(91,343)</u>
Present value of lease liabilities	<u>\$ 119,451</u>	<u>\$ 1,136,900</u>

The following summarizes cash flow information related to leases for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 110,654	\$ 118,447
Operating cash flows for finance leases – (interest)	38,686	52,227
Financing cash flows from finance leases – (principal)	<u>873,936</u>	<u>888,179</u>
	<u>\$ 1,023,276</u>	<u>\$ 1,058,853</u>
Lease assets obtained in exchange for lease obligations:		
Operating leases	<u>\$ -</u>	<u>\$ 86,018</u>
Finance leases	<u>\$ 566,648</u>	<u>\$ -</u>

YMCA OF NORTHWEST NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2024 and 2023

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**NOTE 17: IN-KIND CONTRIBUTIONS**

The YMCA received the following in-kind contributions for the years ended December 31:

Operating	<u>2024</u>	<u>2023</u>
Prizes and giveaways	\$ 8,592	\$ 3,867
Food and beverages	1,500	1,500
Printing services	<u>1,000</u>	<u>1,000</u>
	<u>\$ 11,092</u>	<u>\$ 6,367</u>
Non-operating	<u>2024</u>	<u>2023</u>
Land Improvement – Rifle range	\$ -	\$ 150,000
	<u>\$ -</u>	<u>\$ 150,000</u>

The YMCA's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the YMCA.

The YMCA holds an annual golf tournament as a fundraising event. Various prizes and giveaways as well as food and beverages were provided to the YMCA at no cost and were valued based on the current market rates for similar items. The YMCA also received printing services for the golf tournament at no cost. The services were valued based on current rates for similar services.

Additionally, the YMCA received a donation of a rifle range for use at their summer camp. The range was provided to the YMCA at no cost and was valued based on the current market rate.

YMCA OF NORTHWEST NORTH CAROLINA  
SCHEDULE OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2024

Grantor/Program Title	Assistance Listing Number (ALN)	Grant Receipts	Expenditures	
			Federal	State
U.S. Department of Agriculture passed through the N.C. Department of Health & Human Services Division of Women's and Children's Health Child and Adult Care Food Program - William G. White, Winston Lake, Kernersville, Davie Wilkes and Statesville Family YMCA's	10.558	\$ 147,571	\$ 147,571	\$ -
U.S. Department of Education passed through the N.C. Department of Public Instruction for 21st Century Community Learning Centers - Wilkes, Davie and Yadkin Family YMCA Branches	84.287A	940,105	940,105	-
U.S. Department of Agriculture National Institute of Food and Agriculture Funds for fresh produce prescription for vulnerable communities in northeast Winston-Salem	10.331	102,857	102,857	-
ARPA funds for Coronavirus State and Local Fiscal Relief Recovery Funds passed through Forsyth County, NC for economic impact assistance. Funds to make capital improvements to the Winston Lake Family YMCA in East Winston-Salem, for roofing and HVAC systems.	21.027	739,351	739,351	-
CARES Act Coronavirus Relief Funds passed through the NC Pandemic Recovery Office to the NC Alliance of YMCAs to help cover from losses caused by the pandemic. Funds are to be used for facility maintenance and repair projects at all facilities in the YMCA of Northwest North Carolina	21.027	168,805	168,805	-
N.C. Department of Public Instruction YMCA Camp Hanes Milk Money Program		1,065	-	1,065
N.C. Community College System YMCA Literacy Initiative Program		85,202	-	85,202
		<u>\$ 2,184,956</u>	<u>\$ 2,098,689</u>	<u>\$ 86,267</u>

YMCA OF NORTHWEST NORTH CAROLINA  
SCHEDULE OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2024

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**NOTE A: BASIS OF PRESENTATION**

The schedule of federal and state awards is presented on the accrual basis. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B: SUBRECIPIENTS**

Of the federal expenditures presented above, YMCA provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Assistance Living Number</u>	<u>Amounts Provided to Subrecipients</u>
National Institute of Food and Agriculture Funds	10.331	<u>\$ 14,511</u>

**NOTE C: INDIRECT COST RATE**

YMCA has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

The Board of Directors  
YMCA of Northwest North Carolina  
Winston-Salem, North Carolina

**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**

We have audited, in accordance with U.S. generally accepted auditing standards 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 YMCA of Northwest North Carolina ("YMCA"), which comprise the statement of financial position as of December 31, 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 June 11, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered YMCA's internal control over financial reporting (internal control) to determine the 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 YMCA's internal control. Accordingly, we do not express an opinion on the effectiveness of YMCA's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether YMCA'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 determination of financial statement amounts. 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 YMCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YMCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Butler & Burke LLP

Winston-Salem, North Carolina  
June 11, 2025

The Board of Directors  
YMCA of Northwest North Carolina  
Winston-Salem, North Carolina

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited YMCA of Northwest North Carolina's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of YMCA of Northwest North Carolina's major federal programs for the year ended December 31, 2024. YMCA of Northwest North Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, YMCA of Northwest North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of YMCA of Northwest North Carolina and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not have a legal determination of YMCA of Northwest North Carolina's compliance with the compliance requirements referred to above.

### ***Responsibility of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on YMCA of Northwest North Carolina's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about YMCA of Northwest North Carolina's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding YMCA of Northwest North Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of YMCA of Northwest North Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of YMCA of Northwest North Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control Over Compliance

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

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

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

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

Butler & Burke LLP

Winston-Salem, North Carolina  
June 11, 2025

YMCA OF NORTHWEST NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2024

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of YMCA of Northwest North Carolina.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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.
3. No instances of non-compliance material to the financial statements of YMCA of Northwest North Carolina were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for each major federal award program for YMCA of Northwest North Carolina expresses an unmodified opinion.
6. There were no audit findings relative to each major federal award program for YMCA of Northwest North Carolina.
7. The programs tested as a major program were:  

Coronavirus State and Local Fiscal Recovery Funds – ALN 21.027
8. The threshold for distinguishing types A and B programs was \$750,000.
9. YMCA of Northwest North Carolina qualified as a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONS COSTS – MAJOR AWARDS PROGRAMS AUDIT**

None