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# MULTIPLYING OUR IMPACT

**YMCA of Northwest North Carolina  
2025 Financial Statements and Report of  
Independent Certified Public Accountants**



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Board of Directors  
YMCA of Northwest North Carolina and Subsidiary  
Winston-Salem, North Carolina

## **INDEPENDENT AUDITORS' REPORT**

### ***Opinion***

We have audited the accompanying financial statements of YMCA of Northwest North Carolina (a nonprofit organization) and Subsidiary, East Winston Opportunity Resource Center (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. We have also audited the accompanying financial statements of YMCA of Northwest North Carolina, 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.

In our opinion, the 2025 consolidated financial statements referred to above presented fairly, in all material respects, the consolidated financial position of YMCA of Northwest North Carolina and Subsidiary as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2024 financial statements present fairly, in all material respects, the financial position of YMCA of Northwest North Carolina as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Subsidiary 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 and Subsidiary'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 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, 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 and Subsidiary'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 and Subsidiary'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 consolidating statements of financial position and activities for the year ended December 31, 2025 are presented for purposes of additional analysis and are 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 for the year ended December 31, 2025 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole for the year ended December 31, 2025.

*Butler & Burke LLP*

Winston-Salem, North Carolina

June 9, 2026

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2025 (Consolidated) and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 6,680,730	\$ 9,686,050
Restricted cash – NMTC	1,196,705	-
Accounts receivable		
Members and participants	99,294	43,464
Pledges receivable, net	314,589	597,349
Grants and contracts	196,796	1,630,922
United Way	-	30,990
Refundable sales tax	275,010	527,649
Other accounts receivable	1,582,387	1,423,941
Prepaid expenses	<u>331,919</u>	<u>278,211</u>
<b>Total Current Assets</b>	<b>10,677,430</b>	<b>14,218,576</b>
Investments, at fair value	6,524,176	5,628,187
Beneficial interest in trust	130,520	118,065
Long-term pledges receivable	373,244	817,781
Long-term accounts receivable	750,000	1,750,000
NMTC leveraged loan receivable	5,855,200	-
Finance lease right-of-use assets, net	2,739,413	1,264,491
Operating lease right-of-use assets, net	930,344	119,451
Property, plant and equipment, net	<u>54,831,853</u>	<u>47,634,353</u>
<b>TOTAL ASSETS</b>	<b>\$ 82,812,180</b>	<b>\$ 71,550,904</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,434,575	\$ 1,781,524
Accrued expenses	867,378	838,730
Deferred revenue	880,901	1,140,619
Current portion of finance lease liability	991,309	523,478
Current portion of operating lease liability	217,515	74,189
Current portion of bonds and notes payable	<u>1,082,593</u>	<u>1,082,455</u>
<b>Total Current Liabilities</b>	<b>5,474,271</b>	<b>5,440,995</b>
Capital line of credit	1,197,132	-
Long-term finance lease liability	1,683,847	613,422
Long-term operating lease liability	712,829	45,262
Long-term bonds and notes payable	8,948,970	10,001,200
NMTC loans payable, net	<u>7,611,203</u>	<u>-</u>
<b>Total Liabilities</b>	<b>25,628,252</b>	<b>16,100,879</b>
<b>Net Assets</b>		
<b>Without donor restrictions</b>		
Undesignated	10,636,691	5,935,512
Board designated	3,500,898	3,113,247
Invested in property, plant, and equipment, net of related debt	<u>36,056,212</u>	<u>36,678,289</u>
<b>Total Without Donor Restrictions</b>	<b>50,193,801</b>	<b>45,727,048</b>
<b>With donor restrictions</b>		
Restricted by purpose or time	4,865,534	7,865,650
Restricted in perpetuity	<u>2,124,593</u>	<u>1,857,327</u>
<b>Total With Donor Restrictions</b>	<b>6,990,127</b>	<b>9,722,977</b>
<b>Total Net Assets</b>	<b>57,183,928</b>	<b>55,450,025</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 82,812,180</b>	<b>\$ 71,550,904</b>

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2025 (Consolidated)

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>			
<b>Public Support</b>			
Contributions	\$ 2,737,507	\$ 185,496	\$ 2,923,003
In-kind contributions	20,669	-	20,669
United Way allocations	114,292	45,044	159,336
Corporate and foundation grants	507,644	49,000	556,644
Special events, net	354,961	-	354,961
Sales to public, net	30,492	-	30,492
Net assets released from restrictions	97,817	(97,817)	-
<b>Total Public Support</b>	<b>3,863,382</b>	<b>181,723</b>	<b>4,045,105</b>
<b>Revenue</b>			
Government grants and contracts	838,844	-	838,844
Membership fees, net	21,454,729	-	21,454,729
Program fees, net	9,642,186	-	9,642,186
Allocation of investment earnings	74,017	66,827	140,844
Interest income	204,977	-	204,977
<b>Total Revenue</b>	<b>32,214,753</b>	<b>66,827</b>	<b>32,281,580</b>
<b>Total Public Support and Revenue</b>	<b>36,078,135</b>	<b>248,550</b>	<b>36,326,685</b>
<b>EXPENSES</b>			
<b>Program services</b>			
Youth development	8,353,765	-	8,353,765
Healthy living	22,492,255	-	22,492,255
Social responsibility	802,290	-	802,290
<b>Total Program Services</b>	<b>31,648,310</b>	<b>-</b>	<b>31,648,310</b>
<b>Supporting services</b>			
Management and general	4,023,051	-	4,023,051
Fundraising	1,451,343	-	1,451,343
<b>Total Supporting Services</b>	<b>5,474,394</b>	<b>-</b>	<b>5,474,394</b>
<b>Total Expenses</b>	<b>37,122,704</b>	<b>-</b>	<b>37,122,704</b>
Changes in Net Assets from Operations	(1,044,569)	248,550	(796,019)
<b>NON-OPERATING ACTIVITIES</b>			
Loss on sale of property	(26,304)	-	(26,304)
Net realized and unrealized gain on investments in excess of designation for current operations	170,424	170,211	340,635
Investment income, net	95,684	165,641	261,325
Change in beneficial interest in trust	16,975	-	16,975
Contributions for endowment	104,569	267,266	371,835
Contributions for capital assets	-	1,274,807	1,274,807
Grants for capital assets	-	290,649	290,649
Net assets released from restrictions	5,149,974	(5,149,974)	-
<b>Total Non-Operating Activities</b>	<b>5,511,322</b>	<b>(2,981,400)</b>	<b>2,529,922</b>
<b>CHANGE IN NET ASSETS</b>	<b>4,466,753</b>	<b>(2,732,850)</b>	<b>1,733,903</b>
Net Assets, Beginning of Year	45,727,048	9,722,977	55,450,025
Net Assets, End of Year	\$ 50,193,801	\$ 6,990,127	\$ 57,183,928

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>			
<b>Public Support</b>			
Contributions	\$ 2,474,059	\$ -	\$ 2,474,059
In-kind contributions	11,092	-	11,092
United Way allocations	146,990	30,990	177,980
Corporate and foundation grants	489,720	-	489,720
Special events, net	267,518	-	267,518
Sales to public, net	805	-	805
Net assets released from restrictions	60,598	(60,598)	-
<b>Total Public Support</b>	<b>3,450,782</b>	<b>(29,608)</b>	<b>3,421,174</b>
<b>Revenue</b>			
Government grants and contracts	1,679,788	-	1,679,788
Membership fees, net	19,936,021	-	19,936,021
Program fees, net	8,636,676	-	8,636,676
Allocation of investment earnings	67,939	57,589	125,528
Interest income	336,425	-	336,425
<b>Total Revenue</b>	<b>30,656,849</b>	<b>57,589</b>	<b>30,714,438</b>
<b>Total Public Support and Revenue</b>	<b>34,107,631</b>	<b>27,981</b>	<b>34,135,612</b>
<b>EXPENSES</b>			
<b>Program services</b>			
Youth development	8,422,640	-	8,422,640
Healthy living	20,494,976	-	20,494,976
Social responsibility	789,336	-	789,336
<b>Total Program Services</b>	<b>29,706,952</b>	<b>-</b>	<b>29,706,952</b>
<b>Supporting services</b>			
Management and general	3,751,747	-	3,751,747
Fundraising	1,372,537	-	1,372,537
<b>Total Supporting Services</b>	<b>5,124,284</b>	<b>-</b>	<b>5,124,284</b>
<b>Total Expenses</b>	<b>34,831,236</b>	<b>-</b>	<b>34,831,236</b>
<b>Changes in Net Assets from Operations</b>	<b>(723,605)</b>	<b>27,981</b>	<b>(695,624)</b>
<b>NON-OPERATING ACTIVITIES</b>			
Gain on sale of property	684	-	684
Net realized and unrealized gain on investments in excess of designation for current operations	64,479	64,509	128,988
Investment income, net	198,332	72,976	271,308
Change in beneficial interest in trust	10,533	-	10,533
Contributions for endowment	-	193,658	193,658
Contributions for capital assets	-	3,071,839	3,071,839
Grants for capital assets	-	1,989,351	1,989,351
Net assets released from restrictions	4,316,948	(4,316,948)	-
<b>Total Non-Operating Activities</b>	<b>4,590,976</b>	<b>1,075,385</b>	<b>5,666,361</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,867,371</b>	<b>1,103,366</b>	<b>4,970,737</b>
Net Assets, Beginning of Year	41,859,677	8,619,611	50,479,288
Net Assets, End of Year	\$ 45,727,048	\$ 9,722,977	\$ 55,450,025

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2025 (Consolidated)**

	Program Services				Supporting Services			Total
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
<b>Personnel costs</b>								
Salaries	\$ 4,408,048	\$ 8,714,843	\$ 322,264	\$ 13,445,155	\$ 2,570,093	\$ 764,043	\$ 3,334,136	\$ 16,779,291
Employee health and retirement benefits	359,516	1,526,126	49,094	1,934,736	221,830	100,805	322,635	2,257,371
Payroll taxes	377,618	768,646	28,570	1,174,834	152,409	40,850	193,259	1,368,093
<b>Total personnel costs</b>	<b>5,145,182</b>	<b>11,009,615</b>	<b>399,928</b>	<b>16,554,725</b>	<b>2,944,332</b>	<b>905,698</b>	<b>3,850,030</b>	<b>20,404,755</b>
<b>Non-personnel costs</b>								
Professional fees and contract services	51,684	427,004	7,113	485,801	625,496	35,305	660,801	1,146,602
Office services - supplies, telephone, postage	943,122	905,137	37,040	1,885,299	72,016	329,200	401,216	2,286,515
Occupancy, equipment expense and maintenance	956,616	4,675,250	162,620	5,794,486	20,344	2,771	23,115	5,817,601
Information technology	179,557	820,093	28,945	1,028,595	83,745	64,675	148,420	1,177,015
Marketing	57,465	405,876	7,787	471,128	-	91,586	91,586	562,714
Travel and transportation expense	134,796	166,580	4,066	305,442	62,248	13,509	75,757	381,199
Conferences, meetings and training	13,191	54,263	971	68,425	48,435	668	49,103	117,528
National and world support	62,928	358,931	21,714	443,573	7,000	-	7,000	450,573
Interest and bond fees	90,491	514,922	15,294	620,707	-	-	-	620,707
Insurance	63,245	181,874	6,829	251,948	31,423	2,270	33,693	285,641
Miscellaneous	8,639	18,426	657	27,722	24,909	5,661	30,570	58,292
Depreciation	642,967	2,891,823	108,670	3,643,460	-	-	-	3,643,460
Lease costs	3,882	62,461	656	66,999	103,103	-	103,103	170,102
<b>Total non-personnel costs</b>	<b>3,208,583</b>	<b>11,482,640</b>	<b>402,362</b>	<b>15,093,585</b>	<b>1,078,719</b>	<b>545,645</b>	<b>1,624,364</b>	<b>16,717,949</b>
<b>Total expenses</b>	<b>\$ 8,353,765</b>	<b>\$ 22,492,255</b>	<b>\$ 802,290</b>	<b>\$ 31,648,310</b>	<b>\$ 4,023,051</b>	<b>\$ 1,451,343</b>	<b>\$ 5,474,394</b>	<b>\$ 37,122,704</b>

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the 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	
<b>Personnel costs</b>								
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
<b>Total personnel costs</b>	<b>5,323,764</b>	<b>10,244,314</b>	<b>382,640</b>	<b>15,950,718</b>	<b>2,658,845</b>	<b>783,131</b>	<b>3,441,976</b>	<b>19,392,694</b>
<b>Non-personnel costs</b>								
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
<b>Total non-personnel costs</b>	<b>3,098,876</b>	<b>10,250,662</b>	<b>406,696</b>	<b>13,756,234</b>	<b>1,092,902</b>	<b>589,406</b>	<b>1,682,308</b>	<b>15,438,542</b>
<b>Total expenses</b>	<b>\$ 8,422,640</b>	<b>\$ 20,494,976</b>	<b>\$ 789,336</b>	<b>\$ 29,706,952</b>	<b>\$ 3,751,747</b>	<b>\$ 1,372,537</b>	<b>\$ 5,124,284</b>	<b>\$ 34,831,236</b>

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2025 (Consolidated) and 2024

	<u>2025</u>	<u>2024</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,733,903	\$ 4,970,737
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation – fixed assets	2,623,689	2,439,785
Amortization on operating leases	137,162	110,654
Amortization on finance leases	1,019,767	818,976
Amortization of cost of bond issuance	77,020	25,781
Net realized and unrealized gain on investments	(481,479)	(254,516)
Contributions restricted for endowment	(267,266)	(193,658)
Contributions restricted for capital assets	(2,278,034)	(4,035,469)
Change in discount on pledges receivable	(61,971)	82,549
Change in allowance for uncollectible pledges	(81,919)	115,374
(Gain) loss on disposal of property, plant and equipment	26,304	(684)
Changes in operating assets and liabilities:		
Capital campaign pledges receivable	871,188	(1,059,613)
Refundable sales tax receivable	252,639	(338,869)
Other accounts receivable	2,250,840	329,482
Prepaid expenses	(53,708)	(50,120)
Accounts payable and accrued expenses	(928,010)	473,954
Deferred revenue	(259,718)	(168,092)
Operating lease liabilities	(137,162)	(110,654)
Other liabilities	-	(9,964)
Beneficial interest in trust	(12,455)	(5,965)
<u>Net Cash Provided by Operating Activities</u>	<u>4,430,790</u>	<u>3,139,688</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of equipment	-	158,834
Disposal of property and equipment	-	8,000
Investment in NMTC leveraged loan receivable	(5,855,200)	-
Purchase of property and equipment	(9,074,707)	(6,882,621)
Net investment purchases	(414,510)	(1,909,110)
<u>Net Cash Used in Investing Activities</u>	<u>(15,344,417)</u>	<u>(8,624,897)</u>
<b>FINANCING ACTIVITIES</b>		
Contributions restricted for endowment	267,266	193,658
Contributions restricted for capital assets	2,278,034	4,035,469
Proceeds from capital line of credit	1,197,132	-
Proceeds from NMTC loans payable	8,000,000	-
Payments on bonds and note payable	(1,082,456)	(1,896,795)
Payment of debt issuance cost	(435,453)	(25,000)
Payments on capital leases	(1,119,511)	(873,936)
<u>Net Cash Provided by Financing Activities</u>	<u>9,105,012</u>	<u>1,433,396</u>
Change in Cash, Cash Equivalents, and Restricted Cash	(1,808,615)	(4,051,813)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>9,686,050</u>	<u>13,737,863</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 7,877,435</u>	<u>\$ 9,686,050</u>
<b><u>SUPPLEMENTAL INFORMATION:</u></b>		
Interest paid	<u>\$ 530,624</u>	<u>\$ 387,043</u>
Construction in progress in accounts payable	<u>\$ 609,709</u>	<u>\$ 555,474</u>

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
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**NOTE A: ORGANIZATION AND NATURE OF ACTIVITIES**

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 under-served 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 NWNC 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.

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
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**NOTE A: ORGANIZATION AND NATURE OF ACTIVITIES (CONTINUED)**

East Winston Opportunity Resource Center is a nonprofit organization incorporated in 2025 and is a legally separate organization from YMCA of Northwest North Carolina. East Winston Opportunity Resource Center was formed to obtain financing for the New Market Tax Credit (NMTC) to remodel the Winston Lake YMCA, which is now known as the REACH Center. Some construction was still in progress at December 31, 2025. YMCA of Northwest North Carolina has both economic interest and control over East Winston Opportunity Resource Center therefore the organizations are consolidated.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the YMCA of Northwest North Carolina and Subsidiary ("YMCA") include the accounts of East Winston Opportunity Resource Center ("EWORC"). All significant intercompany balances have been eliminated in consolidation.

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

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 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.

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**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash, Cash Equivalents, and Restricted Cash**

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.

The YMCA entered into financing agreements in 2025 to assist with the construction of the REACH Center. The financing agreements require the YMCA to maintain cash received restricted for the construction in a separate account. The account is pledged as collateral and subject to control of the lenders at December 31, 2025 for its debt resulting from the NMTC transaction (see Note S). In addition, a CDE reserve account, subject to control of the CDE, maintains cash for the payment of future asset management fees and related audit and tax fees (see Note S). The accounts are considered to be restricted cash and are presented as Restricted Cash - NMTC on the statements of financial position. For purposes of the cash flows, cash, cash equivalents, and restricted cash consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 6,680,730	\$ 9,686,050
Restricted cash – NMTC	<u>1,196,705</u>	<u>-</u>
Cash, cash equivalents, and restricted cash per statements of cash flows	<u>\$ 7,877,435</u>	<u>\$ 9,686,050</u>

**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.

**Contributions and Pledges**

Contributions and pledges (promises to give) are recognized as revenues in the period the commitment is made. The YMCA records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions and grants revenue in the statements of activities. The YMCA determines an allowance for uncollectible promises to give based on historical experience, an assessment of the economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. The YMCA has determined that an allowance of \$81,596 and \$163,515 was necessary at December 31, 2025 and 2024, respectively. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met.

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**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2025 or 2024.

**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 \$29,445 and \$26,081 for the years ended December 31, 2025 and 2024, respectively.

**Beneficial Interest in Trust**

The YMCA has established trust arrangements with the Winston-Salem Foundation (the "Foundation"), the purposes of which are to provide permanent endowments to support the future needs of the YMCA. Donor contributions have been irrevocably transferred to the Foundation, who will invest the funds and make quarterly earnings distributions, to the YMCA or an accumulated income fund within the endowments, in amounts determined by the Foundation. Pursuant to GAAP, these endowments have been recognized as beneficial interests in assets held by others in the accompanying statements of financial position at the current market value of the underlying investments, amounted to \$130,520 and \$118,065 at December 31, 2025 and 2024, respectively. However, the YMCA is not subject to the Uniform Prudent Management of Institutional Funds Act or the endowment disclosure requirements of FASB ASC 958-205-50 for these funds since control over the funds was relinquished to the Foundation.

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
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**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**NMTC Leveraged Loan Receivable**

The NMTC leveraged loans receivable (LLR) consists of a promissory note receivable due to the YMCA from RCY Winston Investment Fund, LLC (the "Fund"). The Fund's sole member is an entity that is wholly owned by a financial institution. The LLR is collateralized by the Fund's membership interest in Self-Help New Markets 24, LLC (the "CDE") and related rights, including distributions and proceeds, related to the NMTC transaction (see Note S) and is stated at the principal amount outstanding. The CDE is also a lender to East Winston Opportunity Resource Center.

The promissory note bears interest at a stated rate and requires interest-only payments during the NMTC compliance period, followed by amortizing payments thereafter. Payments on the LLR are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. The LLR is nonrecourse and payable from the Fund's available cash flows and pledged collateral.

Management assesses the credit quality of the LLR based on indicators such as collateralization, expected cash flows, collection, experience, current and expected future macroeconomic factors, and management's internal metrics and reviews the collectability of the LLR on an ongoing basis. The LLR is periodically evaluated for impairment based on relevant facts and circumstances. Management has determined that no allowance for credit losses is necessary, and no impairment has occurred as of December 31, 2025.

**Lease Arrangements**

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.

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**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**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.

**Revenue Recognition**

Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

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

**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 B: 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. The major expenses that have been allocated include salaries and wages, occupancy, office expenses, and depreciation. 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, 2025 and 2024 were approximately \$611,305 and \$407,945, respectively.

**Income Taxes**

The YMCA of Northwest North Carolina and East Winston Opportunity Resource Center are not-for-profit organizations and are exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (IRC), as organizations described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purposes.

The YMCA of Northwest North Carolina's and East Winston Opportunity Resource Centers's primary tax positions relate to their status as not-for-profit entities exempt from income taxes and classification of activities related to their exempt purposes. It is the opinion of management that the YMCA of Northwest North Carolina and East Winston Opportunity Resource Center have no uncertain tax positions that would be subject to change upon examination.

The YMCA of Northwest North Carolina and East Winston Opportunity Resource Center are required to file federal exempt organization tax returns (Form 990) annually to retain their exempt status. YMCA of Northwest North Carolina and East Winston Opportunity Resource Center are also required to file exempt organization business income tax returns (Form 990-T) for any year unrelated business income exceeds \$1,000. Form 990 filings for the YMCA of Northwest North Carolina and East Winston Opportunity Resource Center are generally subject to examination by the Internal Revenue Service for three years after they are filed.

**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.

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**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to December 31, 2025, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2025. 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 donor-restricted net assets restricted in perpetuity have been reclassified to donor-restricted net assets restricted by purpose or time, with no effect on total net assets or total endowment net assets.

**NOTE C: 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:

	<u>2025</u>	<u>2024</u>
<b>Cash and cash equivalents</b>	<b>\$ 6,680,730</b>	<b>\$ 9,686,050</b>
<b>Accounts receivable</b>	<b>2,468,076</b>	<b>4,223,325</b>
<b>Distributions from beneficial interests in assets held by others</b>	<b>4,612</b>	<b>4,520</b>
<b>Endowment spending-rate appropriations</b>	<b><u>202,261</u></b>	<b><u>140,845</u></b>
	<b><u>\$ 9,355,679</u></b>	<b><u>\$ 14,054,740</u></b>

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 \$3,500,898 is subject to an annual spending rate of 4 percent as described in Note K. 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 revolving 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 AND SUBSIDIARY**  
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**NOTE D: 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. Discount rates range from 6.25% to 7.05%. Payments on the pledges are expected to be received as follows:

<b>Amounts due in:</b>	
Less than one year	\$ 349,765
One to five years	<u>464,200</u>
Total pledges receivable	813,965
Less unamortized discount	(44,536)
Less allowance for uncollectible pledges receivable	<u>(81,596)</u>
Pledges receivable, net	687,833
Less current portion	<u>(314,589)</u>
Long-term pledges receivable, net	<u>\$ 373,244</u>

**NOTE E: INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Financial assets and liabilities required to be measured on a recurring basis (at least annually) are classified under a three-tier hierarchy. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date.

Assets and liabilities measured at fair value are categorized depending on the observability of the inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that can be corroborated by observable data for substantially the full term of the assets or liabilities. Level 3 inputs are unobservable for the asset or liability, including the YMCA's own assumptions in determining the fair value of assets or liabilities.

Valuation techniques used in the fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the YMCA believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date.

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
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**NOTE E: INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a description of the valuation methodologies used by the YMCA for assets measured at fair value:

*Investments:* Valued at the closing price reported on active markets on which the individual securities are traded (Level 1).

*Beneficial Interest in Trust:* Equities and fixed income funds within 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 has 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 table sets forth by level, within the fair value hierarchy, the YMCA's assets measured at fair value on a recurring basis as of December 31, 2025 and 2024:

Assets:	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Investments</b>								
Cash and cash equivalents	\$ 804,800	\$ -	\$ -	\$ 804,800	\$ 748,244	\$ -	\$ -	\$ 748,244
Mutual funds and ETFs								
Domestic equities	2,538,207	-	-	2,538,207	2,183,665	-	-	2,183,665
International equities	805,037	-	-	805,037	453,963	-	-	453,963
Fixed income	1,656,836	-	-	1,656,836	1,598,880	-	-	1,598,880
Alternative investments	719,296	-	-	719,296	643,435	-	-	643,435
Total Investments	6,524,176	-	-	6,524,176	5,628,187	-	-	5,628,187
Beneficial Interest in Trust	-	-	130,520	130,520	-	-	118,065	118,065
<b>Total assets at fair value</b>	<b>\$ 6,524,176</b>	<b>\$ -</b>	<b>\$ 130,520</b>	<b>\$ 6,654,696</b>	<b>\$ 5,628,187</b>	<b>\$ -</b>	<b>\$ 118,065</b>	<b>\$ 5,746,252</b>

The following table illustrates the activity of Level 3 assets during the years ended December 31, 2025 and 2024:

	2025	2024
<b>Fair value, beginning of year</b>	<b>\$ 118,065</b>	<b>\$ 112,100</b>
<b>Unrealized gains</b>	<b>18,192</b>	<b>11,691</b>
<b>Distributions and fees</b>	<b>(5,737)</b>	<b>(5,726)</b>
<b>Fair value, end of year</b>	<b>\$ 130,520</b>	<b>\$ 118,065</b>

There were no changes during the years ended December 31, 2025 and 2024 to the YMCA's valuation techniques used to measure asset and liability fair values on a recurring basis.

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
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**NOTE E: INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

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, 2025. 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 pledges 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.

**NOTE F: PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment at December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 20,607,102	\$ 19,532,616
Buildings and building improvements	72,167,404	66,804,831
Leasehold improvements	159,392	17,443
Equipment and furniture	10,163,474	7,975,068
Construction in progress	4,910,293	4,063,864
Vehicles	<u>270,451</u>	<u>231,551</u>
Total investment in property, plant, and equipment	108,278,116	98,625,372
Less accumulated depreciation	<u>(53,446,263)</u>	<u>(50,991,020)</u>
 Net investment in property, plant, and equipment	 <u>\$ 54,831,853</u>	 <u>\$ 47,634,353</u>

Depreciation expense for the years ended December 31, 2025 and 2024 was \$2,623,689 and \$2,439,785, respectively.

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
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**NOTE G: LEASE 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 is 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>2025</u>	<u>2024</u>
<b>Operating Leases</b>		
Operating lease right-of-use assets	<u>\$ 930,344</u>	<u>\$ 119,451</u>
Current portion of operating lease liability	\$ 217,515	\$ 74,189
Long-term operating lease liability	<u>712,829</u>	<u>45,262</u>
<b>Total operating lease liability</b>	<u><b>\$ 930,344</b></u>	<u><b>\$ 119,451</b></u>
<b>Finance Leases</b>		
Finance lease right-of-use assets	\$ 3,931,144	\$ 3,599,479
Accumulated amortization	<u>(1,191,731)</u>	<u>(2,334,988)</u>
<b>Finance lease right-of-use assets, net</b>	<u><b>\$ 2,739,413</b></u>	<u><b>\$ 1,264,491</b></u>
Current portion of finance lease liability	\$ 991,309	\$ 523,478
Long-term finance lease liability	<u>1,683,847</u>	<u>613,422</u>
<b>Total finance lease liability</b>	<u><b>\$ 2,675,156</b></u>	<u><b>\$ 1,136,900</b></u>

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
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**NOTE G: LEASE ARRANGEMENTS (CONTINUED)**

Total lease costs for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
<b>Finance lease costs</b>		
Amortization of right-of-use assets	\$ 1,019,767	\$ 818,976
Interest on lease liabilities	168,550	38,686
<b>Operating lease costs</b>	137,162	110,654
<b>Short-term lease costs</b>	<u>110,452</u>	<u>53,349</u>
<b>Total lease costs</b>	<u>\$ 1,435,931</u>	<u>\$ 1,021,665</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2025, and 2024:

	<u>2025</u>	<u>2024</u>
<b>Weighted average remaining lease term</b>		
Operating leases	4.0 years	1.1 years
Finance leases	2.7 years	2.0 years
<b>Weighted average discount rate</b>		
Operating leases	6.10%	3.08%
Finance leases	6.03%	4.67%

The maturities of lease liabilities as of December 31, 2025 are as follows:

	<u>Operating</u>	<u>Finance</u>
<b>2026</b>	\$ 266,924	\$ 1,121,188
<b>2027</b>	251,924	941,386
<b>2028</b>	204,007	413,965
<b>2029</b>	200,424	277,954
<b>2030</b>	133,615	159,694
<b>Thereafter</b>	<u>-</u>	<u>26,149</u>
<b>Total lease payments</b>	1,056,894	2,940,336
<b>Less: interest</b>	<u>(126,550)</u>	<u>(265,180)</u>
<b>Present value of lease liabilities</b>	<u>\$ 930,344</u>	<u>\$ 2,675,156</u>

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**NOTE G: LEASE ARRANGEMENTS (CONTINUED)**

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

	<u>2025</u>	<u>2024</u>
<b>Cash paid for amounts included in the measurement of lease liabilities</b>		
<b>Operating cash flows for operating leases</b>	\$ 137,162	\$ 110,654
<b>Operating cash flows for finance leases - (interest)</b>	168,550	38,686
<b>Financing cash flows from finance leases - (principal)</b>	<u>1,119,511</u>	<u>873,936</u>
	<u>\$ 1,425,223</u>	<u>\$ 1,023,276</u>
<b>Lease assets obtained in exchange for lease obligations:</b>		
<b>Operating leases</b>	<u>\$ 948,056</u>	<u>\$ -</u>
<b>Finance leases</b>	<u>\$ 2,657,767</u>	<u>\$ 566,648</u>

**NOTE H: 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, 2025 and 2024 were \$0.

The line of credit agreement contains certain financial and nonfinancial covenants. The YMCA was in compliance with these covenants at December 31, 2025 and 2024.

**NOTE I: CAPITAL LINE OF CREDIT**

The YMCA has a \$5,000,000 capital manager line of credit (Capital LOC) with First Citizens. The Capital LOC is secured by a Negative Pledge Agreement on four of the YMCA's real properties. The Capital LOC bears interest at a fixed rate of 6.25%. Interest is payable monthly on any outstanding borrowings. The Capital LOC matures on November 25, 2029. Borrowings against the Capital LOC as of December 31, 2025 was \$1,197,132. The Capital LOC agreement contains certain financial and nonfinancial covenants. The YMCA was in compliance with these covenants at December 31, 2025.

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**NOTE J: BONDS AND NOTES PAYABLE**

Bonds and notes payable as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
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	\$ 477,162	\$ 649,258
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	656,931	893,853
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	8,510,313	9,144,340
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>565,749</u>	<u>605,159</u>
	10,210,155	11,292,610
Unamortized loan costs	<u>(178,592)</u>	<u>(208,955)</u>
Total bonds and notes payable	10,031,563	11,083,655
Less current portion	<u>(1,082,593)</u>	<u>(1,082,455)</u>
Long-term bonds and notes payable	<u>\$ 8,948,970</u>	<u>\$ 10,001,200</u>

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**NOTE J: BONDS AND NOTES PAYABLE (CONTINUED)**

Future annual maturities of the bonds and notes payable are as follows:

<b>2026</b>	<b>\$ 1,082,593</b>
<b>2027</b>	<b>1,083,256</b>
<b>2028</b>	<b>1,102,469</b>
<b>2029</b>	<b>751,550</b>
<b>2030</b>	<b>772,470</b>
<b>Thereafter</b>	<b><u>5,417,817</u></b>
<b>Total</b>	<b><u>\$ 10,210,155</u></b>

Various restrictive covenants exist for the outstanding debt. The YMCA was in compliance with these covenants at December 31, 2025 and 2024.

**NOTE K: BOARD DESIGNATED NET ASSETS**

Board designated net assets as of December 31, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
<b>Endowment</b>	<b><u>\$ 3,500,898</u></b>	<b><u>\$ 3,113,247</u></b>
<b>Total board designated net assets</b>	<b><u>\$ 3,500,898</u></b>	<b><u>\$ 3,113,247</u></b>

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**NOTE L: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
<b>Net assets with donor restrictions:</b>		
<b>Restricted for:</b>		
<b>Programs</b>	\$ 1,593,172	\$ 1,918,249
<b>Capital expenditure</b>	1,258,434	2,986,583
<b>Time</b>	2,013,928	2,960,818
<b>Endowments restricted in perpetuity</b>	<u>2,124,593</u>	<u>1,857,327</u>
<b>Total net assets with donor restrictions</b>	<u>\$ 6,990,127</u>	<u>\$ 9,722,977</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, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
<b>Programs</b>	\$ 542,365	\$ 162,944
<b>Time</b>	1,000,000	1,000,000
<b>Capital expenditure</b>	<u>3,705,426</u>	<u>3,214,602</u>
<b>Total donor net assets released from restrictions</b>	<u>\$ 5,247,791</u>	<u>\$ 4,377,546</u>

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**NOTE M: 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 purposes of youth development, healthy living, and 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 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, 2025 and 2024, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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 YMCA, and (7) the YMCA’s investment policies.

Endowment net asset composition by type of fund as of December 31, 2025 and 2024 is as follows:

<u>2025</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Restricted in perpetuity	\$ -	\$ 2,124,593	\$ 2,124,593
Accumulated investment gain on amounts to be retained in perpetuity	-	1,036,214	1,036,214
Board-designated	<u>3,500,898</u>	<u>-</u>	<u>3,500,898</u>
<b>Total funds</b>	<b><u>\$ 3,500,898</u></b>	<b><u>\$ 3,160,807</u></b>	<b><u>\$ 6,661,705</u></b>
<u>2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</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>
<b>Total funds</b>	<b><u>\$ 3,113,247</u></b>	<b><u>\$ 2,638,881</u></b>	<b><u>\$ 5,752,128</u></b>

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**NOTE M: ENDOWMENT (CONTINUED)**

Changes in endowment net assets for the years ended December 31, 2025 and 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets as of January 1, 2024	\$ 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	-	193,658	193,658
Reclassification of net assets	(576,364)	576,364	-
Distribution of board designated funds	(180,051)	-	(180,051)
Appropriation of endowment net assets for expenditure	<u>(67,939)</u>	<u>(57,589)</u>	<u>(125,528)</u>
Endowment net assets as of December 31, 2024	3,113,247	2,638,881	5,752,128
Investment return:			
Investment income	94,557	84,449	179,006
Net realized and unrealized gain	<u>262,542</u>	<u>237,038</u>	<u>499,580</u>
Total investment return	<u>357,099</u>	<u>321,487</u>	<u>678,586</u>
Endowment contributions	104,569	267,266	371,835
Appropriation of endowment net assets for expenditure	<u>(74,017)</u>	<u>(66,827)</u>	<u>(140,844)</u>
Endowment net assets as of December 31, 2025	<u>\$ 3,500,898</u>	<u>\$ 3,160,807</u>	<u>\$ 6,661,705</u>

*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.

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**NOTE M: ENDOWMENT (CONTINUED)**

*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, 2025 or 2024.

**NOTE N: 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>2025</u>	<u>2024</u>
Special event revenue	\$ 652,133	\$ 513,453
Special event direct expenses	<u>(297,172)</u>	<u>(245,935)</u>
Special event revenue, net	<u>\$ 354,961</u>	<u>\$ 267,518</u>

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**NOTE O: 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>2025</u>	<u>2024</u>
<b>Membership dues</b>	<b>\$ 22,682,816</b>	<b>\$ 21,117,274</b>
<b>Less financial assistance provided</b>	<b><u>(1,228,087)</u></b>	<b><u>(1,181,253)</u></b>
<b>Membership dues, net</b>	<b><u>\$ 21,454,729</u></b>	<b><u>\$ 19,936,021</u></b>
<b>Program fees</b>	<b>\$ 10,414,593</b>	<b>\$ 9,306,503</b>
<b>Less financial assistance provided</b>	<b><u>(772,407)</u></b>	<b><u>(669,827)</u></b>
<b>Program fees, net</b>	<b><u>\$ 9,642,186</u></b>	<b><u>\$ 8,636,676</u></b>

**NOTE P: IN-KIND CONTRIBUTIONS**

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

	<u>2025</u>	<u>2024</u>
<b>Operating</b>		
<b>Prizes and giveaways</b>	<b>\$ 11,969</b>	<b>\$ 8,592</b>
<b>Food and beverages</b>	<b>6,700</b>	<b>1,500</b>
<b>Printing services</b>	<b><u>2,000</u></b>	<b><u>1,000</u></b>
	<b><u>\$ 20,669</u></b>	<b><u>\$ 11,092</u></b>

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.

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**NOTE Q:           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 \$1,007,824 and \$705,978 for the years ended December 31, 2025 and 2024, respectively, of which \$44,797 was unpaid at December 31, 2025.

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 R:           RELATED PARTIES**

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2025 and 2024, were \$399,729 and \$410,712, respectively.

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**NOTE S: NEW MARKET TAX CREDIT PROGRAM AND PROJECT**

The New Market Tax Credit (NMTC) program was designed to stimulate investment and economic growth in low-income communities by offering taxpayers a 39% tax credit against federal income taxes over a seven-year period for Qualified Equity Investment (QEIs) in designated Community Development Entities (CDEs). CDEs receive NMTC allocations pursuant to Section 45D of the Internal Revenue Code. These designated CDEs must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICI). To earn the tax credit, the QEI must remain invested in the CDE for a seven-year period. Also, the entity receiving the loans needs to be treated as a Qualified Active Low-Income Community Business (QALICB) for the duration of the seven-year period. The QALICB requirements are outlined in Treasury Regulation Section 1.45D-1 (d)(4)(i).

On April 9, 2025, the YMCA entered into multiple agreements, assisted by the NMTC program, to facilitate the renovation of an approximately 50,000 square foot existing branch building owned by the YMCA located at 901 Waterworks Road, Winston-Salem, North Carolina (the "Project Property"). The renovated facility, known as the YMCA REACH Center, will include updated child care and youth programming spaces, a new wellness center, dedicated space for a primary health care center with imaging capabilities, and dedicated workforce development training space. While the majority of the building was opened in May 2025, construction was still in progress at December 31, 2025.

Prior to the NMTC transaction closing, the YMCA received funding from a variety of sources including private foundations, individuals, county grants, city grants, internal reserves, and other charitable organizations to fund the project. The combined amount of the pre-close funding approximated \$5,855,200.

As a part of the closing, the YMCA's funds raised prior to closing were used to provide for the initial capitalization of East Winston Opportunity Resource Center ("EWORC") and to fund the NMTC leveraged loan receivable to RCY Winston Investment Fund, LLC ("RCYWIF"), whose sole member is Truist Community Capital, LLC ("TCC"), a third party unrelated to the YMCA and EWORC.

RCYWIF used the funding from the leveraged loan along with an approximate \$2,464,800 net equity investment from TCC to make a \$8,000,000 capital contribution to Self-Help New Markets 24, LLC ("SH CDE"). RCYWIF holds a 99.99% membership interest in SH CDE, and Self-Help Manager, LLC, an affiliate of the CDE's allocatee, holds the remaining 0.01% membership interest. SH CDE, in turn, used the funding to originate the two QLICI loans (see below) due from EWORC. EWORC used the proceeds of the QLICI loans, along with the initial contribution from the YMCA, to fund the SH CDE Reserve Fund (See Note B), pay professional fees associated with the NMTC transaction, and fund renovation costs for the Project Property. Also, as a part of the closing, the YMCA entered into a 99-year ground and building head lease of the Project Property to EWORC for a one-time upfront lease payment, and EWORC simultaneously leased the Project Property back to the YMCA under an operating lease for a 30-year term. The lease transactions are eliminated upon consolidation.

The transaction is subject to a put/call option agreement. TCC has a put option whereby, upon exercise of the option after the last day of the seven-year tax credit compliance period, the YMCA has the obligation to purchase TCC's 100% membership interest in RCYWIF for \$1,000. If the put option is not exercised within the put option period, the YMCA has a call option whereby, if exercised, it has the right to purchase TCC's membership interest in RCYWIF at fair market value.

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**NOTE S: NEW MARKET TAX CREDIT PROGRAM AND PROJECT (CONTINUED)**

The tax credits associated with the transaction are contingent on the YMCA maintaining compliance with applicable portions of Section 45D of the Internal Revenue Code. Failure to maintain compliance or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus penalties and interest. The YMCA and EWORC have both signed a QALICB Indemnification Agreement that obligates them, jointly and severally, to pay any NMTC recapture amount, as defined in Section 45D(g)(2) of the Internal Revenue Code, to investors within the NMTC structure with respect to related tax credits that have been claimed with respect to the \$8,000,000 designated qualified equity investment amount at the time of any recapture or disallowance of tax credits claimed. Recapture or disallowance can result from EWORC failing to qualify as a QALICB or the SH CDE loans failing to qualify as qualified low-income community investments (QLICs), among others.

**NMTC Leveraged Loan Receivable**

NMTC leveraged loan receivable, also previously referred to as “LLR”, consists of the following at December 31, 2025 and 2024:

	2025	2024
<p><b>Promissory Note in the original amount of \$5,855,200 due from RCYWIF (an unrelated entity) dated April 9, 2025, with annual interest-only payments at the fixed rate of 1.366% due each December 15 beginning December 15, 2025 through December 15, 2031. Commencing December 15, 2032, annual principal and interest payments of \$365,689 will be due each December 15 until maturity on April 9, 2050; collateralized by a security interest in RCYWIF’s membership interest in SH CDE; the loan agreement and other governing documents restrict the use of the funds to EWORC, a qualified active low-income community business, for the term of the note. The loan principal may be prepaid at any time without penalty or premium.</b></p>	<p><b><u>\$ 5,855,200</u></b></p>	<p><b><u>\$ -</u></b></p>

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**NOTE S: NEW MARKET TAX CREDIT PROGRAM AND PROJECT (CONTINUED)**

**NMTC Loans Payable**

NMTC loans payable consists of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<p>QLICI Loan A – Self-Help New Markets 24, LLC, in the original principal amount of \$5,855,200, dated April 9, 2025. Interest accrues at a fixed rate of 1.0% per annum (30/360), with annual interest-only payments due each December 5 beginning December 5, 2025 through December 5, 2031. Commencing December 5, 2032, annual principal and interest payments of \$284,131 will be due each December 5 until maturity on April 9, 2055. The note may not be prepaid prior to the seventh anniversary of the closing date.</p>	\$ 5,855,200	\$ -
<p>QLICI Loan B – Self-Help New Markets 24, LLC, in the original principal amount of \$2,144,800, dated April 9, 2025. Interest accrues at a fixed rate of 1.0% per annum (30/360), with annual interest-only payments due each December 5 beginning December 5, 2025 through December 5, 2031. Commencing December 5, 2032, annual principal and interest payments of \$104,079 will be due each December 5 until maturity on April 9, 2055. The note may not be prepaid prior to the seventh anniversary of the closing date.</p>	<u>2,144,800</u>	<u>-</u>
<b>Total NMTC loans payable</b>	<b>8,000,000</b>	<b>-</b>
<b>Less debt issuance costs</b>	<b><u>(388,797)</u></b>	<b><u>-</u></b>
<b>Net NMTC loans payable</b>	<b><u>\$ 7,611,203</u></b>	<b><u>\$ -</u></b>

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2025 (Consolidated) and 2024**

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**NOTE S: NEW MARKET TAX CREDIT PROGRAM AND PROJECT (CONTINUED)**

***NMTC Loans Payable (Continued)***

EWORC debt is governed by a credit agreement, which contains covenants that, among others, restrict the Project Property to uses allowed as a Qualified Active Low-Income Community Business (QALICB), defined in Section 45D of the Internal Revenue Code, for the term of the loans and require EWORC to cause completion of construction of the Project Property as set forth in the loan agreement. In addition, among other negative covenants, EWORC has agreed not to:

- Incur, create, assume, or become liable for debt or contingent debt except for the Self-Help New Markets 24, LLC QLICI loans, unsecured trade payables in the ordinary course of business, and taxes, assessments, or other governmental charges as long as EWORC has provided adequate reserves for such items;
- Incur, assume, or permit to exist any lien on its property;
- Merge, acquire, or consolidate with another entity or person except YMCA of Northwest North Carolina; and/or
- Sell the Project Property.

Anticipated future maturities of debt are as follows at each December 31:

<b>2026 - 2030</b>	\$	-
<b>Thereafter</b>		<u><b>8,000,000</b></u>
		<u><u><b>\$ 8,000,000</b></u></u>

During the year ended December 31, 2025, \$58,000 of interest was incurred under these long-term debt agreements (none for the year ended December 31, 2024, as the transaction closed on April 9, 2025). Loans payable by EWORC are also secured by an assignment of construction documents and a negative pledge on the Project Property.

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**December 31, 2025**

	YMCA of Northwest North Carolina	East Winston Opportunity Resource Center	Eliminations	Consolidated Totals
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 6,676,891	\$ 3,839	\$ -	\$ 6,680,730
Restricted cash - NMTC	-	1,196,705	-	1,196,705
Accounts receivable				
Members and participants	99,294	-	-	99,294
Pledges receivable, net	314,589	-	-	314,589
Grants and contracts	196,796	-	-	196,796
Refundable sales tax	275,010	-	-	275,010
Other accounts receivable	1,582,387	-	-	1,582,387
Intercompany receivable (payable)	1,687	(1,687)	-	-
Prepaid expenses	331,919	-	-	331,919
<b>Total Current Assets</b>	<b>9,478,573</b>	<b>1,198,857</b>	<b>-</b>	<b>10,677,430</b>
Investments, at fair value	6,524,176	-	-	6,524,176
Beneficial interest in trust	130,520	-	-	130,520
Long-term pledges receivable	373,244	-	-	373,244
Long-term accounts receivable	750,000	-	-	750,000
NMTC leveraged loan receivable	5,855,200	-	-	5,855,200
Finance lease right-of-use assets, net	2,739,413	-	-	2,739,413
Operating lease right-of-use assets, net	6,970,868	-	(6,040,524)	930,344
Property, plant and equipment, net	47,620,382	7,211,471	-	54,831,853
<b>TOTAL ASSETS</b>	<b>\$ 80,442,376</b>	<b>\$ 8,410,328</b>	<b>\$ (6,040,524)</b>	<b>\$ 82,812,180</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 1,255,937	\$ 178,638	\$ -	\$ 1,434,575
Accrued expenses	867,378	-	-	867,378
Deferred revenue	880,901	-	-	880,901
Current portion of finance lease liability	991,309	-	-	991,309
Current portion of operating lease liability	12,788	-	204,727	217,515
Current portion of bonds and notes payable	1,082,593	-	-	1,082,593
<b>Total Current Liabilities</b>	<b>5,090,906</b>	<b>178,638</b>	<b>204,727</b>	<b>5,474,271</b>
Capital line of credit	1,197,132	-	-	1,197,132
Long-term finance lease liability	1,683,847	-	-	1,683,847
Long-term operating lease liability	7,073,192	-	(6,360,363)	712,829
Long-term bonds and notes payable	8,948,970	-	-	8,948,970
NMTC loans payable, net	-	7,611,203	-	7,611,203
<b>Total Liabilities</b>	<b>23,994,047</b>	<b>7,789,841</b>	<b>(6,155,636)</b>	<b>25,628,252</b>
<b>Net Assets</b>				
<b>Without donor restrictions</b>				
Undesignated	9,901,092	620,487	115,112	10,636,691
Board designated	3,500,898	-	-	3,500,898
Invested in property, plant, and equipment, net of related debt	36,056,212	-	-	36,056,212
<b>Total Without Donor Restrictions</b>	<b>49,458,202</b>	<b>620,487</b>	<b>115,112</b>	<b>50,193,801</b>
<b>With donor restrictions</b>				
Restricted by purpose or time	4,865,534	-	-	4,865,534
Restricted in perpetuity	2,124,593	-	-	2,124,593
<b>Total With Donor Restrictions</b>	<b>6,990,127</b>	<b>-</b>	<b>-</b>	<b>6,990,127</b>
<b>Total Net Assets</b>	<b>56,448,329</b>	<b>620,487</b>	<b>115,112</b>	<b>57,183,928</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 80,442,376</b>	<b>\$ 8,410,328</b>	<b>\$ (6,040,524)</b>	<b>\$ 82,812,180</b>

**YMCA OF NORTHWEST NORTH CAROLINA AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2025**

	YMCA of Northwest North Carolina	East Winston Opportunity Resource Center	Eliminations	Consolidated Totals
<b>OPERATING ACTIVITIES</b>				
<b>Public Support</b>				
Contributions	\$ 2,923,003	\$ 844,477	\$ (844,477)	\$ 2,923,003
In-kind contributions	20,669	-	-	20,669
United Way allocations	159,336	-	-	159,336
Corporate and foundation grants	556,644	-	-	556,644
Special events, net	354,961	-	-	354,961
Sales to public, net	30,492	-	-	30,492
<b>Total Public Support</b>	<b>4,045,105</b>	<b>844,477</b>	<b>(844,477)</b>	<b>4,045,105</b>
<b>Revenue</b>				
Government grants and contracts	838,844	-	-	838,844
Membership fees, net	21,454,729	-	-	21,454,729
Program fees, net	9,655,519	75,000	(88,333)	9,642,186
Allocation of investment earnings	140,844	-	-	140,844
interest income	199,088	5,889	-	204,977
<b>Total Revenue</b>	<b>32,289,024</b>	<b>80,889</b>	<b>(88,333)</b>	<b>32,281,580</b>
<b>Total Public Support and Revenue</b>	<b>36,334,129</b>	<b>925,366</b>	<b>(932,810)</b>	<b>36,326,685</b>
<b>EXPENSES</b>				
<b>Program services</b>				
Youth development	8,353,765	-	-	8,353,765
Healthy living	22,423,571	258,796	(190,112)	22,492,255
Social responsibility	802,290	-	-	802,290
<b>Total Program Services</b>	<b>31,579,626</b>	<b>258,796</b>	<b>(190,112)</b>	<b>31,648,310</b>
<b>Supporting services</b>				
Management and general	4,834,778	46,083	(857,810)	4,023,051
Fundraising	1,451,343	-	-	1,451,343
<b>Total Supporting Services</b>	<b>6,286,121</b>	<b>46,083</b>	<b>(857,810)</b>	<b>5,474,394</b>
<b>Total Expenses</b>	<b>37,865,747</b>	<b>304,879</b>	<b>(1,047,922)</b>	<b>37,122,704</b>
<b>Change in Net Assets from Operations</b>	<b>(1,531,618)</b>	<b>620,487</b>	<b>115,112</b>	<b>(796,019)</b>
<b>NON-OPERATING ACTIVITIES</b>				
Loss on sale of property	(26,304)	-	-	(26,304)
Net realized and unrealized gain on investments in excess of designation for current operations	340,635	-	-	340,635
Investment income, net	261,325	-	-	261,325
Change in beneficial interest in trust	16,975	-	-	16,975
Contributions for endowment	371,835	-	-	371,835
Contributions for capital assets	1,274,807	-	-	1,274,807
Grants for capital assets	290,649	-	-	290,649
<b>Total Non-Operating Activities</b>	<b>2,529,922</b>	<b>-</b>	<b>-</b>	<b>2,529,922</b>
<b>Change in Net Assets</b>	<b>998,304</b>	<b>620,487</b>	<b>115,112</b>	<b>1,733,903</b>
Net Assets, Beginning of Year	55,450,025	-	-	55,450,025
Net Assets, End of Year	<b>\$ 56,448,329</b>	<b>\$ 620,487</b>	<b>\$ 115,112</b>	<b>\$ 57,183,928</b>