

**YMCA OF GREENVILLE
AND AFFILIATE
GREENVILLE, SOUTH CAROLINA**

**CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022**

(With Independent Auditors' Report Thereon)

**YMCA OF GREENVILLE AND AFFILIATE
GREENVILLE, SOUTH CAROLINA
Consolidated Financial Statements
December 31, 2023 and 2022**

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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT

Board of Directors
YMCA of Greenville and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of the YMCA of Greenville (“the Association”) (a not-for-profit organization) and Affiliate, which are comprised of the consolidated statements of financial position as December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related footnotes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the YMCA of Greenville as of December 31, 2023 and 2022, and the results of its operations and its net assets and 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the YMCA of Greenville 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.

Responsibility of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

Martin Smith and Company CPAs PA

Martin Smith & Company CPAs, PA
Greenville, South Carolina
May 16, 2024

YMCA OF GREENVILLE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,687,911	\$ 4,388,314
Restricted cash	5,548,031	3,038,050
Pledges receivable, current portion	970,733	1,412,540
Other receivables	428,617	242,015
Inventories	15,465	31,760
Prepaid expenses	25,203	59,069
Investments	2,233,384	2,063,056
Total current assets	<u>11,909,344</u>	<u>11,234,804</u>
PROPERTY AND EQUIPMENT, NET	<u>27,148,070</u>	<u>23,556,256</u>
OTHER ASSETS		
Right of Use assets - finance leases	924,501	176,903
Right of Use assets - operating leases	1,110,604	1,242,805
Pledges receivable, less current portion	1,582,231	278,623
Equity investment in Hollingsworth Fund	38,959,183	37,180,931
Total other assets	<u>42,576,519</u>	<u>38,879,262</u>
TOTAL ASSETS	<u>\$ 81,633,933</u>	<u>\$ 73,670,322</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 394,287	\$ 425,084
Accrued expenses and other liabilities	597,425	510,941
Notes payable - current portion	263,842	268,452
Revenue bonds payable - current portion	-	375,000
Operating leases - current portion	126,768	118,798
Finance leases - current portion	479,455	468,670
Deferred revenue	2,331,852	1,666,763
Total current liabilities	<u>4,193,629</u>	<u>3,833,708</u>
LONG-TERM DEBT		
Notes payable - less current portion	3,890,987	4,164,868
CARES Act loans	75,000	150,000
Revenue bonds payable - less current portion	-	737,931
Operating leases - less current portion	1,001,744	1,128,512
Finance leases - less current portion	634,272	352,580
Total long-term debt	<u>5,602,003</u>	<u>6,533,891</u>
TOTAL LIABILITIES	<u>9,795,632</u>	<u>10,367,599</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	19,234,400	12,567,405
Board designated	7,490,220	6,517,660
Hollingsworth equity investment	38,959,183	37,180,931
With donor restrictions:		
Restricted by time or purpose	3,296,632	4,264,602
Restricted in perpetuity	2,857,866	2,772,125
TOTAL NET ASSETS	<u>71,838,301</u>	<u>63,302,723</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 81,633,933</u>	<u>\$ 73,670,322</u>

See accompanying notes to consolidated financial statements.

YMCA OF GREENVILLE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>			<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES						
Contributions and grants:						
Contributions:						
Public support	\$ 2,411,592	\$ 397,497	\$ 2,809,089	\$ 1,859,192	\$ 506,769	\$ 2,365,961
Capital campaign	-	3,218,577	3,218,577	-	2,402,041	2,402,041
Grants:						
United Way	49,345	-	49,345	59,738	-	59,738
Other	87,720	184,893	272,613	47,731	530,383	578,114
Total Contributions and Grants	<u>2,548,657</u>	<u>3,800,967</u>	<u>6,349,624</u>	<u>1,966,661</u>	<u>3,439,193</u>	<u>5,405,854</u>
Other revenues and gains (losses):						
Membership	10,591,848	-	10,591,848	9,363,618	-	9,363,618
Program services fees	8,844,628	-	8,844,628	7,774,120	-	7,774,120
Sales and rental income	1,139,270	-	1,139,270	1,218,984	-	1,218,984
Interest and dividends	241,318	66,051	307,369	7,928	65,461	73,389
Realized gain (loss) on sale of investments	-	79,943	79,943	-	(2,283)	(2,283)
Unrealized gain (loss) on investments	-	244,585	244,585	-	(416,453)	(416,453)
Realized gain on sale of fixed assets	4,836,356	-	4,836,356	-	-	-
Unrealized gain (loss) on equity investment	1,778,252	-	1,778,252	(4,264,527)	-	(4,264,527)
Miscellaneous	361,963	-	361,963	166,199	-	166,199
Total Other Revenues and Gains (Losses)	<u>27,793,635</u>	<u>390,579</u>	<u>28,184,214</u>	<u>14,266,322</u>	<u>(353,275)</u>	<u>13,913,047</u>
Net assets released from restrictions	<u>5,073,775</u>	<u>(5,073,775)</u>	<u>-</u>	<u>1,206,158</u>	<u>(1,206,158)</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 35,416,067</u>	<u>\$ (882,229)</u>	<u>\$ 34,533,838</u>	<u>\$ 17,439,141</u>	<u>\$ 1,879,760</u>	<u>\$ 19,318,901</u>

YMCA OF GREENVILLE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
EXPENSES						
Program services:						
Health development	\$ 9,163,725	\$ -	\$ 9,163,725	\$ 7,929,277	\$ -	\$ 7,929,277
Residential camp	3,752,903	-	3,752,903	3,114,690	-	3,114,690
Child care	2,571,320	-	2,571,320	2,233,861	-	2,233,861
Day camp	1,155,311	-	1,155,311	1,046,914	-	1,046,914
Recreation	2,108,625	-	2,108,625	1,839,095	-	1,839,095
Personal development	798,232	-	798,232	712,964	-	712,964
Total Program Services	<u>19,550,116</u>	<u>-</u>	<u>19,550,116</u>	<u>16,876,801</u>	<u>-</u>	<u>16,876,801</u>
Supporting services:						
Fundraising	839,739	-	839,739	731,006	-	731,006
Management and general	5,608,405	-	5,608,405	5,075,426	-	5,075,426
Total Supporting Services	<u>6,448,144</u>	<u>-</u>	<u>6,448,144</u>	<u>5,806,432</u>	<u>-</u>	<u>5,806,432</u>
TOTAL EXPENSES	<u>25,998,260</u>	<u>-</u>	<u>25,998,260</u>	<u>22,683,233</u>	<u>-</u>	<u>22,683,233</u>
CHANGES IN NET ASSETS	9,417,807	(882,229)	8,535,578	(5,244,092)	1,879,760	(3,364,332)
NET ASSETS, Beginning of year	<u>56,265,996</u>	<u>7,036,727</u>	<u>63,302,723</u>	<u>61,510,088</u>	<u>5,156,967</u>	<u>66,667,055</u>
NET ASSETS, End of year	<u>\$ 65,683,803</u>	<u>\$ 6,154,498</u>	<u>\$ 71,838,301</u>	<u>\$ 56,265,996</u>	<u>\$ 7,036,727</u>	<u>\$ 63,302,723</u>

See accompanying notes to consolidated financial statements.

YMCA OF GREENVILLE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>						<u>TOTAL PROGRAM SERVICES</u>	<u>Fundraising</u>	<u>Supporting Services Management and General</u>	<u>TOTAL ALL SERVICES</u>
	<u>Health Development</u>	<u>Residential Camp</u>	<u>Child Care</u>	<u>Day Camp</u>	<u>Recreation</u>	<u>Personal Development</u>				
EXPENSES										
Salaries/contract services	\$ 4,581,164	\$ 1,384,469	\$ 1,108,546	\$ 566,738	\$ 877,256	\$ 113,352	\$ 8,631,525	\$ 387,796	\$ 2,276,258	\$ 11,295,579
Employee benefits	479,410	221,534	174,100	61,110	119,042	22,406	1,077,602	68,135	406,834	1,552,571
Payroll taxes	285,048	77,770	71,417	36,999	45,720	7,593	524,547	29,223	136,237	690,007
Total employee compensation	5,345,622	1,683,773	1,354,063	664,847	1,042,018	143,351	10,233,674	485,154	2,819,329	13,538,157
Supplies	643,246	747,338	164,123	120,339	496,415	88,337	2,259,798	100,559	766,092	3,126,449
Telephone	22,047	8,420	8,427	1,890	4,380	600	45,764	760	181,905	228,429
Postage and shipping	152	12,514	164	13	26	194	13,063	2,242	4,245	19,550
Occupancy	766,345	250,799	161,265	78,803	163,470	8,648	1,429,330	-	(119,497)	1,309,833
Rental and maintenance of equipment	253,293	22,944	51,105	21,369	42,738	1,055	392,504	-	20,885	413,389
Printing and publications	3,926	15,229	632	474	1,326	24,494	46,081	7,043	412,253	465,377
Travel and transportation	24,757	171,755	35,137	6,771	5,352	276,357	520,129	7,478	9,592	537,199
Conferences, conventions, and meetings	42,018	35,082	11,186	5,060	6,922	71,366	171,634	15,093	110,023	296,750
Professional fees	-	-	-	-	-	-	-	-	609,849	609,849
Organizational dues	11,196	8,557	1,919	960	1,919	-	24,551	5,648	19,918	50,117
Recruitment and relocation	16,360	14,136	3,132	1,402	5,804	196	41,030	-	5,990	47,020
Capital debt interest	75,853	39,120	13,003	6,502	13,002	-	147,480	-	14,591	162,071
Interest	39,415	4,325	7,378	3,378	6,757	-	61,253	-	-	61,253
Insurance	191,556	64,209	88,149	16,419	32,838	-	393,171	-	44,936	438,107
Scholarships	608,789	104,688	316,715	103,396	56,399	-	1,189,987	-	-	1,189,987
Other	84,664	59,651	14,043	6,968	21,655	(10)	186,971	215,762	285,116	687,849
Total expenses before depreciation and payments to affiliated organizations	8,129,239	3,242,540	2,230,441	1,038,591	1,901,021	614,588	17,156,420	839,739	5,185,227	23,181,386
Depreciation and amortization	878,387	490,863	310,019	103,340	180,844	180,844	2,144,297	-	439,193	2,583,490
Payments to affiliated organizations	156,099	19,500	30,860	13,380	26,760	2,800	249,399	-	(16,015)	233,384
TOTAL EXPENSES	\$ 9,163,725	\$ 3,752,903	\$ 2,571,320	\$ 1,155,311	\$ 2,108,625	\$ 798,232	\$ 19,550,116	\$ 839,739	\$ 5,608,405	\$ 25,998,260

See accompanying notes to consolidated financial statements.

YMCA OF GREENVILLE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>						TOTAL PROGRAM SERVICES	<u>Fundraising</u>	<u>Supporting Services Management and General</u>	<u>TOTAL ALL SERVICES</u>
	<u>Health Development</u>	<u>Residential Camp</u>	<u>Child Care</u>	<u>Day Camp</u>	<u>Recreation</u>	<u>Personal Development</u>				
EXPENSES										
Salaries/contract services	\$ 4,027,228	\$ 1,033,223	\$ 964,082	\$ 533,078	\$ 783,578	\$ 103,242	\$ 7,444,431	\$ 363,652	\$ 2,066,137	\$ 9,874,220
Employee benefits	449,452	183,965	159,398	57,383	115,536	23,120	988,854	74,548	527,905	1,591,307
Payroll taxes	251,698	63,645	62,091	34,792	40,311	7,382	459,919	27,337	127,195	614,451
Total employee compensation	<u>4,728,378</u>	<u>1,280,833</u>	<u>1,185,571</u>	<u>625,253</u>	<u>939,425</u>	<u>133,744</u>	<u>8,893,204</u>	<u>465,537</u>	<u>2,721,237</u>	<u>12,079,978</u>
Supplies	556,812	612,872	126,544	91,855	417,164	95,460	1,900,707	57,045	748,598	2,706,350
Telephone	21,728	15,750	7,847	1,862	3,925	600	51,712	200	151,544	203,456
Postage and shipping	72	6,541	-	-	-	111	6,724	1,606	6,089	14,419
Occupancy	685,287	213,923	142,279	76,089	131,400	12,000	1,260,978	823	(79,010)	1,182,791
Rental and maintenance of equipment	217,034	13,148	46,577	18,249	36,498	1,762	333,268	-	21,094	354,362
Printing and publications	9,398	20,754	244	1,320	1,158	27,429	60,303	1,839	398,993	461,135
Travel and transportation	19,053	157,349	32,906	8,803	5,222	196,874	420,207	4,877	11,721	436,805
Conferences, conventions, and meetings	34,177	20,861	7,778	4,293	4,612	68,648	140,369	27,727	41,833	209,929
Professional fees	-	-	-	-	-	-	-	-	358,554	358,554
Organizational dues	15,803	7,340	2,709	1,355	2,709	26	29,942	6,519	22,127	58,588
Recruitment and relocation	15,071	43,627	3,128	1,292	2,584	350	66,052	-	39,738	105,790
Capital debt interest	76,867	43,825	13,177	6,589	13,177	-	153,635	-	14,814	168,449
Interest	42,363	2,727	8,341	3,631	7,262	-	64,324	-	-	64,324
Insurance	171,454	59,433	77,531	14,696	29,392	-	352,506	-	46,452	398,958
Scholarships	335,960	91,373	251,922	79,119	38,567	-	796,941	-	-	796,941
Other	32,464	37,301	4,982	2,641	11,089	-	88,477	164,833	85,978	339,288
Total expenses before depreciation and payments to affiliated organizations	<u>6,961,921</u>	<u>2,627,657</u>	<u>1,911,536</u>	<u>937,047</u>	<u>1,644,184</u>	<u>537,004</u>	<u>14,619,349</u>	<u>731,006</u>	<u>4,589,762</u>	<u>19,940,117</u>
Depreciation and amortization	843,975	471,633	297,874	99,291	173,760	173,760	2,060,293	-	421,988	2,482,281
Payments to affiliated organizations	123,381	15,400	24,451	10,576	21,151	2,200	197,159	-	63,676	260,835
TOTAL EXPENSES	<u>\$ 7,929,277</u>	<u>\$ 3,114,690</u>	<u>\$ 2,233,861</u>	<u>\$ 1,046,914</u>	<u>\$ 1,839,095</u>	<u>\$ 712,964</u>	<u>\$ 16,876,801</u>	<u>\$ 731,006</u>	<u>\$ 5,075,426</u>	<u>\$ 22,683,233</u>

See accompanying notes to consolidated financial statements.

YMCA OF GREENVILLE
CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 8,535,578	\$ (3,364,332)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,583,490	2,482,280
Amortization of Right of Use assets	229,336	19,244
Unrealized (gain) loss on investments	(244,594)	416,453
Realized (gain) loss on sale of investments	(79,943)	2,283
Realized loss on sale of property and equipment	291,190	-
(Gain) loss on equity investment	(1,778,252)	4,264,527
Net changes in operating assets and liabilities:		
Pledges receivable	208,430	-
Other receivables	(186,602)	(33,755)
Inventories	16,295	(6,115)
Prepaid expenses	33,866	(18,476)
Accounts payable	(30,797)	154,237
Accrued expenses and other liabilities	86,484	(115,215)
Deferred revenue	665,089	179,357
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,329,570	3,980,488
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(6,427,425)	(2,123,726)
Investments acquired at cost	(475,138)	(672,744)
Proceeds from sale of investments	629,347	657,595
NET CASH USED BY INVESTING ACTIVITIES	(6,273,216)	(2,138,875)
CASH FLOWS FROM FINANCING ACTIVITIES		
Pledge contributions	1,160,125	749,000
New pledges	(2,230,356)	(1,895,548)
Payments on line of credit	-	(204,000)
Payments on notes payable	(278,491)	(289,734)
Payments on capital leases payable	(431,873)	(500,788)
Payments on financing leases	(120,383)	(13,825)
Payments on operating leases	(118,798)	-
Payments on revenue bonds	(1,152,000)	(375,000)
Payments on CARES Act loans	(75,000)	-
NET CASH USED IN FINANCING ACTIVITIES	(3,246,776)	(2,529,895)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	809,578	(688,282)
CASH AND CASH EQUIVALENTS, beginning of year	7,426,364	8,114,646
CASH AND CASH EQUIVALENTS, end of year	\$ 8,235,942	\$ 7,426,364
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	\$ 209,734	\$ 232,773
Right of Use assets obtained in exchange for lease liabilities	\$ 844,733	\$ -

See accompanying notes to consolidated financial statements.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The YMCA of Greenville (“the Association” or “the YMCA”) is a human services organization whose purpose is helping individuals grow in spirit, mind, and body. The Association is a member of the National Council of Young Men’s Christian Associations, and accordingly, remits annual membership fees based on a percentage of its non-exempt income which generally excludes support from foundations and governmental grants. This percentage was approximately 1.20% for both 2023 and 2022.

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the YMCA of Greenville Foundation, Inc. (“the Foundation”), an affiliated corporation established to receive certain gifts to primarily achieve the goals of the Association. All intercompany transactions and balances have been eliminated in the consolidated financial statements.

Basis of Accounting: The consolidated financial statements of the Association have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

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

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve and Board-designated endowment.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

Accounting Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent matters at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Public Support

Contributions: The Association receives contributions to support operating activities, endowments, and capital projects. These contributions can be from individuals, foundations, corporations, or trusts. The Association records contributions receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In-kind Contributions: The Association recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets, (b) require specialized skills, (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. The Association received no contributed services for the years ended December 31, 2023 and 2022.

The Association receives services from many volunteers who give significant amounts of their time to the programs of the Association. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services.

Contributions of assets other than cash are recorded at estimated fair value.

Revenue Recognition

The Association has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees.

Because the Association's performance obligations relate to contracts with a duration of less than one year, the Association has elected to apply the optional exemption provided in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606-10-50-14(a), Revenue from Contracts with Customers, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

Membership Dues and Program Fees: Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education, and recreation activities and programs. Members join for varying lengths of time and may cancel with 10 days' notice. Members generally pay a onetime joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to free classes, programs and activities, and discounts to fee-based programs. The Association offers a variety of programs including family, childcare, day camp, resident camp, teen, fitness, aquatics, and health services. Fee-based programs are available to the public. Program fees for short duration programs of two months or less, such as aquatics classes, are typically paid in advance at the time of registration. Program fees for longer duration programs, such as fee-based childcare, are usually paid weekly or monthly in advance. Cancellation provisions vary by program, but most transactions are cancelable with 15 to 30 days' notice. Refunds may be available for services not provided. Financial assistance is available to members and program participants.

Membership dues and program fees are recognized ratably over the period the membership or program service is provided on a straight-line basis in an amount that reflects the consideration the Association expects to be entitled to in exchange for those services. All the Association's revenue from contracts with customers are from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

Membership dues and program fees paid to the Association in advance represent contract liabilities and are recorded as other deferred revenue. Amounts billed but unpaid are contract assets and recorded as accounts receivables.

Accounts Receivable: The YMCA extends credit to its members and program participants enrolling in certain programs, such as summer and day camp, which are due in full prior to the start of the program. The YMCA's accounts receivable represents an unconditional right to consideration from its contracts with customers. Receivables are recorded at estimated fair value at the time of origination and are reflected in the Statements of Financial Position net of allowances for doubtful accounts. The allowance for doubtful accounts is determined by a monthly review of account balances, including the age of the balance and historical collection experience. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenue and Expense: Revenues and expenses of the Association are reported in the consolidated financial statements according to the Association’s basic programs. A brief description of the programs follows:

- *Health development* – The Association has developed a complete wellness program that includes all necessary elements for a healthy body through the provision of health and fitness equipment, training, and dietary recommendations.
- *Residential camp* – The resident camp brings together children from all over the United States to learn to express themselves while showing respect and appreciation for others, all while learning to enjoy outdoor skills and experiences. Additionally, several outreach programs have been developed for the spring and fall sessions that include environmental education, leadership, teamwork and self-esteem for school children, and group camping.
- *Childcare* – The Association’s child development area includes a variety of programs. The infant-toddler care program provides babies the consistent attention needed while guiding children through the early years of developmental stages. The preschool care programs build on children’s natural desire to learn new things and become more self-reliant. The after-school programs involve participants in educational and arts activities – plus sports, field trips and service projects. All the programs are designed to reach all critical areas of child development – spirit, mind, and body.
- *Day camp* – The day camp program is designed to be fun as well as educationally stimulating while teaching social skills and values like caring, honesty, respect, and responsibility. A healthy spirit, mind, and body are emphasized in the day camps. To that end, sports and games, including aquatics, are core areas, as are outdoor skills and the arts.
- *Recreation* – The youth sports programs strive to teach sports skills but always focus on teamwork, responsibility, good sportsmanship, and fun. This area primarily consists of sports clinics and sports leagues.
- *Personal development* – A variety of programming is included in this category. Adventure guides provide opportunities for fathers and their children to have fun together with other fathers and kids. Additionally, the Association provides a series of week-long leadership development training sessions including classroom instructions, hands-on job shadowing, team building, and game leadership. The YMCA Youth in Government program seeks to help create the next generation of good citizens through demystifying local, state, and national governmental systems so tomorrow’s adults will know how to affect change within these systems.
- *Management and general* – This category represents expenses that indirectly support the programs provided by the Association. In addition, it assures that the Association has a clear direction towards the future development of the community and assures that the Association has the human and financial resources to carry out its work.
- *Fundraising* – Fundraising represents expenses that constitute an appeal for financial support, such as costs incurred in connection with pledge receivables. Fundraising costs include costs of personnel, supplies, postage, and printing.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents: For purposes of the Statements of Cash Flows, the Association considers cash accounts which are not subject to withdrawal restrictions or penalties, money market accounts, and certificates of deposit with original maturities of 90 days or less to be cash or cash equivalents.

Restricted cash represents deposits held for a variety of projects for which donations were restricted by the donors. Also, capital campaign restricted cash is used for debt service requirements of the JEDA bonds, and the payment of the \$4,071,923 note payable described in Note 11.

Tax Status: The Association has obtained a favorable tax determination letter from the Internal Revenue Service, and management believes that the Association continues to qualify and is therefore tax exempt under Section 501 (c)(3) of the Internal Revenue Code.

FASB ASC 740-10 prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the Association has taken or expects to take on a tax return. In accordance with FASB ASC 740-10, the Association recognizes the tax benefits from uncertain tax positions only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Association's income tax filings are subject to audit by various taxing authorities. Management believes there was no significant impact on the Association's financial statements as a result of the adoption of ASC 740-10.

Investments: Investments consist primarily of assets invested in marketable equity and debt securities and money-market accounts. The Association accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the Statements of Financial Position. The realized and unrealized gain or loss on investments is reflected in the Statements of Activities.

Equity Investments

Equity investments consist of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Debt Investments

Debt investments consist of U.S. Government obligations, corporate bonds and notes, and daily traded mutual funds. All investments in debt securities are valued based on quoted market prices in active markets and are categorized as Level 1.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

Pledges Receivable: Pledges receivable consist of annual campaign, capital campaign, and endowment contributions due from local individuals and businesses. Absent donor stipulations, the Association classifies all pledges as increases in net assets with donor restrictions. When restrictions expire due to passage of time or when the purpose is fulfilled, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the Statements of Activities as net assets released from donor restrictions. Allowances for uncollectible pledges receivable are established based on historical collection rates and specific identification of uncollectible accounts. An allowance equal to 5% of the outstanding pledge balances for most pledges was recorded at December 31, 2023 and 2022. Pledges receivable are discounted at a rate commensurate with the scheduled timing of receipt.

Inventories: Inventories, consisting primarily of items held for resale, are valued at the lower of cost (first in, first out) or market.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property and Equipment: All property and equipment costing more than \$500 are capitalized at cost, if purchased, or fair value, if donated, at the date of donation. Property and equipment held under capital leases are stated at the present value of future minimum lease payments at the inception of the lease which approximates fair market value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is included as part of the capitalized value of the assets constructed. During the years ended December 31, 2023 and 2022, there was no net interest capitalization.

Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. Property and equipment held under capital leases and leasehold improvements are amortized on the straight-line method over the shorter of the lease terms or estimated useful lives of the assets. Depreciation expense is calculated based on the following useful lives:

Improvements other than building	8 – 40 years
Buildings and building improvements	5 – 39 years
Furniture and equipment	3 – 20 years

Fair Value of Financial Instruments: The provisions of FASB ASC topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establish a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures regarding the fair value measurements of certain financial instruments. Topic 820 addresses acceptable valuation techniques and establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) the reporting entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

- *Level 1 inputs* are unadjusted quoted prices for identical assets and liabilities in active markets to which the reporting entity has access.
- *Level 2 inputs* are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable (for example, interest rates), and inputs that are derived from or corroborated by observable market data.
- *Level 3 inputs* are unobservable and are significant to the fair value measurement.

The fair value codification expands disclosures about fair value measurements for certain financial assets and liabilities.

The carrying amounts of cash, receivables, accounts payable, and other accrued liabilities approximate fair value because of the short maturity of these financial instruments. The carrying values of the Association’s investments are based on information provided by external investment managers or comparison to quoted market values. The carrying amounts of pledges receivable represent the estimated present values of expected future cash flows.

The carrying amounts of the notes payable, bonds payable, and capital leases approximate fair value because these financial instruments bear interest at rates which approximate current market rates for notes with similar maturities and credit equity.

Functional Allocation of Expenses: The cost of providing the various programs and other activities has been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equity Investment in Hollingsworth Funds, Inc: In December 2000, the equity interest of John D. Hollingsworth On Wheels, Inc. and the substantial real estate holdings passed to an Internal Revenue Service (“IRS”)-qualified supporting organization, Hollingsworth Funds, Inc. (“the Funds”), upon the death of John D. Hollingsworth, the company’s founder, and sole stockholder. According to Mr. Hollingsworth’s last will and testament, the YMCA of Greenville will receive 10% of the annual distribution to beneficiaries of the Funds; the YMCA of Greenville accounts for this interest under the equity method of accounting and recognizes its share of changes in net assets of the Fund. The YMCA of Greenville recognized an unrealized gain (loss) of \$1,778,252 and \$(4,264,527) for the years ended December 31, 2023 and 2022, respectively, in the Statements of Activities.

Leases: The Association has entered various noncancelable operating leases for program facilities. In addition, the Association has entered operating and finance leases for equipment. The Association determines if an arrangement is a lease at inception.

The Association implemented ASU 2016-02, *Leases (Topic 842)* and subsequent amendments to the initial guidance effective January 1, 2022, using the modified retrospective approach. The YMCA elected the optional practical expedient package which, among other things, includes the historical classification of leases. The Association also elected the practical expedient to not separate lease components and non-lease components.

Operating leases (except for leases with a term of twelve months or less) are recorded in operating lease right of use assets and obligations under operating leases liabilities in the Statements of Financial Position. Finance leases are recorded in property and equipment, net, and obligations under finance leases in the Statements of Financial Position. Leases with a term of twelve months or less are considered short term leases and are accounted for as supplies expense in the Statements of Activities as rental payments are incurred.

NOTE 2 - LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$	2,526,541
Accounts receivable		428,617
Pledges receivable due in one year		982,438
Endowment spending-rate appropriations		113,675
Financial assets available for general expenditure	\$	4,051,271

The Association’s endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, except for the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Association’s Board-designated endowment of \$1,915,636 is subject to an annual spending rate of 5% as described in Note 9. Although management does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditure as part of our Board’s annual budget approval and appropriation), these amounts could be made available if necessary.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 - LIQUIDITY AND AVAILABILITY, continued

As part of the Association's liquidity management plan, management invests cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$3,692,816 as of December 31, 2023 and \$3,965,167 as of December 31, 2022.

The YMCA also maintains a line of credit in the amount of \$500,000, which could be drawn upon in the event of an anticipated liquidity need.

NOTE 3 – PLEDGES RECEIVABLE

The capital campaigns for the Camp Greenville, Caine Halter Family YMCA, Eastside Family YMCA, and Prisma Family YMCA have received pledges of \$6,150,580; \$3,861,110; \$2,966,701; and \$161,665, respectively, as of December 31, 2023. The gross pledge receivable balances as of December 31, 2023, for the Camp Greenville, Caine Halter Family YMCA, Eastside Family YMCA, and Prisma Family YMCA capital campaigns were \$15,000; \$1,531,000; \$674,000; and \$350,000, respectively. The pledges from these campaigns are expected to be collected in five years, with the donors designating their terms of payment.

The Association began accepting pledges in 2023 for the 2024 Annual Campaign. The gross pledge receivable balances for the 2023 Annual Campaign and the 2024 Annual Campaign as of December 31, 2023 were \$26,164 and \$207,919, respectively.

Unconditional promises to give at December 31 are:

	<u>2023</u>	<u>2022</u>
Pledges due in less than one year	\$ 982,438	\$ 1,412,540
Pledges due in one to five years	1,863,333	365,000
Pledges due in more than five years	-	-
	<u>2,845,771</u>	<u>1,777,540</u>
Less: Reserve for uncollectible	(134,365)	(11,157)
Less: Discount to net present value	<u>(158,442)</u>	<u>(75,220)</u>
Total unconditional promises to give	<u>\$ 2,552,964</u>	<u>\$ 1,691,163</u>

NOTE 4 – INVENTORIES

Inventories at December 31 consist of the following:

	<u>2023</u>	<u>2022</u>
Merchandise for resale	\$ 8,662	\$ 16,741
Food inventory	<u>6,803</u>	<u>15,019</u>
Total inventories	<u>\$ 15,465</u>	<u>\$ 31,760</u>

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31:

	2023	2022
Land	\$ 2,762,580	\$ 2,957,224
Land improvements	5,970,407	5,855,307
Building and building improvements	43,267,765	37,706,228
Furniture and equipment	13,514,964	13,715,714
	65,515,716	60,234,473
Less: Accumulated depreciation	(38,367,646)	(36,678,217)
Property and Equipment, Net	\$ 27,148,070	\$ 23,556,256

Depreciation expense for the years ended December 31, 2023 and 2022 was \$2,544,421 and \$2,473,586, respectively.

NOTE 6 – CAPITALIZED FINANCING COSTS

The Association capitalized \$173,671 in financing costs associated with the issuance of the 2007 JEDA Bond. These costs are being amortized over the term of the bonds using the effective interest method. Amortization expenses were \$39,069 and \$8,684 for the years ended December 31, 2023 and 2022, respectively. Accumulated amortization for the years ended December 31, 2023 and 2022 was \$173,671 and \$134,602, respectively. The JEDA bond was paid off by the Association during the year ended December 31, 2023. For December 31, 2022, the remaining unamortized capitalized financing costs balance is offset against the long-term portion of the revenue bonds, described in Note 11.

NOTE 7 – RETIREMENT PLANS

The National Council of the YMCA organized a retirement plan for all YMCA employees who qualify for participation in the retirement program. To qualify for enrollment, the employee (exempt and non-exempt) must work a minimum of 1,000 hours per year in any two anniversary years. Contributions for this plan, which are based on employee compensation, are paid at 12% and are 100% funded by the Association.

The Association's retirement expense related to these plans was \$664,696 and \$614,578 for the years ended December 31, 2023 and 2022, respectively.

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Association maintains cash balances at several financial institutions. Interest bearing accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At times, the Association’s cash balances on deposit at these financial institutions are in excess of the federally insured limits. The Association has not experienced any losses in its bank accounts and believes it is not exposed to any significant credit risk on cash balances.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9 – ENDOWMENT INVESTMENTS

The endowment consists of individual donor donations for a variety of purposes which the Board has designated as endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Association considers all contributions, unless specifically restricted by the donor, to be permanently restricted and part of the corpus.

Interpretation of Relevant Law

The Board has interpreted the Uniform Prudent Management Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net asset with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent 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. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standards of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Association and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Association.
7. The investment policies of the Association.

2023 Endowment Net Asset Composition by Type of Fund as of December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	\$ <u> -</u>	\$ <u> 2,360,595</u>	\$ <u> 2,360,595</u>

2022 Endowment Net Asset Composition by Type of Fund as of December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	\$ <u> -</u>	\$ <u> 2,087,780</u>	\$ <u> 2,087,780</u>

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9 – ENDOWMENT INVESTMENTS, continued

Changes in Endowment Net Assets for the year ended December 31:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2021	\$ -	\$ 2,491,462	\$ 2,491,462
Investment return:			
Investment income (loss), net	-	65,461	65,461
Net appreciation (depreciation) realized and unrealized	-	(418,736)	(418,736)
Contributions	-	162,469	162,469
Appropriations of endowment assets for expenditure	(212,876)	-	(212,876)
Net assets released from restrictions	<u>212,876</u>	<u>(212,876)</u>	<u>-</u>
Endowment net assets, December 31, 2022	<u>\$ -</u>	<u>\$ 2,087,780</u>	<u>\$ 2,087,780</u>
Endowment net assets, December 31, 2022	\$ -	\$ 2,087,780	\$ 2,087,780
Investment return:			
Investment income (loss), net	-	60,541	60,541
Net appreciation (depreciation) realized and unrealized	-	324,528	324,528
Contributions	-	98,157	98,157
Appropriations of endowment assets for expenditure	(210,411)	-	(210,411)
Net assets released from restrictions	<u>210,411</u>	<u>(210,411)</u>	<u>-</u>
Endowment net assets, December 31, 2023	<u>\$ -</u>	<u>\$ 2,360,595</u>	<u>\$ 2,360,595</u>

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9 – ENDOWMENT INVESTMENTS, Continued

Funds with Deficiencies: From time to time, the fair value of assets associated with Board restricted endowment funds may fall below the level that the Board requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2023 and 2022.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that achieve conservative growth with moderate income; preservation of capital is a very important long-term objective. The Foundation expects its endowment funds, over rolling five-year periods, to provide an average rate of return of approximately seven percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments (65% target allocation) to achieve its long-term return objectives within prudent constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Foundation has a policy of appropriating for distribution each year no more than 5% of its endowment fund's average fair value over the prior five years. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

At times, the Association has certain tort claims. The Association has insurance coverage for these claims and payments and expenses for these claims, if any, are expected to be within the policy coverage.

During the years ended December 31, 2023 and 2022, the Association participated in a federally assisted program; neither year met the threshold requirement of the Single Audit Act Amendments of 1996. Amounts received from federal grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures which may be disallowed by the grantor cannot be determined at this time although the Association expects such amounts, if any, to be immaterial.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 11 – LONG-TERM DEBT

The following is a summary of the Association’s long-term debt at December 31:

	2023	2022
5.25% note payable to equipment financing in monthly installments of principal and interest totaling \$985 through April 2023; secured by building equipment with a net book value of \$27,318 at December 31, 2022.	\$ -	\$ 3,897
0.00% note payable to an equipment dealer in monthly installments of \$123 through October 2024; secured by equipment with a net book value of \$738 and \$2,213 at December 31, 2023 and December 31, 2022, respectively.	1,229	2,705
0.00% note payable to an equipment dealer in monthly installments of \$263 through July 2023; secured by equipment with a net book value of \$3,794 at December 31, 2022.	-	1,844
3.95% note payable to a bank in monthly installments of principal and interest totaling \$3,112 through July 2025; secured by wellness equipment with a net book value of \$0 and \$28,194 at December 31, 2023 and December 31, 2022, respectively.	54,450	88,787
0.00% note payable to an equipment dealer in monthly installments of \$287 through March 2028; secured by equipment with a net book value of \$15,338 and \$16,888 at December 31, 2023 and December 31, 2022, respectively.	14,648	18,094
0.00% note payable to an equipment dealer in monthly installments of \$382 through May 2025; secured by equipment with a net book value of \$9,177 and \$12,848 at December 31, 2023 and December 31, 2022, respectively.	6,500	11,089
0.00% note payable to an equipment dealer in monthly installments of \$405 through March 2025; secured by equipment with a net book value of \$9,727 and \$13,617 at December 31, 2023 and December 31, 2022, respectively.	6,079	10,942
3.25% note payable to a bank in annual principal installments of \$214,000 through January 2025; interest is due monthly; secured by land, buildings, furniture, fixtures, and equipment with total net book values of \$3,734,223 and \$3,861,697 at December 31, 2023 and 2022, respectively.	4,071,923	4,295,962
Total Notes Payable	4,154,829	4,433,320
Less: Current portion	(263,842)	(268,452)
Notes Payable, Less Current Portion	\$ 3,890,987	\$ 4,164,868

In January 2018, the Association consolidated the \$3,942,691 note payable and the \$1,500,000 Line of Credit outstanding into a single debt instrument.

Future maturities of notes payable as of December 31, 2023 are as follows:

2024	\$ 263,842
2025	3,883,225
2026	7,762
Total future maturities of notes payable	\$ 4,154,829

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 11 – LONG-TERM DEBT, continued

Revenue Bonds:

	2023	2022
SC-JEDA("Jobs-Economic Development Authority") revenue bonds payable in annual principal installments of \$375,000 to \$402,000 plus interest at a variable, weekly rate, through March 2025, secured by real property and facilities.	\$ -	\$ 1,152,000
Less: Current portion	-	(375,000)
Less: Unamortized capitalized financing costs	-	(39,069)
Revenue Bonds Payable, Less Current Portion	\$ -	\$ 737,931

The Association paid off the SC-JEDA revenue bonds in August 2023.

Interest expense on all debt obligations for the years ended December 31, 2023 and 2022 was \$209,734 and \$232,773, respectively.

NOTE 12 – LINE OF CREDIT

The Association entered into a line of credit agreement with a bank for \$1,500,000 in 2016. At December 31, 2017 there were \$1,500,000 of borrowings against the line. In January 2018, the Association consolidated the \$1,500,000 line of credit and the \$3,942,691 note payable into a single debt instrument. As part of that instrument, the organization entered into an additional line of credit agreement with the same bank for \$500,000. The additional line of credit will be available for capital development. Borrowings outstanding at both December 31, 2023 and 2022 were \$0.

The Association entered into a non-revolving line of credit agreement with a bank for \$220,000 in 2019 for the temporary financing of a capital project. The line of credit will be repaid as pledge payments are received for the capital project. The interest rate for the line of credit was reduced from 4.5% to 3.25% in 2021. Borrowings outstanding on December 31, 2023 and 2022 were \$0.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 13 – LEASES

The Association leased wellness equipment and other equipment under capital leases prior to January 1, 2022; the assets and liabilities under these finance leases were recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets were depreciated over their estimated productive lives. Depreciation of assets under these capital leases was included in depreciation expense for the years ended December 31, 2023 and 2022.

Following is a summary of property held under pre-2022 finance leases:

	2023	2022
Program equipment	\$ 813,496	\$ 1,474,868
Fixtures and equipment	139,189	391,630
Less: Accumulated depreciation	(767,392)	(1,203,893)
Property and Equipment, Net	\$ 185,293	\$ 662,605

The Association has entered into various noncancelable operating leases for program facilities and office space. In addition, the Association has entered into operating and finance leases for equipment.

In September 2022, the Association entered into two separate agreements with DJ Wealth Holdings, LLC and NHE, Inc. to lease the building space that houses the Verdae Branch. The lease terms are for five years with five-year renewal options for both agreements. The fair value of the right of use the building space is reported on the Statements of Financial Position and is being amortized over 10 years. The total initial base rent to both leaseholders for the space is \$128,450 per annum. Annual rental fees increase by 1.5% per year beginning in the second year.

In May 2014, the Association entered into an agreement with Ridgeland LLC to lease the office space. The agreement was amended in November 2019 to extend the lease, commencing in August 2020 and ending in July 2025. The fair value of the right of use the building space is reported on the Statements of Financial Position and is being amortized over five years. The total initial base rent was \$29,281 per annum increasing annually by 2.5%.

Right of use assets related to operating and finance leases are as follows as of December 31, 2023:

	2023	2022
ROU assets obtained in exchange for new finance lease liabilities	\$ 812,775	\$ 191,643
ROU assets obtained in exchange for new operating lease liabilities	-	1,349,118
	\$ 812,775	\$ 1,540,761

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 13 – LEASES, continued

The components of lease costs were as follows for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Finance lease expense:		
Amortization of ROU assets	\$ 97,135	\$ 19,244
Interest on lease liabilities	13,591	2,593
Operating lease expense	<u>174,041</u>	<u>129,125</u>
 Total lease costs	 <u>\$ 284,767</u>	 <u>\$ 150,962</u>

Future payments due under operating and finance leases as of December 31, 2023 are as follows:

	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2024	\$ 164,805	\$ 294,801	\$ 459,606
2025	153,794	294,801	448,595
2026	136,963	289,844	426,807
2027	139,510	56,288	195,798
2028	143,672	16,787	160,459
Thereafter	<u>577,774</u>	<u>-</u>	<u>577,774</u>
Total undiscounted cash flows	1,316,518	952,521	2,269,039
Less: present value discount	<u>(188,006)</u>	<u>(50,359)</u>	<u>(238,365)</u>
 Total lease liabilities	 <u>\$ 1,128,512</u>	 <u>\$ 902,162</u>	 <u>\$ 2,030,674</u>

Other required information related to the Association's leases are as follows for the year ended December 31, 2023:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases (i.e. interest)	\$11,813	\$2,593
Financing cash flows from finance leases (i.e. principal portion)	\$90,213	\$13,825
Operating cash flows from operating leases	\$160,638	\$113,904
Weighted-average remaining lease term for finance lease	3.15 years	4.64 years
Weighted-average remaining lease term for operating lease	8.43 years	9.29 years
Weighted-average discount rate for finance lease	3.34%	3.30%
Weighted-average discount rate for operating lease	3.58%	3.54%

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 14 – DEFERRED REVENUE

The Association defers recognition of revenue for membership deposits and fees received in advance for programs and use of facilities at Camp Greenville. The balances at December 31 were as follows:

	2023	2022
Deferred membership deposits	\$ 199,700	\$ 205,927
Deferred program fees	394,087	378,947
Deferred Camp Greenville facility fees	1,738,065	1,081,888
Total deferred revenue	\$ 2,331,852	\$ 1,666,762

NOTE 15 – CARES ACT FUNDING

On June 30, 2020, the Association executed a secured loan with the SBA under the Economic Injury Disaster Loan program in the amount of \$150,000. The loan is secured by all tangible and intangible assets of the Association and payable over 30 years at an interest rate of 2.75% per annum. Installment payments, including principal and interest, began December 30, 2022. As part of the loan, the Association also received an advance of \$10,000 from the SBA. While the SBA refers to this program as an advance, it was written into law as a grant. This means that the amount given through this program does not need to be repaid. The outstanding balance of the SBA loan at December 31, 2023 and 2022 was \$75,000 and \$150,000, respectively.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 16 – FAIR VALUE INFORMATION

Fair values of assets and liabilities measured on a recurring basis at December 31, 2023 were as follows:

<u>Description</u>	<u>Assets (Liabilities)</u>		
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2023:</u>			
ASSETS			
Investments:			
Corporate stock:			
Energy	\$ 72,465	\$ 72,465	\$ -
Materials	50,629	50,629	-
Industrials	289,006	289,006	-
Consumer Discretionary	149,102	149,102	-
Consumer Staples	100,779	100,779	-
Healthcare	182,077	182,077	-
Financials	294,831	294,831	-
Information Technology	309,177	309,177	-
Communication Services	93,153	93,153	-
Utilities	29,449	29,449	-
Real Estate	33,265	33,265	-
Non Classified	88,363	88,363	-
	<hr/>	<hr/>	<hr/>
Total corporation stock	1,692,296	1,692,296	-
Corporate bonds	541,088	541,088	-
U.S. Government securities	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,233,384	\$ 2,233,384	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
Derivative instrument	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 16 – FAIR VALUE INFORMATION, continued

Fair values of assets and liabilities measured on a recurring basis at December 31, 2022 were as follows:

<u>Description</u>	<u>Assets (Liabilities)</u>		
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2022:</u>			
ASSETS			
Investments:			
Corporate stock:			
Energy	\$ 82,932	\$ 82,932	\$ -
Materials	49,657	49,657	-
Industrials	270,121	270,121	-
Consumer Discretionary	129,591	129,591	-
Consumer Staples	87,869	87,869	-
Healthcare	203,451	203,451	-
Financials	295,279	295,279	-
Information Technology	254,051	254,051	-
Communication Services	97,903	97,903	-
Utilities	33,045	33,045	-
Real Estate	32,176	32,176	-
Non Classified	97,786	97,786	-
	<hr/>	<hr/>	<hr/>
Total corporation stock	1,633,861	1,633,861	-
Corporate bonds	279,431	279,431	-
U.S. Government securities	149,764	149,764	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,063,056	\$ 2,063,056	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
Derivative instrument	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The valuation techniques for the assets and liabilities presented above were determined as follows:

- Level 1 fair values for investments were determined by reference to quoted market prices in active markets.

The Association had no Level 2 or 3 assets or liabilities at December 31, 2023 or 2022.

YMCA OF GREENVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 17 – FEDERAL GRANTS

During the years ending December 31, 2023 and 2022, the Association received federal awards; as stated previously, 2023 and 2022 awards did not meet the threshold requirement of the Single Audit Act Amendments of 1996.

NOTE 18 – NET ASSETS

Net assets restricted by time or purpose at December 31, 2023 and 2022 are available for the following purposes or programs:

	<u>2023</u>	<u>2022</u>
Capital campaign	\$ 2,125,971	\$ 3,559,039
Other	<u>1,170,661</u>	<u>705,563</u>
Net assets restricted by time or purpose	\$ <u><u>3,296,632</u></u>	\$ <u><u>4,264,602</u></u>

NOTE 19 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2023, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2023. Management has performed their analysis through May 16, 2024, the date the financial statements were available to be issued.