

THE YOUNG MEN'S CHRISTIAN
ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA

FINANCIAL STATEMENTS

December 31, 2024

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D/B/A WATERTOWN FAMILY YMCA**

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INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS
THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC. D/B/A WATERTOWN FAMILY YMCA**, (a nonprofit organization) (the "Watertown Family 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Watertown Family YMCA, 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 audit 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Watertown Family YMCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility 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 Watertown Family YMCA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Watertown Family YMCA'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 Watertown Family YMCA's ability to continue as a going concern for a reasonable period of time.

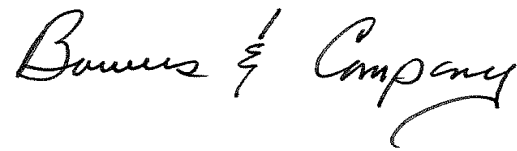
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Watertown Family YMCA's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 2, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2025, on our consideration of Watertown Family YMCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Watertown Family YMCA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Watertown Family YMCA's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bowser & Company". The signature is written in a cursive, flowing style.

Watertown, New York
April 4, 2025

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

December 31, 2024 with Comparative Totals for 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,456,384	\$ 3,394,935
Restricted Cash	152,838	97,813
Certificate of Deposit	60,988	-
Investments - Operating	24,776	23,856
Grants and Contracts Receivable	168,255	178,938
Program Fee Receivable	93,752	64,892
Prepaid Expenses	84,962	279,504
Unconditional Promises to Give	469,376	498,959
Total Current Assets	<u>4,511,331</u>	<u>4,538,897</u>
NON-CURRENT ASSETS		
Cash - Endowment	-	9,269
Unconditional Promises to Give, Net	264,619	644,830
Investments - Endowment	1,655,786	1,495,101
Assets Held By Northern New York Community Foundation	748,550	669,751
Right of Use Asset, Operating Lease	502,282	513,993
Property and Equipment, Net	29,595,134	30,844,603
Property and Equipment, Held for Sale	-	475,000
Deferred Loss on Sale/Leaseback, Net	113,502	115,722
Total Non-Current Assets	<u>32,879,873</u>	<u>34,768,269</u>
TOTAL ASSETS	<u><u>\$ 37,391,204</u></u>	<u><u>\$ 39,307,166</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 175,455	\$ 2,736,763
Accrued Expenses	101,524	127,642
Deferred Revenue	327,915	304,754
Refundable Advances	89,201	298,675
Current Portion of Lease Liability	8,375	8,023
Current Portion of Long-Term Debt	364,948	84,391
Total Current Liabilities	<u>1,067,418</u>	<u>3,560,248</u>
LONG-TERM LIABILITIES		
Lease Liability, Net	509,134	517,509
Long-Term Debt, Net	8,160,348	10,770,302
Total Long-Term Liabilities	<u>8,669,482</u>	<u>11,287,811</u>
Total Liabilities	<u>9,736,900</u>	<u>14,848,059</u>
NET ASSETS		
Net Assets Without Donor Restrictions	26,495,951	23,384,047
Net Assets With Donor Restrictions	1,158,353	1,075,060
Total Net Assets	<u>27,654,304</u>	<u>24,459,107</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 37,391,204</u></u>	<u><u>\$ 39,307,166</u></u>

See notes to financial statements.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

STATEMENT OF ACTIVITIES

Year Ended December 31, 2024 with Summarized Totals for 2023

	Without Donor Restrictions	With Donor Restrictions	Totals 2024	2023 (Summarized)
SUPPORT AND REVENUE				
Membership Dues	\$ 2,379,551	\$ -	\$ 2,379,551	\$ 1,550,673
Contributions	333,221	-	333,221	1,075,936
Program Fee Income	3,486,733	-	3,486,733	2,962,051
Government and Other Contracts	5,376,589	-	5,376,589	4,909,339
Rental Income	62,970	-	62,970	72,450
Sales and Commissions	8,037	-	8,037	8,094
Interest and Dividends, Net of Fees	44,674	15,730	60,404	177,475
Net Realized and Unrealized Gain on Investments	155,688	38,724	194,412	274,871
Change in Assets Held by Northern New York Community Foundation	5,279	73,520	78,799	78,251
Miscellaneous Revenue	6,631	-	6,631	101,332
Net Assets Released from Restriction	44,681	(44,681)	-	-
Total Support and Revenue	11,904,054	83,293	11,987,347	11,210,472
EXPENSES AND LOSSES				
Program Services				
Healthy Living	5,148,212	-	5,148,212	3,233,864
Youth Development	2,514,568	-	2,514,568	2,686,803
Management and General	603,686	-	603,686	474,074
Fundraising	55,613	-	55,613	54,758
Total Expenses	8,322,079	-	8,322,079	6,449,499
Loss on Disposal of Equipment	-	-	-	7,882
Loss on Disposal of Building and Leasehold Improvements	470,071	-	470,071	565,427
Total Expenses and Losses	8,792,150	-	8,792,150	7,022,808
CHANGE IN NET ASSETS	3,111,904	83,293	3,195,197	4,187,664
NET ASSETS, BEGINNING OF YEAR	23,384,047	1,075,060	24,459,107	20,271,443
NET ASSETS, END OF YEAR	\$ 26,495,951	\$ 1,158,353	\$ 27,654,304	\$ 24,459,107

See notes to financial statements.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024 with Summarized Totals for 2023

	Program Services		Supporting Services		Totals	
	Healthy Living	Youth Development	Management and General	Fundraising	2024	2023 (Summarized)
Salaries and Wages	\$ 2,086,209	\$ 1,727,135	\$ 240,773	\$ 37,291	\$ 4,091,408	\$ 3,683,646
Employee Benefits	262,960	259,963	35,089	4,172	562,184	526,731
Total Salaries, Wages, and Employee Benefits	2,349,169	1,987,098	275,862	41,463	4,653,592	4,210,377
Bank Service Charges	138,419	27,857	39	521	166,836	112,211
Conferences and Conventions	236	-	-	-	236	116
Contractual Services	230,870	122,718	125,340	2,400	481,328	455,158
Dues	61,793	56,187	7,120	-	125,100	99,786
Fundraising Expense	-	-	-	9,297	9,297	11,326
Insurance	96,919	62,342	71,626	-	230,887	147,289
Interest	619,749	-	3,771	-	623,520	41,838
Operating Lease Expense	33,503	-	-	-	33,503	33,504
Miscellaneous	17	-	-	-	17	9
Occupancy	259,680	40,412	-	-	300,092	194,881
Printing, Publications and Promotion	6,371	22,215	93,103	-	121,689	55,385
Supplies and Other Program Expense	257,449	141,250	4,870	1,932	405,501	449,760
Telephone	14,846	3,304	-	-	18,150	22,755
Travel and Employee Expense	20,793	12,060	19,566	-	52,419	70,581
Credit Losses (Recoveries)	32,229	(3,450)	-	-	28,779	11,347
Total Operating Expenses Before Depreciation and Amortization	4,122,043	2,471,993	601,297	55,613	7,250,946	5,916,323
Depreciation and Amortization Expense	1,026,169	42,575	2,389	-	1,071,133	533,176
TOTAL EXPENSES	\$ 5,148,212	\$ 2,514,568	\$ 603,686	\$ 55,613	\$ 8,322,079	\$ 6,449,499

See notes to financial statements.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

STATEMENT OF CASH FLOWS

Year Ended December 31, 2024 with Comparative Totals for 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 3,195,197	\$ 4,187,664
Adjustments to Reconcile Changes in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation Expense	1,055,380	514,898
Amortization Expense	15,753	18,278
Amortization of Debt Issuance Costs	1,928	1,928
Operating Lease Expense	11,711	11,374
Loss on Disposal of Property and Equipment	470,071	573,309
Adjustment for Discount for Uncollectible Promises to		
Give, Net	(72,610)	81,772
Credit Losses	28,779	11,347
Change in Assets Held by Northern New York		
Community Foundation	(78,799)	(78,251)
Realized Gain on Investments	(67,779)	(157,840)
Unrealized Gain on Investments	(126,633)	(117,031)
 (Increase) Decrease in Operating Assets		
Grants and Contracts Receivable	10,683	1,263,102
Program Fee Receivable	(57,639)	(36,153)
Employee Retention Credit Receivable	-	482,169
Prepaid Expenses	194,542	(66,793)
Unconditional Promises to Give, Net	482,404	152,180
 Increase (Decrease) in Operating Liabilities		
Accounts Payable	(2,561,308)	(124,690)
Accrued Expenses	(26,118)	53,373
Deferred Revenue	23,161	63,809
Refundable Advances	(209,474)	6,419
Operating Lease Liability	(8,023)	(5,605)
Net Cash Provided By Operating Activities	<u>2,281,226</u>	<u>6,835,259</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(161,542)	(1,601,579)
Proceeds from Sale of Investments	194,349	2,099,333
Purchase of Certificate of Deposit	(60,988)	-
Purchase of Property and Equipment	(258,030)	(16,694,830)
Proceeds from Sale of Building	443,515	-
Net Cash Provided By (Used In) Investing Activities	<u>\$ 157,304</u>	<u>\$ (16,197,076)</u>

See notes to financial statements.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2024 with Comparative Totals for 2023

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	\$ 2,135,778	\$ 3,025,300
Payments on Long-Term Debt	<u>(4,467,103)</u>	<u>(3,856)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(2,331,325)</u>	<u>3,021,444</u>
 Net Increase (Decrease) in Cash	 107,205	 (6,340,373)
 Cash, Beginning of Year	 <u>3,502,017</u>	 <u>9,842,390</u>
 Cash, End of Year	 <u><u>\$ 3,609,222</u></u>	 <u><u>\$ 3,502,017</u></u>
 Reconciliation of Cash:		
 Cash	 \$ 3,456,384	 \$ 3,394,935
Restricted Cash	152,838	97,813
Cash - Endowment	<u>-</u>	<u>9,269</u>
 Total Cash	 <u><u>\$ 3,609,222</u></u>	 <u><u>\$ 3,502,017</u></u>

See notes to financial statements.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 1 – NATURE OF OPERATIONS

The Young Men's Christian Association of Watertown, NY Inc., currently doing business as Watertown Family YMCA, (the "YMCA") is a non-profit organization, which originated in 1855 and was chartered in 1870. The YMCA's cause is to strengthen the community through healthy living and youth development. The YMCA operates health and wellness facilities and also offers various childcare services and health education programs to the general public out of various facilities in the Watertown, New York and surrounding areas.

Healthy Living Program

The focus of healthy living programs is to offer opportunities for everyone in the family to be active in a safe inclusive environment open to all ages, abilities, incomes, races, ethnicities, and religions. Programs are designed to promote healthy lifestyles, develop specific skills, teach strong character values, and encourage the development of friendships leading to a stronger community.

Youth Development Program

The youth development program offers licensed childcare centers for youth ages three months to 12 years old and development programming for youth ages 10-17. Programming is developed to ensure a safe environment, character and self-esteem building, active play, and academic upgrading. Most programs are state licensed with the Office of Children and Family Services. Funding support for programming is received from Armed Services YMCA of the USA, the Department of Defense, Youth Bureau of Jefferson County, and the United Way.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the YMCA have been prepared on the accrual basis and accordingly reflect all significant receivables, payables, and other liabilities.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

The YMCA reports information regarding its financial position and activities according to two classes: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions: Are currently available for operating purposes subject only to the broad limits resulting from the nature of the YMCA or invested in property and equipment, net of accumulated depreciation. Net assets without donor restrictions generally result from receiving contributions that have no donor restrictions, providing services, government grants and contracts, and receiving interest from operating investments, less expenses incurred in providing program-related services and performing administrative functions. The Board of Directors, through voluntary resolutions, has set aside portions of the YMCA's net assets without donor restrictions.

Net Assets With Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash

For the purposes of the Statement of Cash Flows, the YMCA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, or endowment. For the years ended December 31, 2024 and 2023, the YMCA had no cash equivalents.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Cash

Restricted cash consists of money received from donors restricted for capital campaign related expenditures.

Certificate of Deposit

The YMCA holds one certificate of deposit which is reported at cost basis in the accompanying financial statements totaling \$60,988 at December 31, 2024. The certificate bears interest at 4.3% and interest is paid every month. The certificate matures on April 16, 2025. No certificates of deposit were held during the year ended December 31, 2023.

Investments

Investments are composed of debt and equity securities and are valued at fair value. Realized and unrealized gains and losses on investments are reflected in the Statement of Activities.

Assets Held by Northern New York Community Foundation

The assets held with the Northern New York Community Foundation ("Community Foundation") are stated at net asset value per share based on the YMCA's percentage of the fair value of the underlying investments, consistent with the market approach, which are valued using quoted market prices. Change in value of assets held by the Community Foundation are reflected in the Statement of Activities.

Grants and Contracts Receivable

Grants and contracts receivable represent amounts that have been billed under grant agreements and contracts but not collected as of the date of the financial statements. Grants and contracts receivable are stated at the amount management expects to be collected from the outstanding balance. As of December 31, 2024 and 2023, management has determined based on historical experience, that all amounts are fully collectible and no allowance for credit losses is necessary. A considerable amount of judgement is required when determining expected credit losses. Estimates of such losses are recorded when management believes a customer, or group of customers, may not be able to meet their financial obligations due to deterioration in financial condition or credit rating. Factors relevant to the assessments include prior collection history, the related aging of past due balances, projections of credit losses based on historical trends in credit quality indicators or past events, and forecasts of future economic conditions. Receivables are charged to expense when they are determined to be uncollectible.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Unconditional Promises to Give, Net

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after that date. The YMCA uses the allowance method to determine the uncollectible amounts for unconditional promises to give. See Note 6, Unconditional Promises to Give, Net for details.

Program Fee Receivable

Program fee receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that credit losses on balances outstanding at year-end will be immaterial. Credit losses for the years ended December 31, 2024 and 2023 was approximately \$17,800 and \$11,300, respectively.

Prepaid Expenses

Prepaid expenses are amortized over the period of benefit on a straight-line basis.

Property and Equipment

Property and Equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings and Improvements	15-40
Leasehold Improvements	7-40
Furniture, Fixtures, and Equipment	3-7
Software	7

Additions and betterments of \$2,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Revenue

Income from membership dues and program services are deferred and recognized over the periods to which the expenses relate.

Refundable Advances

Contracts from government agencies are primarily considered conditional nonexchange transactions and are recorded as government contract revenues as the association barriers are overcome, which is generally as allowable expenses are incurred. Advances are recorded as refundable advances upon receipt.

Fair Value of Financial Instruments

The carrying amounts of cash, grants and contracts receivable, and other receivables approximate fair value. Unconditional promises to give to be received in less than one-year are recorded at net realizable value because of the short maturity of those financial instruments. The net carrying amounts of investments are recorded at fair value. Unconditional promises to give receivable in more than one-year approximate fair value because they have been discounted to an appropriate interest rate.

The carrying amount of long-term debt approximates fair value because it bears interest at a rate that approximates current market rates for notes with similar maturities and credit quality.

Revenue Recognition

In accordance with ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), the YMCA recognizes revenue when control of the promised goods or services is transferred to the YMCA's outside parties in an amount that reflects the consideration the YMCA expects to be entitled to in exchange for those goods or services. The Standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

The YMCA has multiple revenue sources that are accounted for as exchange transactions, including membership dues, program fee income, and sales and commissions.

Membership Dues

The YMCA recognizes membership dues revenue over time as their performance obligations are satisfied by providing the member access to the YMCA's facilities, programs, and services over a specific period of time.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition – Continued

Program Fee Income

Program fee income is related to short-term programs, day care, and after school care. Program fee income for short-term programs is considered satisfied as of the first date the program is held. Program fee income for day care and after school care is recognized at the point in time the care is provided to the child.

In accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), the YMCA has revenue sources that are accounted for and recognized as nonreciprocal transactions at the time of transaction, including contributions.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets released from restrictions and reported in the statement of activities as net assets released from restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Donor restricted endowment contributions and investments are permanently restricted by the donor. Generally, the donors of these assets permit the YMCA to use all or part of the income earned on related investments for general or specific purposes.

Tax Status

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

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Open Tax Years

The YMCA's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended, 2023, 2022, and 2021 are subject to examination by the IRS, generally for three years after they were filed. Based on its analysis, the YMCA determined that there were no uncertain tax positions, and that the YMCA should prevail upon examination by the taxing authorities.

Functional Allocation of Expenses

Expenses consists of costs related to providing program services and administrative functions. The YMCA's operating costs have been allocated based on direct identification when possible, and allocation if a single expenditure benefits more than one function. Compensation and benefits are allocated based on estimates of time and effort. Depreciation and occupancy costs are allocated based on square footage used.

Contributed Services

During the years ended December 31, 2024 and 2023, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks to assist the YMCA, but these services do not meet the criteria for recognition as contributed services.

Contribution of Nonfinancial Assets

The YMCA receives contributions of nonfinancial assets from various local businesses and supporters. Individual items are reported at fair value as support and revenue with an offsetting expense amount only when the amount is determinable and considered to be material. As of December 31, 2024 and 2023, non-cash donations were not deemed to be material.

Concentration of Credit Risk from Deposits in Excess of Insured Limits

The YMCA maintains cash in demand deposits and time deposits with multiple federally insured banks. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, the balances in these accounts may be in excess of these limits. At December 31, 2024 and 2023, the YMCA's deposits in excess of federally insured limits totaled approximately \$1,517,000 and \$1,501,000 respectively.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Concentration of Credit Risk from Cash Deposits and Investments Held in Brokerage Accounts

RBC Wealth Management – Securities in accounts are protected up to \$500,000 by the Securities Investor Protection Corporation (“SIPC”). RBC Capital Markets Corporation has purchased additional coverage per SIPC qualified account. Cash deposits in RBC Wealth Management are deposited in Program Banks on the business day following the statement date and are covered by SIPC until such time as they are deposited in Program Banks. Deposits at Program Banks are covered up to \$250,000 at each Program Bank. At December 31, 2024 and 2023 there were no deposits in Program Banks in excess of FDIC insurance.

Leases

The YMCA leases facilities, parking lot space, and various types of office equipment. The YMCA determines if an arrangement is a lease at inception. If material to the financial statements, operating leases are included in right of use (“ROU”) asset – operating leases, current portion of operating lease liability, and long-term operating lease liability on the Statement of Financial Position.

ROU assets represent the YMCA’s right to use an underlying asset for the lease term and lease liabilities represent the YMCA’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term.

As most of the YMCA’s leases do not provide an implicit rate, the YMCA has elected to use a risk-free rate (incremental borrowing rate) based on the information available at the commencement date in determining the present value of lease payments. The ROU asset also includes any lease payments made and excludes lease incentives. The YMCA’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the YMCA will exercise that option. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. See Note 17 for additional information.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Low-Value Leases

The YMCA has evaluated low-value assets such as small equipment (e.g., copiers, printers, and postage meters) on a lease-by-lease basis. The YMCA has decided that for the leases with low value, the lease payments associated with those leases will be recognized as an expense on a monthly basis over the lease term. This is not in conformity with accounting principles generally accepted in the United States of America which requires the lease to be accounted for under ASC 842, *Leases*. The overall effect of this departure is immaterial to the YMCA's financial statements for the years ended December 31, 2024 and 2023. Total lease expense for low-value assets was \$11,206 and \$18,543 for the years ended December 31, 2024 and 2023, respectively.

Statement of Cash Flows

Supplemental disclosures of noncash investing and financing activities at December 31 are as follows:

	2024	2023
Cash Paid During the Year for Interest	<u>\$ 623,520</u>	<u>\$ 41,838</u>

Supplemental disclosures of operating activities at December 31 are as follows:

	2024	2023
Cash Paid for Amounts Included in the Measurement of Lease Liabilities - Operating Cash Flows from Operating Leases	<u>\$ 29,815</u>	<u>\$ 27,735</u>

Reclassifications

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

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Comparative Financial Information

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

Date of Management's Review

Management has evaluated subsequent events and transactions that occurred between December 31, 2024 and April 4, 2025 the date which the financial statements were available to be issued, and has determined that there are no additional adjustments and/or disclosures necessary.

NOTE 3 – CASH

Cash as of December 31 is summarized as follows:

	2024	2023
Cash on Hand	\$ 1,180	\$ 1,180
Checking Accounts	1,141,967	1,171,376
Savings Accounts	1,359,450	1,128,754
Money Market Funds - Board Designated	953,787	1,093,625
Total Cash	<u>\$ 3,456,384</u>	<u>\$ 3,394,935</u>
Construction Accounts	\$ -	\$ 92,367
Savings Account - Campaign	150,689	3,342
Money Market Funds - Restricted	2,149	2,104
Total Restricted Cash	<u>\$ 152,838</u>	<u>\$ 97,813</u>
Money Market Funds - Endowment	\$ -	\$ 9,269
Total Cash - Endowment	<u>\$ -</u>	<u>\$ 9,269</u>

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 4 – INVESTMENTS

Investments as of December 31 are summarized as follows:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Operating Funds:				
U.S. Equities	\$ 20,234	\$ 24,776	\$ 19,071	\$ 23,856
Total Operating Funds	<u>20,234</u>	<u>24,776</u>	<u>19,071</u>	<u>23,856</u>
Endowment Funds:				
U.S. and International Equities	797,322	1,038,204	872,469	996,045
Fixed Income Funds	532,303	539,852	476,129	492,226
Other Investments	<u>59,275</u>	<u>77,730</u>	<u>6,493</u>	<u>6,830</u>
Total Endowment Funds	<u>1,388,900</u>	<u>1,655,786</u>	<u>1,355,091</u>	<u>1,495,101</u>
Total Operating and Endowment Funds	<u>\$ 1,409,134</u>	<u>\$ 1,680,562</u>	<u>\$ 1,374,162</u>	<u>\$ 1,518,957</u>

NOTE 5 – ASSETS HELD BY COMMUNITY FOUNDATION

The YMCA has transferred assets to the Northern New York Community Foundation, which is holding them as agency funds (the “Funds”) for the benefit of the YMCA. The YMCA has granted the Community Foundation variance power which gives the Community Foundation’s governing board the power to use the Funds for other purposes in certain circumstances. Distributions from the Funds shall be in accordance with the spending policy established by the Board of Directors of the Community Foundation. Distributions may be made at least annually, or more frequently, as the parties may from time to time agree. The distributions from the funds were \$24,250 and \$23,760 for the years ended December 31, 2024 and 2023, respectively. The YMCA reports its interest in the Funds at net asset value per share based on the YMCA’s percentage of the fair value of the underlying investments, consistent with the market approach, which are valued using quoted market prices. Changes in the value of the Funds are reported as change in value of investments held by the Northern New York Community Foundation on the Statement of Activities.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 5 – ASSETS HELD BY COMMUNITY FOUNDATION -

Continued

As of December 31, 2024 and 2023, investments held by the Northern New York Community Foundation consisted of the following:

	2024	2023
Endowment Fund	\$ 694,022	\$ 644,752
Sustaining Fund	<u>54,528</u>	<u>24,999</u>
Total Assets Held by Community Foundation	<u><u>\$ 748,550</u></u>	<u><u>\$ 669,751</u></u>

In addition to the investments held by the Community Foundation, the YMCA is the beneficiary of certain funds established by the Community Foundation. The YMCA's fair value of their share as of December 31, 2024 and 2023 was \$126,431 and \$113,033, respectively. These funds are considered assets of the Community Foundation and, therefore, are not included in the accompanying Statement of Financial Position. The YMCA may request disbursements from the funds. However, such disbursements require approval by the Community Foundation's Board of Directors. The distributions from the fund were \$4,200 and \$4,250 for the years ended December 31, 2024 and 2023, respectively.

NOTE 6 – UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give as of December 31 are as follows:

	2024	2023
Restricted for Capital Campaign	\$ 803,076	\$ 1,285,480
Less: Discount	<u>(69,081)</u>	<u>(141,691)</u>
Unconditional Promises to Give, Net	<u><u>\$ 733,995</u></u>	<u><u>\$ 1,143,789</u></u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 6 – UNCONDITIONAL PROMISES TO GIVE, NET -

Continued

Unconditional promises to give are expected to be collected as follows during the years ending December 31:

2025	\$	469,376
2026		181,350
2027		139,350
2028		13,000
		<hr/>
	\$	803,076
		<hr/>

Unconditional promises to give are reflected at the present value of estimated future cash flows using a discount rate of 4%. No allowance for uncollectible amounts has been established as management considers all pledges receivable to be fully collectible.

NOTE 7 – EMPLOYEE RETENTION CREDIT

Originally introduced under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Employee Retention Credit (ERC) is a fully refundable tax credit aimed at encouraging businesses impacted by COVID-19 to keep employees on their payroll. Under the CARES Act, the ERC applied to qualified wages paid after March 12, 2020, and before January 1, 2021, and the credit equaled 50% of the qualified wages paid to each employee, capped at \$5,000 for all qualified wages paid per employee during each quarter of 2020. Under the Taxpayer Certainty and Disaster Tax Relief Act of 2020, the ERC applied to qualified wages paid after January 1, 2021, and the credit equaled 70% of the qualified wages paid to each employee, capped at \$7,000 for all qualified wages paid per employee during each quarter of 2021 through September 30, 2021.

The YMCA claimed a refundable credit of approximately \$577,000 on wages paid through March 31, 2021. Approximately \$482,000 of revenue was recognized as miscellaneous revenues in the Statement of Activities for the year ended December 31, 2021 and an additional \$95,000 during the year ended December 31, 2023. All outstanding balances were collected during the year ended December 31, 2023. The YMCA did not qualify for any credit beyond March 31, 2021.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 8 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following at December 31:

	2024	2023
Buildings and Improvements	\$ 29,201,347	\$ 29,141,165
Leasehold Improvements	2,652,267	5,106,231
Furniture, Fixtures and Equipment	1,760,310	1,826,557
Software	<u>75,521</u>	<u>75,521</u>
Total Property and Equipment	33,689,445	36,149,474
Less: Accumulated Depreciation and Amortization	<u>(4,094,311)</u>	<u>(5,304,871)</u>
Property and Equipment, Net	<u><u>\$ 29,595,134</u></u>	<u><u>\$ 30,844,603</u></u>

Depreciation expense was \$1,055,380 and \$514,898 for the years ended December 31, 2024 and 2023, respectively. Amortization expense was \$15,753 and \$18,278 for the years ended December 31, 2024 and 2023, respectively.

During the year ended December 31, 2023, the YMCA entered into an agreement for the sale of a building at 119 Washington Street for \$475,000. The building was presented as property and equipment held for sale on the Statement of Net Position based on the fair value as of December 31, 2023. A loss on disposal of building was recorded to reduce the carrying value to fair value in the amount of \$565,427 during the year ended December 31, 2023. The sale was finalized during the year ended December 31, 2024, in which the YMCA recognized an additional loss of disposal of building of \$31,485.

During the year ended December 31, 2024, the YMCA was in the process of terminating the lease of 105 Washington Street and no longer has used the space for programming services. The leasehold improvements were disposed of during the year ended December 31, 2024, and resulted in a loss on disposal of leasehold improvements of \$438,586.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 9 – DEFERRED LOSS ON SALE/LEASEBACK

In 1985, the YMCA gave title to their building to Bugbee Housing Development Fund Company so that it could obtain financing through HUD for the construction of low-income housing. The YMCA leases the building back from HKBBE Apartments Limited Partnership (formally known as Bugbee Housing) for \$1 per year. The deferred loss associated with this leaseback began being amortized at \$9,668 per year for a 40-year period in 1985. As of January 1, 2011, the leaseback period was extended through 2075. The remainder of the leaseback is being amortized at \$2,225 per year for the remaining 65 years. Upon termination of the agreement, title to the building reverts back to the YMCA.

Related amortization expense was \$2,220 for both years ended December 31, 2024 and 2023.

The following shows the net deferred loss on sale/leaseback at December 31:

	2024	2023
Deferred Loss on Sale/Leaseback	\$ 386,714	\$ 386,714
Less: Accumulated Amortization	<u>(273,212)</u>	<u>(270,992)</u>
Deferred Loss on Sale/Leaseback, Net	<u><u>\$ 113,502</u></u>	<u><u>\$ 115,722</u></u>

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 10 – DEFERRED REVENUE

The following table provides information about significant changes in deferred revenue for the years ended December 31:

	2024	2023
Deferred Revenue, Beginning of Year	\$ 304,754	\$ 240,945
Revenue Recognized that was Included in Deferred Revenue at the Beginning of the Year:		
Membership Dues	(63,732)	(43,812)
Program Fee Income	(237,191)	(195,449)
Other	(3,831)	(1,684)
Increase in Deferred Revenues due to Cash Received During the Year:		
Membership Dues	61,363	63,732
Program Fee Income	257,480	237,191
Other	9,072	3,831
Total Deferred Revenue, End of Year	<u>\$ 327,915</u>	<u>\$ 304,754</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 11 – REFUNDABLE ADVANCES

The following table provides information about significant changes in refundable advances for the years ended December 31:

	2024	2023
Refundable Advances, Beginning of Year	\$ 298,675	\$ 292,256
Revenue Recognized that was Included in Refundable Advances at the Beginning of the Year:		
Army Youth Programs in Your Neighborhood	(168,512)	(116,118)
Child Care Stabilization Grants	(130,162)	(176,138)
Increase in Refundable Advances due to Cash Received During the Year:		
Army Youth Programs in Your Neighborhood	89,200	168,513
Child Care Stabilization Grants	<u>-</u>	<u>130,162</u>
Total Refundable Advances, End of Year	<u>\$ 89,201</u>	<u>\$ 298,675</u>

NOTE 12 – LINE OF CREDIT

As of December 31, 2024 and 2023, the YMCA had a revolving line note with M&T Bank. The agreement allows for borrowings up to \$500,000. The interest rate is variable per annum equal to the greater of (1) two percentage points above the rate of interest announced by the Bank each day as its prime rate of interest, or (2) 3.25% (the base rate floor). There was no outstanding balance as of December 31, 2024 and 2023.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 13 – LONG-TERM DEBT, NET

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

	2024	2023
Small Business Administration loan, which includes interest at 2.75%. The loan is secured by all tangible and intangible property of the YMCA. Principal and interest payments are made monthly of \$641. The loan matures in May 2050.	\$ 135,372	\$ 139,293
Note payable to M&T Bank, construction-to-permanent loan, which includes interest at 5.31%. The note is secured by all property, furniture, and equipment at the Aquatics Center facility. During construction period, the note is interest only payments. Effective April 1, 2024, principal and interest payments commenced for a period of 30 years. During the permanent loan period, monthly installments will be made of \$43,013. Final payment is due April 2054.	7,693,896	7,746,000
Note payable to M&T Bank, term note, up to \$3,666,000, which includes interest at a variable rate per annum equal to the greater of (1) two percentage points above the rate of interest announced by the Bank each day as its prime rate of interest, or (2) 3.25% (the base rate floor). The note is secured by all property, furniture, and equipment at the Aquatics Center facility. During construction period, the note is interest only payments. The interest rate was 7.275% at December 31, 2023. The note was paid off in full during the year ended December 31, 2024.	<u>-</u>	<u>3,025,300</u>
Subtotal	<u>\$ 7,829,268</u>	<u>\$ 10,910,593</u>

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 13 – LONG-TERM DEBT, NET – Continued

	2024	2023
Subtotal from Previous Page	\$ 7,829,268	\$ 10,910,593
Note payable to M&T Bank, term note, up to \$1,500,000, which includes interest at a variable rate per annum equal to the greater of (1) two percentage points above the rate of interest announced by the Bank each day as its prime rate of interest, or (2) 3.25% (the base rate floor). The note is secured by all property, furniture, and equipment at the Aquatics Center facility. Payments of \$250,000 will be made annually until loan maturity at November 1, 2027.	<u>750,000</u>	<u>-</u>
Total	8,579,268	10,910,593
Less: Unamortized Debt Issuance Costs	<u>(53,972)</u>	<u>(55,900)</u>
Total	8,525,296	10,854,693
Less, Current Portion of Long-Term Debt	<u>(364,948)</u>	<u>(84,391)</u>
Long-Term Debt, Net	<u><u>\$ 8,160,348</u></u>	<u><u>\$ 10,770,302</u></u>

Scheduled long-term debt maturities are as follows for the years ending December 31:

2025	\$ 364,948
2026	371,095
2027	377,575
2028	134,404
2029	141,602
Thereafter	<u>7,189,644</u>
	<u><u>\$ 8,579,268</u></u>

Effective as of the year ended December 31, 2023, the borrowings contained provisions requiring the YMCA to maintain certain financial ratios. Based on preliminary calculations of such financial ratios as of December 31, 2024 and 2023, the YMCA is in compliance with the required covenants.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 14 – NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors has designated net assets of the YMCA for particular purposes. In accordance with generally accepted accounting principles, net assets associated with these board-designated amounts are classified as net assets without donor restrictions. A portion of the YMCA's cash and investments are set aside to fund these designations. Income on those investments support the YMCA's budget without restriction or designation.

Net assets without donor restriction – board designated amounts consist of the following as of December 31:

	2024	2023
Unemployment	\$ 105,337	\$ 103,133
Capital	713,132	879,588
Blue Sharks	31,830	31,164
Board Designated Endowment	<u>1,304,869</u>	<u>1,160,658</u>
 Total Board Designated Net Assets	 <u><u>\$ 2,155,168</u></u>	 <u><u>\$ 2,174,543</u></u>

Net assets without donor restriction at December 31 consist of the following:

	2024	2023
Board Designated Net Assets	\$ 2,155,168	\$ 2,174,543
Net Investment in Property and Equipment	21,069,838	20,464,910
Unrestricted	<u>3,270,945</u>	<u>744,594</u>
 Total Net Assets Without Donor Restrictions	 <u><u>\$ 26,495,951</u></u>	 <u><u>\$ 23,384,047</u></u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31 consist of the following:

	2024	2023
Restricted for Investment in Property and Equipment	\$ 2,149	\$ -
Endowment, Held in Perpetuity	<u>1,156,204</u>	<u>1,075,060</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 1,158,353</u></u>	<u><u>\$ 1,075,060</u></u>

NOTE 16 – RETIREMENT PLAN

The YMCA maintains a defined-contribution plan (the “Plan”), qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. At present, the YMCA offers a safe harbor match for employee contributions up to a maximum of 4% of employee gross earnings. Contributions to the Plan for the years ended December 31, 2024 and 2023 were \$28,196 and \$28,268, respectively.

NOTE 17 – OPERATING LEASE

The YMCA has an operating lease with the City of Watertown for the property in which the Fairgrounds facility is located. This lease commenced on July 9, 2009 and will expire on December 31, 2034. It has an option to renew for an additional 15 years upon approval by the State Legislature. For the first year, monthly lease expense is \$2,000 and is payable in quarterly installments. For each of the next four calendar years, semi-annual lease payments are required in the aggregate of \$12,000. Commencing in 2014 and every five years there-after, the lease payments will increase by 7.5%. Operating lease expense was \$33,503 and \$33,504 for the years ended December 31, 2024 and 2023, respectively.

Other information related to the ground lease recognized under ASC 842 as of December 31 is as follows:

	2024	2023
Weighted Average Remaining Lease Term		
Operating Lease	24 Years	25 Years
Weighted Average Discount Rate		
Operating Lease	4.31%	4.31%

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NOTES TO FINANCIAL STATEMENTS

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NOTE 17 – OPERATING LEASE – Continued

Future minimum lease payments under the non-cancellable lease are as follows for the years ending December 31:

2025	\$ 29,815
2026	29,815
2027	29,815
2028	29,815
2029	29,815
Thereafter	<u>686,999</u>
Total Future Minimum Lease Payments	836,074
Less Imputed Interest	<u>(318,565)</u>
Total	517,509
Less: Current Portion	<u>(8,375)</u>
Total Long-Term Operating Lease Liability	<u><u>\$ 509,134</u></u>

NOTE 18 – ENDOWMENT

The YMCA's endowment consists of various donor-specified funds and are subject to donor restrictions. The Deline endowment stipulates that the original principal of the gift is to be held and invested indefinitely and income from the fund is to be expended for membership scholarships. The purpose and history of the remaining endowment balance is unknown.

During the year ended December 31, 2022, the Board of Directors designated \$914,190 of net assets without donor restrictions as a general endowment fund to support the mission of the YMCA. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The YMCA is subject to the New York Prudent Management of Institutional Funds Act ("NYPMIFA") which sets forth certain specifically mandated procedures and standards for managing endowed funds. The YMCA adheres to these procedures and standards in the investment and expenditure of endowment funds. Absent explicit donor stipulations to the contrary, the YMCA has interpreted the NYPMIFA as allowing the YMCA to appropriate for expenditure or accumulate as much of an endowment fund as the YMCA determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of a donor expressed in the gift instrument.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 18 – ENDOWMENT – Continued

Unless stated otherwise in the gift instrument, the assets in an endowment fund are net assets with donor restrictions until appropriated by the YMCA. Although NYPMIFA does not preclude the YMCA from spending below the original gift value of donor-restricted endowments, the YMCA considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the donor's direction expressed in the gift agreement. In accordance with that standard, the YMCA considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of 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 appreciation of investments, (6) other resources of the YMCA, and (7) the YMCA's investment policy.

The changes in endowment net assets for the year ended December 31, 2024 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board Designated Endowment Net Assets, January 1, 2024	\$ 1,160,658	\$ -	\$ 1,160,658
Contributions	22,535	-	22,535
Investment Income, Net of Fees	13,497	-	13,497
Net Appreciation	108,179	-	108,179
Board Designated Endowment Net Assets, December 31, 2024	1,304,869	-	1,304,869
Net Assets Restricted by Donor with Original Amount to be Maintained in Perpetuity, January 1, 2024	-	1,075,060	1,075,060
Investment Income, Net of Fees	-	80,176	80,176
Appropriated for Expenditure	-	(46,785)	(46,785)
Net Appreciation	-	47,753	47,753
Net Assets Restricted by Donor with Original Amount to be Maintained in Perpetuity, December 31, 2024	-	1,156,204	1,156,204
Endowment Net Assets, December 31, 2024	\$ 1,304,869	\$ 1,156,204	\$ 2,461,073

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 18 – ENDOWMENTS - Continued

The changes in endowment net assets for the year ended December 31, 2023 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board Designated Endowment Net Assets, January 1, 2023	\$ 914,190	\$ -	\$ 914,190
Investment Income, Net of Fees	4,717	-	4,717
Net Appreciation	<u>241,751</u>	<u>-</u>	<u>241,751</u>
Board Designated Endowment Net Assets, December 31, 2023	<u>1,160,658</u>	<u>-</u>	<u>1,160,658</u>
Net Assets Restricted by Donor with Original Amount to be Maintained in Perpetuity, January 1, 2023	-	990,344	990,344
Investment Income, Net of Fees	-	31,464	31,464
Appropriated for Expenditure	-	(23,760)	(23,760)
Net Appreciation	<u>-</u>	<u>77,012</u>	<u>77,012</u>
Net Assets Restricted by Donor with Original Amount to be Maintained in Perpetuity, December 31, 2023	<u>-</u>	<u>1,075,060</u>	<u>1,075,060</u>
Endowment Net Assets, December 31, 2023	<u><u>\$ 1,160,658</u></u>	<u><u>\$ 1,075,060</u></u>	<u><u>\$ 2,235,718</u></u>

Investment Return Objectives, Risk Parameters and Strategies

The YMCA has adopted investment and spending policies for endowment funds 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 funds. Under this policy, as approved by the Board, the endowment funds are invested in a manner that is intended to produce a minimum rate of return of 5% per year after taking into account inflation costs and fees, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the YMCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The YMCA targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 18 – ENDOWMENTS - Continued

Spending Policy

Like the endowment itself, the spending policy of the YMCA is subject to the NYPMIFA. All the elements set forth in the NYPMIFA are considered when allocating or spending endowment funds. In order to achieve the long-term objective of the YMCA, the annual spending from all endowment funds is restricted to between 4 and 5.5 percent of a three-year average of the fair market value of the funds. In establishing this policy, the YMCA considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, most of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. From time-to-time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires the YMCA to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature should be reported in net assets with donor restrictions. The aggregate amount of the deficiencies at December 31, 2024 and 2023 was \$-0-.

NOTE 19 – FAIR VALUE MEASUREMENTS

The YMCA utilizes fair value measurements to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based on quoted market prices. In cases where quoted market prices are not readily available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The YMCA uses a three-tier value hierarchy which maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value, as follows:

- | | |
|---------|---|
| Level 1 | Quoted prices (unadjusted) in active markets for identical assets or liabilities that the YMCA has the ability to access. |
| Level 2 | Significant other observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data. |
| Level 3 | Significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. |

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 19 – FAIR VALUE MEASUREMENTS – Continued

Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. There were no transfers between the levels during each year.

The following table presents the YMCA's investments at December 31, 2024 that are measured at fair value on a recurring basis:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	\$ 1,680,562	\$ 1,680,562	\$ -	\$ -
Assets Held by Northern New York Community Foundation	<u>748,550</u>	<u>-</u>	<u>748,550</u>	<u>-</u>
Total Investments	<u>\$ 2,429,112</u>	<u>\$ 1,680,562</u>	<u>\$ 748,550</u>	<u>\$ -</u>

The following table presents the YMCA's investments at December 31, 2023 that are measured at fair value on a recurring basis:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	\$ 1,518,957	\$ 1,518,957	\$ -	\$ -
Assets Held by Northern New York Community Foundation	<u>669,751</u>	<u>-</u>	<u>669,751</u>	<u>-</u>
Total Investments	<u>\$ 2,188,708</u>	<u>\$ 1,518,957</u>	<u>\$ 669,751</u>	<u>\$ -</u>

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 20 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The YMCA monitors its liquidity so that it is able to meet the operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The following table reflects the YMCA's financial assets as of December 31, 2024 and 2023 reduced by amounts that are not available to meet general expenditures within one year. The Board designations can be drawn upon if the Board approves the action.

	2024	2023
Financial Assets:		
Cash	\$ 3,456,384	\$ 3,394,935
Restricted Cash	152,838	97,813
Certificate of Deposit	60,988	-
Investments - Operating	24,776	23,856
Grants and Contracts Receivable	168,255	178,938
Program Fee Receivable	93,752	64,892
Unconditional Promises to Give, Current Portion	469,376	498,959
Cash - Endowment	-	9,269
Investments - Endowment	1,655,786	1,495,101
Assets Held by the Community Foundation	748,550	669,751
Financial Assets, at Year-End	<u>6,830,705</u>	<u>6,433,514</u>
Less Those Unavailable for General Expenditure Within One Year, Due To:		
Perpetual Endowments	(1,156,204)	(1,075,060)
Board Designated Reserves	<u>(2,155,168)</u>	<u>(2,174,543)</u>
Financial Assets Available to Meet Cash Needs For General Expenditures Within One Year	<u><u>\$ 3,519,333</u></u>	<u><u>\$ 3,183,911</u></u>

In addition to financial assets available to meet general expenditures over the year, the YMCA operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient membership dues, program income, and revenue from government grants and contracts. The Statement of Cash Flows identifies the sources and uses of the YMCA's cash and shows positive cash flow generated by operations of \$2,281,226 and \$6,835,259 for the years ended December 31, 2024 and 2023, respectively.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2024 with Comparative Totals for 2023

NOTE 21 – COMMITMENTS AND CONTINGENCIES

Amounts received from grantor agencies are subject to audit by the corresponding oversight agencies as to allowable costs paid with governmental funds as well as the share of the costs contributed by the YMCA. The YMCA could be liable for as much as the full amount of governmental funds expended for the year if, under audit, the oversight agencies were to determine that all costs charged to the project were disallowed.

Downtown Community and Aquatic Center Funding

Jefferson County Industrial Development Agency has promised to forego the \$500,000 contingent lease payment in future years.

Affiliation Agreement

In accordance with its affiliation agreement, the YMCA is required to pay an annual assessment to the YMCA of the USA. This assessment is based on the YMCA's annual revenue, less certain excludable items. The expense associated with this agreement was approximately \$90,000 and \$72,000 for the years ended December 31, 2024 and 2023, respectively.

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

**TO THE BOARD OF DIRECTORS
THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WATERTOWN, NY INC.
D/B/A WATERTOWN FAMILY YMCA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Young Men's Christian Association Of Watertown, NY Inc. d/b/a Watertown Family YMCA (a nonprofit organization) (the "Watertown Family 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 April 4, 2025.

Report on Internal Control over Financial Statements

In planning and performing our audit of the financial statements, we considered Watertown Family YMCA's internal control over financial reporting (internal control) on a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Watertown Family YMCA's internal control. Accordingly, we do not express an opinion on the effectiveness of Watertown Family 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.

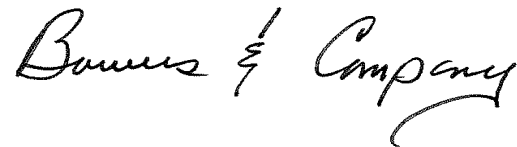
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Watertown Family 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 Watertown Family 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 Watertown Family YMCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the main text block.

Watertown, New York
April 4, 2025