



Financial Statements

for

**YOUNG MEN'S CHRISTIAN
ASSOCIATION OF CENTRAL
KENTUCKY**

Years Ended December 31, 2023 and 2022
with Independent Auditor's Report

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Independent Auditor's Report

To the Board of Directors
Young Men's Christian Association of Central Kentucky
Lexington, Kentucky

Opinion

We have audited the financial statements of Young Men's Christian Association of Central Kentucky (the Association), which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Association's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

To the Board of Directors
Young Men's Christian Association of Central Kentucky
Independent Auditor's Report, continued

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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

Dean Dotson Allen Ford, PLLC

Lexington, Kentucky
June 17, 2024

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Statements of Financial Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 785,261	\$ 2,023,368
Restricted cash and cash equivalents	2,081,944	1,423,636
Accounts receivable, net	210,664	205,166
Pledges receivable, net	172,412	324,134
Prepaid expenses	139,354	211,303
Investments	9,231,459	7,244,998
Other assets	5,000	5,000
Property and equipment, net	<u>36,553,750</u>	<u>35,604,887</u>
Total assets	<u>\$ 49,179,844</u>	<u>\$ 47,042,492</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 681,059	\$ 554,932
Accrued expenses	835,765	591,621
Deferred income	601,007	543,562
Finance lease liabilities	509,662	1,885
Notes payable, net	<u>14,222,267</u>	<u>15,196,919</u>
Total liabilities	16,849,760	16,888,919
Net assets:		
Without donor restrictions:		
Undesignated	20,702,313	20,168,996
Designated by the Board of Directors for:		
Debt service	1,011,126	992,085
Capital maintenance	1,500,036	1,255,192
Endowment	<u>3,695,858</u>	<u>3,087,853</u>
Total	26,909,333	25,504,126
With donor restrictions:		
Restricted by purpose or time	2,289,374	1,774,759
Restricted in perpetuity	<u>3,131,377</u>	<u>2,874,688</u>
Total net assets	<u>32,330,084</u>	<u>30,153,573</u>
Total liabilities and net assets	<u>\$ 49,179,844</u>	<u>\$ 47,042,492</u>

See accompanying notes.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Statement of Activities

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Public support contributions	\$ 158,374	\$ 1,065,928	\$ 1,224,302
United Way allocations	47,998	-	47,998
Foundation grants	707,415	127,475	834,890
Government grants	-	1,898,881	1,898,881
Membership dues	8,953,024	-	8,953,024
Program fees	7,100,555	-	7,100,555
Sale of supplies and services	12,610	-	12,610
Miscellaneous income	107,468	-	107,468
	17,087,444	3,092,284	20,179,728
Net assets released from restrictions	2,613,795	(2,613,795)	-
Total revenues and other support	19,701,239	478,489	20,179,728
Expenses:			
Program and membership services:			
Youth development	11,687,122	-	11,687,122
Healthy living	4,369,336	-	4,369,336
Social responsibility	578,434	-	578,434
Total program and membership services	16,634,892	-	16,634,892
Supporting services:			
Management and general	2,224,258	-	2,224,258
Fundraising	327,435	-	327,435
Total supporting services	2,551,693	-	2,551,693
Total expenses	19,186,585	-	19,186,585
Nonoperating income:			
Investment income, net	890,553	36,127	926,680
Change in value of perpetual trusts	-	256,688	256,688
Total nonoperating income	890,553	292,815	1,183,368
Change in net assets	1,405,207	771,304	2,176,511
Net assets, beginning of year	25,504,126	4,649,447	30,153,573
Net assets, end of year	\$ 26,909,333	\$ 5,420,751	\$ 32,330,084

See accompanying notes.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Statement of Activities

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Public support contributions	\$ 185,563	\$ 856,610	\$ 1,042,173
United Way allocations	66,000	-	66,000
Foundation grants	374,504	236,173	610,677
Government grants	-	1,240,521	1,240,521
Membership dues	7,570,790	-	7,570,790
Program fees	5,850,310	-	5,850,310
Sale of supplies and services	7,528	-	7,528
Miscellaneous income	<u>87,983</u>	<u>-</u>	<u>87,983</u>
	14,142,678	2,333,304	16,475,982
Net assets released from restrictions	<u>2,201,935</u>	<u>(2,201,935)</u>	<u>-</u>
Total revenues and other support	16,344,613	131,369	16,475,982
Expenses:			
Program and membership services:			
Youth development	10,125,932	-	10,125,932
Healthy living	3,660,438	-	3,660,438
Social responsibility	<u>675,836</u>	<u>-</u>	<u>675,836</u>
Total program and membership services	14,462,206	-	14,462,206
Supporting services:			
Management and general	2,056,517	-	2,056,517
Fundraising	<u>268,978</u>	<u>-</u>	<u>268,978</u>
Total supporting services	<u>2,325,495</u>	<u>-</u>	<u>2,325,495</u>
Total expenses	16,787,701	-	16,787,701
Nonoperating losses:			
Investment loss, net	(859,427)	(30,089)	(889,516)
Change in value of perpetual trusts	-	(539,537)	(539,537)
Loss on abandonment of property	<u>(339,654)</u>	<u>-</u>	<u>(339,654)</u>
Total nonoperating losses	<u>(1,199,081)</u>	<u>(569,626)</u>	<u>(1,768,707)</u>
Change in net assets	(1,642,169)	(438,257)	(2,080,426)
Net assets, beginning of year	<u>27,146,295</u>	<u>5,087,704</u>	<u>32,233,999</u>
Net assets, end of year	<u>\$ 25,504,126</u>	<u>\$ 4,649,447</u>	<u>\$ 30,153,573</u>

See accompanying notes.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Statement of Functional Expenses

Year ended December 31, 2023

	Program and Membership Services			Management and General	Fundraising	Total Expenses
	Youth Development	Healthy Living	Social Responsibility			
Salaries and wages	\$ 5,104,900	\$ 2,364,183	\$ 168,086	\$ 909,543	\$ 206,040	\$ 8,752,752
Building occupancy	2,450,727	693,606	89,569	28,550	1,050	3,263,502
Depreciation and amortization	1,046,156	431,631	51,510	43,974	-	1,573,271
Employee benefits	649,670	190,359	29,568	169,566	34,309	1,073,472
Supplies/other program costs	673,144	41,285	142,018	14,125	20,353	890,925
Payroll taxes	452,508	211,407	15,005	75,436	17,830	772,186
Contracted labor and professional fees	203,313	57,987	24,386	230,017	7,764	523,467
Equipment expenses	142,068	82,738	10,900	243,151	627	479,484
Financing costs	-	3,959	-	415,547	-	419,506
Association dues and memberships	227,603	52,805	7,427	(3,909)	-	283,926
Advertising and publicity	175,512	67,926	14,609	5,806	11,484	275,337
Miscellaneous expense	153,938	58,313	1,027	8,305	9,329	230,912
Insurance expense	155,485	44,601	5,905	18,040	-	224,031
Credit card fees	146,768	43,037	5,697	7,142	115	202,759
Employee expenses	43,141	12,028	3,506	33,612	12,195	104,482
Conferences, conventions, and meetings	26,657	5,580	5,036	23,114	4,667	65,054
Telephone and communication	34,348	7,451	4,127	1,266	681	47,873
Postage and shipping	1,184	440	58	973	991	3,646
Total expenses	\$ 11,687,122	\$ 4,369,336	\$ 578,434	\$ 2,224,258	\$ 327,435	\$ 19,186,585

See accompanying notes.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Statement of Functional Expenses

Year ended December 31, 2022

	Program and Membership Services			Management and General	Fundraising	Total Expenses
	Youth Development	Healthy Living	Social Responsibility			
Salaries and wages	\$ 4,519,509	\$ 1,830,727	\$ 187,869	\$ 866,975	\$ 177,558	\$ 7,582,638
Building occupancy	2,193,494	624,519	111,496	-	1,000	2,930,509
Depreciation and amortization	942,316	511,148	62,596	28,040	-	1,544,100
Employee benefits	506,852	103,007	26,304	151,358	26,669	814,190
Supplies/other program costs	481,633	27,333	160,861	5,763	16,239	691,829
Payroll taxes	409,534	167,864	17,160	74,459	16,011	685,028
Equipment expenses	162,573	95,884	16,983	213,080	1,614	490,134
Financing costs	-	4,374	-	456,892	-	461,266
Contracted labor and professional fees	127,397	23,765	34,857	213,235	7,028	406,282
Advertising and publicity	179,626	64,774	16,007	415	4,930	265,752
Association dues and memberships	176,804	39,689	10,364	5,979	1,624	234,460
Insurance expense	166,963	57,926	10,695	(4,658)	-	230,926
Credit card fees	113,974	32,593	6,018	6,300	795	159,680
Employee expenses	52,596	11,701	8,792	23,258	8,183	104,530
Miscellaneous expense	27,033	57,391	650	5,966	3,140	94,180
Telephone and communication	36,560	6,104	3,840	4,794	876	52,174
Conferences, conventions, and meetings	28,703	1,510	664	4,400	2,750	38,027
Postage and shipping	365	129	680	261	561	1,996
Total expenses	\$ 10,125,932	\$ 3,660,438	\$ 675,836	\$ 2,056,517	\$ 268,978	\$ 16,787,701

See accompanying notes.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,176,511	\$ (2,080,426)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,562,815	1,533,644
Amortization of debt issuance costs	10,456	10,456
Investment (income) loss, net	(926,680)	889,516
Change in value of perpetual trusts	(256,688)	539,537
Loss on abandonment of property	-	339,654
(Gain) loss on disposal of property and equipment	(2,789)	3,000
Credit losses and bad debt	87,325	71,735
Increase (decrease) in cash due to changes in:		
Accounts receivable	(92,823)	(117,295)
Pledges receivable	151,722	(36,444)
Prepaid expenses	71,949	56,136
Other assets	-	(26,652)
Accounts payable	126,127	169,115
Accrued expenses	244,144	32,673
Deferred income	<u>57,445</u>	<u>125,872</u>
Net cash provided by operating activities	3,209,514	1,510,521
Cash flows from investing activities:		
Purchases of investments	(931,506)	(286,343)
Proceeds from sales of investments	128,413	192,985
Purchases of property and equipment	(1,992,137)	(534,447)
Proceeds from sale of equipment	<u>5,578</u>	<u>-</u>
Net cash used in investing activities	(2,789,652)	(627,805)
Cash flows from financing activities:		
Principal payments on long-term debt	(985,108)	(821,149)
Principal payments on finance leases	<u>(14,553)</u>	<u>(265,225)</u>
Net cash used in financing activities	(999,661)	(1,086,374)
Net increase (decrease) in cash and cash equivalents	(579,799)	(203,658)
Cash, cash equivalents, and restricted cash, beginning of year	<u>3,447,004</u>	<u>3,650,662</u>
Cash, cash equivalents, and restricted cash, end of year	\$ <u>2,867,205</u>	\$ <u>3,447,004</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Statements of Cash Flows, continued

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 419,506	\$ 461,266
Supplemental disclosure of non-cash financing transactions:		
Purchase of equipment through note payable	\$ -	\$ 420,000
Purchase of equipment through finance lease liabilities	522,330	-

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 785,261	\$ 2,023,368
Restricted cash and cash equivalents	<u>2,081,944</u>	<u>1,423,636</u>
Total	\$ <u>2,867,205</u>	\$ <u>3,447,004</u>

Amounts included in restricted cash and cash equivalents represent cash received with donor-imposed restrictions that limit the use of these funds by either purpose or time.

See accompanying notes.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements

1. Description of the Association

The Young Men's Christian Association of Central Kentucky, Inc. (the Association or YMCA) is organized as a nonprofit corporation under the laws of the Commonwealth of Kentucky.

YMCA is an organization whose goals are to put Christian principles into action through programs and membership services that build a healthy spirit, mind, and body for all people in the community. Financial assistance is available for those in need for both membership and programs. Programs which assist in meeting the Association's goals include:

Youth Development

Before and After School Child Care: This program offers before/after school childcare at public school sites within the community as well as at each branch location. This program fosters growth and development of children with their parents and family. Instruction and activities within this program help kids develop moral and ethical behavior, self-esteem, and leadership, while providing a safe and supportive environment for working parents.

Childcare Centers: The YMCA has the Crayon Club, a Frankfort, KY based center that provides full service daycare for children ages 12 months through 5 years old. The children are involved in learning activities, arts and crafts, games, motor skill development, and environmental education. The YMCA also manages a corporate childcare center in Lexington, KY where employees of various partners can bring their children, ages 6 weeks through Pre-K.

Youth-camps: Various programs are offered to participants including all-day camps for youth during the school year, all-day and summer camps, and sports camps. The Association also offers summer day camp activities in natural surroundings at its Bar-Y camp in Versailles, KY.

Youth/Teen Programs: Programs include youth instructional sports designed to enhance the skills of the respective sport and to promote the development of health and fitness, cooperation, safety, and respect for others. Such programs include basketball, T-ball, football, soccer, volleyball, and YMCA youth sports leagues that emphasize equal participation for all versus winning and losing. Teen focused programs include leadership coaching through the Black Achievers program.

The YMCA is also a partner with Fayette County Public Schools and the Building Educated Leaders for Life to provide the Power Scholars Academy program designed to help advance student's academic achievement through a full day summer experience that combines small group, rigorous literacy, and math instruction, with hands on enrichment activities, field trips and service projects.

Aquatics: Swim lessons are offered to all ages and include progressive learn-to-swim programs, water fitness activities, swim teams, and specialized aquatic activities such as scuba diving, CPR, and life guarding certification.

Since 2014, the YMCA has collaborated closely with Fayette County Public Schools to deliver vital water safety instruction to students through its Central Kentucky Swims program. This ongoing partnership underscores the YMCA's commitment to ensuring equitable access to water safety education, particularly in underserved communities. Central Kentucky Swims seeks to equip children with essential skills and instill a lifelong understanding of the importance of water safety.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

1. Description of the Association, continued

Healthy Living

Membership Services: The Association is primarily a membership organization offering memberships to youths, teens, adults, households, and seniors within its community. Memberships offer the opportunity to pursue health and well-being either individuals, or as a part of an organized group in areas of cardiovascular, muscle strengthening, aquatics, and socialization with others. Many activities included with membership, while many other fee-based programs are offered at a discount to members.

Health and Fitness Programs: The YMCA offers more than 300 classes across its locations each week as part of a general YMCA membership. These classes and programs enable members and non-members alike to improve physical fitness through a variety of interests including personal fitness programs, weight management programs, group participation yoga, cycling, and water aerobics, along with various other programs. Additionally, the YMCA offers an array of fee-based offerings including Pilates Reformer, personal training, and martial arts.

Social Responsibility

Community Services: The Association is committed to working with local and regional nonprofit agencies in support of stronger communities. Program and events such as arts and humanities, neighborhood events, back to school rallies, nonprofit use of YMCA facilities, city-wide events, and more emphasize the commitment to community partners.

The previously mentioned Black Achievers program provides students in the 7th through 12th grades exposure to present educational and future career opportunities. These students are connected with adult mentors who encourage students throughout their high school years and guide them on career development. Assistance is provided for students in applying for college and the association works with colleges and universities to secure scholarships for graduating seniors.

In addition, the YMCA offers diabetes prevention program to help people reduce their risk of developing type 2 diabetes. This small-group activity helps people with prediabetes eat healthier, increase their physical activity, and lose weight, which can delay or even prevent the onset of type 2 diabetes.

The YMCA has partnered with LIVESTRONG ® to provide a safe, supportive environment for cancer survivors to continue their healing and achieve their whole-person health goals.

The YMCA works with the Toyota Bluegrass Miracle League to provide opportunities for children and adults with disabilities to play baseball, regardless of their abilities.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Association in the preparation of its financial statements:

Basis of Accounting

The Association records and reports its assets, liabilities, net assets, revenues, gains and losses, and other support based on the existence or absence of donor-imposed restrictions. The Association reports information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the board of directors. From time to time the Board designates a portion of these net assets for specific purposes which make them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specific purposes.

Adoption of New Accounting Standard

Effective January 1, 2023, the Association adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and associated amendments. This standard creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change.

The adoption of the new standard did not result in a cumulative-effect adjustment to the opening balance of net assets.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

The Association considers all cash and certificates of deposit with terms of less than 90 days to be cash equivalent due to their short-term nature.

Restricted Cash and Cash Equivalents

Cash and cash equivalents that are externally restricted are classified as restricted assets. These assets are used to make debt service payments, maintain sinking or reserve funds, purchase or construct capital or noncurrent assets, or for other restricted purposes.

The Association maintains cash in bank accounts, which at times may exceed federally insured limits. The Association has not experienced any losses on such accounts. The Association believes that it is not exposed to any significant credit risk on cash, cash equivalents, or restricted cash accounts.

Accounts Receivable, net

Accounts receivable consists mainly of third-party billings related to memberships, child care and grants.

Allowance for Credit Losses

The allowance for credit losses is an amount that management believes will be adequate to absorb possible losses based on prior year experience and knowledge of the donor or member's financial condition, and projections of credit losses based on current economic conditions and any reasonable and supportable forecasts. Amounts are charged against the allowance when management determines that collection is doubtful. The allowance for credit losses as of December 31, 2023 and the change in the allowance for credit losses during the year ended December 31, 2023 were not material to the financial statements.

Prior to adopting *Topic 326*, the Association maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts as of December 31, 2022 was not material to the financial statements.

Pledges Receivable, net

Pledges receivable due in subsequent years are recorded at the present value of net realizable value, using an applicable interest rate to discount the amount.

The Association provides an estimate for uncollectible pledges based upon the anticipated collectability of each specific pledge. In evaluating the collectability of pledges receivable, the Association considers a number of factors, the age of the pledges, changes in collection patterns, and general economic conditions.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments

Investments are reported at fair value. Unrealized gains and losses are calculated as the difference between fair value and cost. Realized and unrealized gains and losses are reported in the statements of activities. Investments are exposed to various risks such as interest rate, market risk and credit risk. Due to the level of uncertainty related to changes in these factors, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments.

Property and Equipment

The Association reports gifts of land, buildings, and equipment as unrestricted support unless the donor specifies how the donated assets must be used. Gifts of long-lived assets with stipulations on use are reported as restricted support.

Property and equipment is stated at cost of fair-market value at date of receipt, if donated. The Association capitalizes all property and equipment with a useful life of more than one year and a cost greater than \$3,000. Maintenance and repairs are expensed when occurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	40 years
Building and land improvements	15 years
Furniture and equipment	7 years
Vehicles	10 years

Leases

Lease assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease, measured on a discounted basis. The Association determines if an arrangement is, or contains, a lease at inception of the agreement, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Association obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Association also considers whether its service arrangements include the right to control the use of an asset.

Finance leases are included in property and equipment, and finance lease liabilities in the statement of financial position. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term.

Finance lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date of the lease, and are reduced by any lease incentives.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Revenue Recognition

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the commitments are made. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions of Non-financial Assets

Contributions of materials and property and equipment which are received by the YMCA are valued at their estimated fair value at the date of the gift. Where the value of donated materials cannot be adequately substantiated, no donation is recorded. Non-financial asset contributions were nominal for the years ended December 31, 2023 or 2022.

Contributed Services

The amounts recorded as the value of donated services represents the compensation that would be paid if non-volunteers were to occupy these positions. Contributions are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing these skills. The services of those not meeting these criteria are not recognized in the financial statements. Contributed services were nominal during the years ended December 31, 2023 and 2022.

Membership Dues, Program Fees and Other Revenue

The majority of the Association's revenues are derived from membership dues, rental revenues, and program fees. The performance obligation for providing these services is satisfied over time because the customers are receiving and consuming the services as they are provided by the Association. Membership dues are recognized net of discounts. Progress is measured using the practical expedient under the output method resulting in the recognition of revenue in the amount for which the Association has a right to invoice. The Association also has sale of supplies and services. The performance obligations for providing these services are satisfied at a point in time because the customer receives benefit upon a certain event occurring. Interest income is recorded in the year in which it is earned.

Revenue from contracts with customers, disaggregated by type, during the years ended December 31, 2023 and 2022 is depicted on the face of the statements of activities. The Association's contract liabilities are comprised of membership dues and program fees received in advance of the performance of services.

Accounts receivable, net and deferred income related to these contracts as of January 1, 2022 were \$159,606 and \$417,690, respectively.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

Expenses are reported by functional area in the accompanying statements of functional expense. Expenses which directly and solely benefit a program are charged entirely to that program, while expenses benefiting multiple programs are allocated between program services and support services. Administrative costs like Association and branch management, advertising, insurance, and dues are allocated to each functional area based on the proportion of each program area's direct pre-allocated expenses to total direct program expenses. In a similar manner, facility expenses like depreciation and other building occupancy costs are also allocated to each functional area based on the percentage of each program area's direct pre-allocated expenses to total direct program expenses.

Advertising

Advertising costs are expensed as incurred. Advertising expense amounts to \$275,337 and \$265,752 for the years ended December 31, 2023 and 2022, respectively.

Income Taxes

The Association is exempt from income taxes under 501(c)(3) of the Internal Revenue Code and similar Kentucky provisions and is classified by the Internal Revenue Service as an organization that is not a private foundation. It has been classified as a publicly supported charitable organization under Section 509(a)(1) of the IRC and qualifies for the maximum charitable contribution deduction by donors. The Association recognizes uncertain income tax positions using the "more-likely-than-not" approach as defined in the ASC. No liability for uncertain tax positions have been recorded in the accompanying financial statements.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through June 17, 2024, the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform with the 2023 presentation. These reclassifications had no impact on the total assets, liabilities, net assets or change in net assets.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

3. Liquidity and Availability

The Association's endowment funds consist of donor-restricted endowments that are not available for general expenditure. The Association also has board designated net assets without donor restrictions that, while the Association does not intend to spend for purposes other than those identified, the amounts could be made available for current operations, if necessary.

The Association's assets available within one year of the statements of financial position date for general expenditures as of December 31, 2023 are as follows:

Cash and cash equivalents	\$ 785,261
Restricted cash and cash equivalents	2,081,944
Accounts receivable	210,664
Pledges receivable, net	172,412
Prepaid expenses	139,354
Investments	<u>9,231,459</u>
Total financial assets	12,621,094
Less amounts not available to be used within one year due to:	
Board designated funds for debt service	1,011,126
Board designated funds for capital maintenance	1,500,036
Board designated funds for endowment	3,695,858
Restricted by donors for use in future periods	449,063
Restricted by donors for use in perpetuity	<u>3,131,377</u>
Total financial assets not available to be used within one year	<u>9,787,460</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 2,833,634</u>

As part of the Association's liquidity management plan, the Association typically invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and money market accounts. As more fully described in Note 8, the Association has a \$250,000 line of credit also available to meet liquidity needs.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

4. Pledges Receivable

Pledges receivable, net, consisted of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 172,716	\$ 284,926
Receivable in one to five years	<u>50,000</u>	<u>100,000</u>
Total pledges receivable	222,716	384,926
Less allowance for doubtful accounts	(23,149)	(17,575)
Less discounts to net present value	<u>(27,155)</u>	<u>(43,217)</u>
Pledges receivable, net	<u>\$ 172,412</u>	<u>\$ 324,134</u>

The discount rate used on promises to give is 5%.

5. Investments

Investments as of December 31, 2023 are as follows:

	<u>Cost</u>	<u>Market</u>
Cash and cash equivalents	\$ 138,920	\$ 138,920
Certificates of deposit	801,683	801,683
Equity securities	2,679,931	3,577,597
Fixed income	2,043,700	1,981,679
Alternative strategies	194,896	234,835
Perpetual trusts held by third parties	<u>2,311,706</u>	<u>2,496,745</u>
Total investments	<u>\$ 8,170,836</u>	<u>\$ 9,231,459</u>

Investments as of December 31, 2022 are as follows:

	<u>Cost</u>	<u>Market</u>
Cash and cash equivalents	\$ 65,691	\$ 65,691
Equity securities	2,751,967	2,958,200
Fixed income	1,815,662	1,699,065
Alternative strategies	200,867	196,580
Perpetual trusts held by third parties	<u>2,261,687</u>	<u>2,325,462</u>
Total investments	<u>\$ 7,095,874</u>	<u>\$ 7,244,998</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

5. Investments, continued

Total investment return, including change in value of perpetual trust and investment income (loss), net, for the years ended December 31, 2023 and 2022 is comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 204,955	\$ 190,577
Contributions	52,021	152,078
Realized gains (losses) on investments	200,097	(74,243)
Unrealized gains (losses) on investments	926,725	(1,497,522)
Distributions	(128,413)	(143,630)
Investment fees	<u>(72,017)</u>	<u>(56,313)</u>
	<u>\$ 1,183,368</u>	<u>\$ (1,429,053)</u>

6. Fair Value Measurements

Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities valued using level 3 inputs are based on management's assumptions about the assumptions market participants would utilize in pricing the asset or liability.

Fair value measurements at December 31, 2023 are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments measured at fair value in hierarchy:				
Cash equivalents	\$ 138,920	\$ -	\$ -	\$ 138,920
Certificates of deposit	801,683	-	-	801,683
Equity securities	3,577,597	-	-	3,577,597
Fixed income	-	1,981,679	-	1,981,679
Alternative strategies	<u>-</u>	<u>234,835</u>	<u>-</u>	<u>234,835</u>
Total investments at fair value	<u>\$ 4,518,200</u>	<u>\$ 2,216,514</u>	<u>\$ -</u>	6,734,714
Investments measured at net asset value (NAV):				
Perpetual trusts held by third parties				<u>2,496,745</u>
Total investments				<u>\$ 9,231,459</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

6. Fair Value Measurements, continued

Fair value measurements at December 31, 2022 are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments measured at fair value in hierarchy:				
Cash equivalents	\$ 65,691	\$ -	\$ -	\$ 65,691
Equity securities	2,958,200	-	-	2,958,200
Fixed income	-	1,699,065	-	1,699,065
Alternative strategies	-	196,580	-	196,580
Total investments at fair value	\$ 3,023,891	\$ 1,895,645	\$ -	4,919,536
Investments measured at net asset value (NAV):				
Perpetual trusts held by third parties				2,325,462
Total investments				\$ 7,244,998

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There were no changes in the methodologies used to measure fair value during the years ended December 31, 2023 and 2022.

Cash equivalents: Consists of cash and money market accounts which are valued at amortized cost, which approximates fair value.

Certificates of deposit: Consists of four certificates of deposit: two with 6-month terms and a 4.88% interest rate, one with a 6-month term and a 4.42% interest rate, and one with a 36-month term with a 0.4% interest rate. Certificates of deposit are valued at amortized cost, which approximates fair value.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Alternative strategies: Valued using pricing models maximizing the use of observable inputs for similar securities, primarily consisting of real estate investment trusts.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

6. Fair Value Measurements, continued

Perpetual Trusts Held by Third Parties: Four donors have established trusts under which the Association receives benefits that are shared with other beneficiaries. Under the terms of these trusts, the Association has the irrevocable right to receive their share of the income earned on the trust assets in perpetuity, but they never receive the assets held in trust. These are valued at the YMCA's share of the net asset value (NAV). The NAV of these trusts has been determined by taking the Association's share of the income received annually and multiplying that percentage by the market value of the trust assets. A brief description of the perpetual trusts held by third parties is as follows:

- Stoll Trust: The Association receives 1/3 of the income earned. The income can be used for general operations.
- Mitchell Trust: The Association receives 1/12 of the income earned. The income can be used for general operations.
- Coolidge Trust: The Association receives 100% of the income earned. The income can be used for the benefit of the Jessamine County branch.
- Cooper Trust: The Association receives 50% of the income earned. The income can be used for general operations.

The valuation methodology used by the Association may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

7. Property and Equipment

Property and equipment consists of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 9,950,449	\$ 9,789,392
Buildings and building improvements	43,254,607	41,753,788
Furniture and equipment	4,900,269	4,555,563
Vehicles	4,000	4,000
Construction in progress	136,291	155,421
Equipment under finance leases	<u>522,330</u>	<u>-</u>
	58,767,946	56,258,164
Less accumulated depreciation/amortization	<u>(22,214,196)</u>	<u>(20,653,277)</u>
Property and equipment, net	<u>\$ 36,553,750</u>	<u>\$ 35,604,887</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

7. Property and Equipment, continued

Depreciation/amortization expense was \$1,562,815 and \$1,533,644 for the years ended December 31, 2023 and 2022, respectively.

On October 31, 2022, the Association deemed the downtown Frankfort building to be fully impaired and recognized a loss on abandonment of \$339,654 on the 2022 statement of activities.

8. Line of Credit

The Association has a \$250,000 line of credit with a local bank. The line of credit bears interest at the bank's prime rate (8.50% at December 31, 2023) and matures on July 31, 2024. As of December 31, 2023 and 2022, there was no outstanding balance on the account.

9. Notes Payable, Net

Notes payable, net are comprised of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Series 2015A bonds	\$ 11,963,812	\$ 12,658,587
Series 2015B bonds	1,974,126	2,112,396
Note payable to a bank entered into during December 2022 for equipment. The note is due in monthly principal payments of \$11,924, maturing in December 2025. The note bears annual interest of 1.40% and is secured by a certificate of deposit.	281,978	420,000
Note payable entered into during October 2021, payable to The Club at Beaumont Centre, LLC, due in monthly installments of \$1,500, maturing in October 2031. This note is non-interest bearing.	<u>124,332</u>	<u>138,373</u>
	14,344,248	15,329,356
Less debt issuance costs, net of accumulated amortization of \$69,684 and \$59,228 for 2023 and 2022, respectively	<u>(121,981)</u>	<u>(132,437)</u>
Notes payable, net	\$ <u>14,222,267</u>	\$ <u>15,196,919</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

9. Notes Payable, Net, continued

Future maturities of long-term debt, discussed above, are as follows:

2024	\$ 1,015,636
2025	1,037,992
2026	925,440
2027	954,295
2028	983,051
Thereafter	<u>9,427,834</u>
	<u>\$ 14,344,248</u>

On August 31, 2015, Scott County, Kentucky (the Issuer) issued Cultural and Recreational Revenue and Revenue Refunding Bonds, Series 2015, in two series. The Series 2015B bonds were issued in the aggregate principal amount of \$3,000,000. The bonds were issued pursuant to a promissory note between the Association, the Issuer, and Whitaker Bank (the Holder) of the bonds. The proceeds were used to repay the Variable Rate Demand Industrial Development Revenue Bonds Series 1999 bonds. Interest on the bonds is payable quarterly, commencing on November 30, 2015, as follows: interest at the fixed rate of 2.95% until August 31, 2030 then at either a floating interest rate equal to the prime rate minus 0.50% per annum subject to a floor of 2.95% and a ceiling of 7.5% or a new fixed interest rate offered by the Holder in writing to the Association not less than 30 days prior to August 31, 2030 until maturity on August 31, 2035. These bonds are secured by an open-end mortgage of real property, security agreement, and assignment of leases and rents. The outstanding balance at December 31, 2023 and 2022 was \$1,974,126 and \$2,112,396, respectively.

In addition to the 2015B series, a Series 2015A was also issued on August 31, 2015 in the aggregate principal amount of \$16,000,000 to finance the costs of (i) the construction and equipping of a new facility to be located at 2681 Old Rosebud Road in Lexington, also known as the Whitaker Family YMCA and (ii) the expansion and renovation of the existing facility located at 381 West Loudon Avenue in Lexington known as YMCA North. The bonds were also issued pursuant to a promissory note between the Association, the Issuer, and Whitaker Bank (the Holder) of the bonds. Interest on the bonds is payable quarterly, commencing on November 30, 2015, as follows: interest at the rate of 2.95% until August 31, 2030 and at either the floating interest rate equal to the prime rate minus 0.50% per annum subject to a floor of 2.95% and a ceiling of 7.5% or a new fixed interest rate offered by the Holder in writing to the Association not less than 30 days prior to August 31, 2030 until maturity on August 31, 2037. These bonds are secured by an open-end mortgage of real property, security agreement, and assignment of leases and rents. The outstanding balance as of December 31, 2023 and 2022 was \$11,963,812 and \$12,658,587, respectively. This bond began amortization on November 30, 2017.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

10. Leases

The Association leases office and cardiovascular fitness equipment included in property and equipment on the statements of financial position from non-related parties under finance lease agreements with interest rates ranging from 4.29% to 7.45%. Amortization of right-of-use assets under finance leases is included in depreciation and amortization expense in the accompanying financial statements. The weighted-average discount rate is 6.93% and the weighted-average remaining lease term is 3.00 years for the year ended December 31, 2023.

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

Amortization of ROU Asset	\$ 13,398
Interest on lease liabilities	<u>1,583</u>
Total lease cost	<u>\$ 14,981</u>

Maturities of finance lease liabilities as of December 31, 2023 were as follows:

2024	\$ 191,450
2025	191,450
2026	<u>177,199</u>
Total lease payments	560,099
Less imputed interest	<u>50,437</u>
Total	<u>\$ 509,662</u>

11. Endowments

The Association's endowment consists of a fund established to support operations. Its endowment includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Association's Board of Directors serve as stewards of the endowment funds in accordance with their interpretation of the Uniform Prudent Management of Institutional Funds Act and applicable laws, and within the provisions of the Association's constitution and by-laws. The Association's Board of Directors has interpreted the Commonwealth of Kentucky's relevant trust laws as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Association classifies as permanently restricted net assets (a) the original value of donor-restricted gifts to the permanent endowment, (b) the original value of subsequent donor-restricted gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

11. Endowments, continued

The Association has adopted investment and spending policies for endowment assets that attempt to optimize total return while retaining sufficient liquidity to meet projected cash requirements to allow for growth of capital and income, and to preserve the principal of the fund.

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Association maintains an Investment Policy designed to safeguard its assets while maximizing total returns. The Association's Board, through its Finance Committee, selects and monitors an Investment Advisor who determines the appropriate asset allocation and selects investments within the guidelines of the Investment Policy.

The Association's practice is to appropriate a portion of the fund's income for distribution during the year to be made available for expenditure. The Board establishes the annual distribution amount to be consistent with the Association's objective to preserve the principal of endowment assets held in perpetuity.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted in perpetuity	\$ -	\$ 3,131,377	\$ 3,131,377
Board designated	3,695,858	-	3,695,858
Total funds	\$ 3,695,858	\$ 3,131,377	\$ 6,827,235

Changes in endowment net assets as of December 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,087,853	\$ 2,874,688	\$ 5,962,541
Investment income, net	56,208	48,118	104,326
Net appreciation (realized and unrealized)	551,797	335,014	886,811
Contributions	-	53	53
Amounts appropriated for expenditure	-	(126,496)	(126,496)
Endowment net assets, end of year	\$ 3,695,858	\$ 3,131,377	\$ 6,827,235

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

11. Endowments, continued

Endowment net asset composition by type of fund as of December 31, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted in perpetuity	\$ -	\$ 2,874,688	\$ 2,874,688
Board designated	<u>3,087,853</u>	<u>-</u>	<u>3,087,853</u>
 Total funds	 <u>\$ 3,087,853</u>	 <u>\$ 2,874,688</u>	 <u>\$ 5,962,541</u>

Changes in endowment net assets as of December 31, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,696,525	\$ 3,414,225	\$ 7,110,750
Investment income, net	55,534	51,114	106,648
Net depreciation (realized and unrealized)	(664,206)	(502,656)	(1,166,862)
Amounts appropriated for expenditure	<u>-</u>	<u>(87,995)</u>	<u>(87,995)</u>
 Endowment net assets, end of year	 <u>\$ 3,087,853</u>	 <u>\$ 2,874,688</u>	 <u>\$ 5,962,541</u>

12. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Grants	\$ 1,651,830	\$ 1,161,386
Capital campaign	280,559	218,866
Annual Giving campaign	62,967	124,918
Sponsorships and events	125,514	101,085
Scholarship programs	131,859	131,859
Scott and Jessamine Counties	<u>36,645</u>	<u>36,645</u>
 Total subject to expenditure for specified purpose	 2,289,374	 1,774,759
 Endowments:		
Subject to endowment spending policy	<u>3,131,377</u>	<u>2,874,688</u>
 Total net assets with donor restriction	 <u>\$ 5,420,751</u>	 <u>\$ 4,649,447</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

12. Net Assets with Donor Restrictions, continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Grants	\$ 1,535,911	\$ 1,414,014
Annual Giving Campaign	604,356	572,760
Sponsorships and events	411,897	157,823
Scholarship programs	<u>61,631</u>	<u>57,338</u>
Total subject to expenditure for specified purpose	<u>\$ 2,613,795</u>	<u>\$ 2,201,935</u>

13. Defined Contribution Plans

The Association participates in two retirement plans. First is the YMCA Retirement Fund, which is a defined contribution, money purchase, church plan (the Retirement Plan) that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended. The second is the YMCA Retirement Fund Tax-Deferred Savings Plan (the 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 (the 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 defined contribution plans, the Retirement Plan and the Savings Plan have no unfunded benefit obligations.

Retirement Plan

The Retirement Plan calls for contributions made by the Association to the Fund at an amount equal to 4% of the participating employees' salary. Under a special annual agreement, the Association can increase the amount of its contribution rate, thereby reducing the required contribution rate from its eligible employees. Employee contributions, as well as any excess contribution rate paid by the Association on behalf of the employee contribution percentage, are vested immediately to the employee. Employees who are 21 years of age and over are eligible to participate in the Retirement Plan on the first day of the month after two years of service, defined as completion of 1,000 hours of compensated employment within a 12-month period. Both employee and employer contributions to the Retirement Plan become immediately vested to the employee upon entrance of the Retirement Plan.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CENTRAL KENTUCKY

Notes to the Financial Statements, continued

13. Defined Contribution Plans, continued

Savings Plan

The Association elected to contribute 8% of employees' eligible compensation during the period of January 1, 2022 to January 12, 2022, then increased to 10% for the period January 13, 2023 to July 13, 2023. As of July 14, 2023, the rate was increased to 12%. The Association contributed \$440,089 and \$313,248 for the years ended December 31, 2023 and 2022, respectively, of which none was unpaid as of year-end.

Contributions to the Savings Plan are withheld from employee's salaries and remitted directly to the Savings Plan. There is no matching contribution in this plan.

14. Related Party Transactions

For the years ended December 31, 2023 and 2022, \$247,147 and \$201,313, respectively, was paid to the YMCA of the U.S.A. for support services.

The Kentucky West Virginia Alliance of YMCAs (the Alliance), a 501(c)(4) organization, was created in November 2018 to support the growth and development of YMCAs in Kentucky and West Virginia. The purpose of the Alliance is to provide the following functions to the Alliance members: 1) Build organization capacity of Alliance Member YMCAs, 2) Build strong networks to provide opportunities for peer-to-peer learning and support, 3) Develop Alliance infrastructure, 4) Form collaborations to advance the strategic goals of the Alliance and 5) Advocate and advance the state alliance legislative priorities. The Alliance will provide services in the areas of board development, strategic planning, relationship building, facilitating management agreements, shared services and mergers and advocacy.

The YMCA of Central Kentucky provides accounting, payroll and office support for the Alliance and received \$6,000 as an administrative fee for the director's office space, as well as administrative services during both years ended December 31, 2023 and 2022.