

YMCA OF GREATER ROCHESTER

**Financial Statements as of
March 31, 2025
Together with
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

July 31, 2025

To the Board of Directors of
YMCA of Greater Rochester:

Opinion

We have audited the accompanying financial statements of YMCA of Greater Rochester (the Association) (a New York not-for-profit corporation), which comprise the balance sheet as of March 31, 2025, and the related statements of activities and change in net assets, functional operating expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of March 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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 available to be issued.

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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 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 financial statements.

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

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

Report on Summarized Comparative Information

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

YMCA OF GREATER ROCHESTER

BALANCE SHEET

MARCH 31, 2025

(With Comparative Totals for 2024)

| | <u>2025</u> | <u>2024</u> |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Cash and equivalents | \$ 11,261,927 | \$ 10,194,820 |
| Accounts receivable, net of allowance for credit loss of \$152,425 in 2025 and \$153,390 in 2024 | 1,736,913 | 1,573,165 |
| Grants receivable | 2,206,236 | 2,050,090 |
| Pledges receivable, net | 2,051,166 | 3,353,714 |
| Prepaid expenses and other assets | 825,566 | 852,813 |
| Operating lease right-of-use assets | 581,042 | 945,806 |
| Investments | 31,403,664 | 29,469,551 |
| Land, buildings, and equipment, net | 91,058,017 | 93,578,567 |
| Property held for sale | <u>1,543,042</u> | <u>-</u> |
| Total assets | <u>\$ 142,667,573</u> | <u>\$ 142,018,526</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| Lines of credit | \$ 2,505,000 | \$ 2,505,000 |
| Accounts payable | 2,055,827 | 1,415,700 |
| Accrued expenses | 4,350,501 | 4,654,016 |
| Deferred revenue | 6,200,254 | 6,360,650 |
| Operating lease liabilities | 581,042 | 945,946 |
| Financing lease liabilities | 1,648,308 | 2,492,803 |
| Long-term debt, net | <u>30,865,916</u> | <u>32,973,164</u> |
| Total liabilities | <u>48,206,848</u> | <u>51,347,279</u> |
| NET ASSETS: | | |
| Without donor restrictions: | | |
| Board designated as endowment | 20,916,365 | 20,102,366 |
| Undesignated | <u>63,950,413</u> | <u>59,677,704</u> |
| Total net assets without donor restrictions | 84,866,778 | 79,780,070 |
| With donor restrictions | <u>9,593,947</u> | <u>10,891,177</u> |
| Total net assets | <u>94,460,725</u> | <u>90,671,247</u> |
| | <u>\$ 142,667,573</u> | <u>\$ 142,018,526</u> |

The accompanying notes are an integral part of these statements.

YMCA OF GREATER ROCHESTER

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2025

(With Comparative Totals for 2024)

| | Without Donor Restrictions | With Donor Restrictions | Total | |
|---|----------------------------------|-------------------------------|----------------------|----------------------|
| | | | 2025 | 2024 |
| OPERATING ACTIVITIES: | | | | |
| Operating revenues and support - | | | | |
| Membership dues and joining fees, net | \$ 33,955,741 | \$ - | \$ 33,955,741 | \$ 29,474,840 |
| Program fees, net | 21,744,343 | - | 21,744,343 | 19,114,588 |
| Governmental sources | 2,931,371 | - | 2,931,371 | 3,036,314 |
| Other fees and grants | 5,247,098 | - | 5,247,098 | 4,853,426 |
| Gifts and donations | 2,974,079 | - | 2,974,079 | 3,020,709 |
| Investment income allocated for operations | 1,084,001 | - | 1,084,001 | 1,072,000 |
| United Way of Greater Rochester | 820,198 | - | 820,198 | 852,942 |
| Member supplies and services | 256,681 | - | 256,681 | 173,859 |
| Other revenues, net | 1,031,876 | - | 1,031,876 | 959,640 |
| Total operating revenues and support | <u>70,045,388</u> | <u>-</u> | <u>70,045,388</u> | <u>62,558,318</u> |
| OPERATING EXPENSES: | | | | |
| Program - | | | | |
| Youth development | 24,339,485 | - | 24,339,485 | 24,533,649 |
| Healthy living | 18,847,270 | - | 18,847,270 | 17,159,627 |
| Social responsibility | 16,784,778 | - | 16,784,778 | 15,947,907 |
| Total program | <u>59,971,533</u> | <u>-</u> | <u>59,971,533</u> | <u>57,641,183</u> |
| Supporting services - | | | | |
| Administrative | 7,042,942 | - | 7,042,942 | 6,033,518 |
| Fundraising | 1,336,814 | - | 1,336,814 | 1,085,921 |
| Total supporting services | <u>8,379,756</u> | <u>-</u> | <u>8,379,756</u> | <u>7,119,439</u> |
| Total operating expenses | <u>68,351,289</u> | <u>-</u> | <u>68,351,289</u> | <u>64,760,622</u> |
| CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES | <u>1,694,099</u> | <u>-</u> | <u>1,694,099</u> | <u>(2,202,304)</u> |
| NON-OPERATING ACTIVITIES: | | | | |
| Investment income, net | 1,515,316 | 130,103 | 1,645,419 | 4,212,022 |
| Investment income allocated for operations | (914,816) | (169,185) | (1,084,001) | (1,072,000) |
| Gifts and donations | 362,368 | 1,215,923 | 1,578,291 | 4,887,289 |
| Net assets released from restriction - capital | 2,474,071 | (2,474,071) | - | - |
| Gain (loss) on disposal of land, buildings, and equipment | (44,330) | - | (44,330) | 28,315 |
| CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES | <u>3,392,609</u> | <u>(1,297,230)</u> | <u>2,095,379</u> | <u>8,055,626</u> |
| CHANGE IN NET ASSETS | 5,086,708 | (1,297,230) | 3,789,478 | 5,853,322 |
| NET ASSETS - beginning of year | <u>79,780,070</u> | <u>10,891,177</u> | <u>90,671,247</u> | <u>84,817,925</u> |
| NET ASSETS - end of year | <u>\$ 84,866,778</u> | <u>\$ 9,593,947</u> | <u>\$ 94,460,725</u> | <u>\$ 90,671,247</u> |

The accompanying notes are an integral part of these statements.

YMCA OF GREATER ROCHESTER

**STATEMENT OF FUNCTIONAL OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2025**

(With Comparative Totals for 2024)

| | Program | | | | Supporting Services | | Total | |
|--|-----------------------------|--------------------------|---------------------------------|---------------|-----------------------|--------------------|---------------|---------------|
| | Youth <u>Development</u> | Healthy <u>Living</u> | Social <u>Responsibility</u> | <u>Total</u> | <u>Administrative</u> | <u>Fundraising</u> | <u>2025</u> | <u>2024</u> |
| Salaries | \$ 13,198,890 | \$ 8,044,069 | \$ 8,503,603 | \$ 29,746,562 | \$ 3,317,394 | \$ 604,845 | \$ 33,668,801 | \$ 30,866,120 |
| Employee benefits and taxes | 2,403,968 | 1,616,618 | 1,724,218 | 5,744,804 | 932,663 | 190,074 | 6,867,541 | 6,333,117 |
| Facility occupancy | 2,042,569 | 1,811,665 | 1,879,814 | 5,734,048 | 61,057 | 6,277 | 5,801,382 | 5,821,899 |
| Professional fees | 865,303 | 608,881 | 575,123 | 2,049,307 | 953,214 | 115,729 | 3,118,250 | 3,450,122 |
| Program expense | 1,464,349 | 617,707 | 580,720 | 2,662,776 | 7,760 | 108 | 2,670,644 | 2,744,936 |
| Equipment | 208,799 | 957,428 | 511,102 | 1,677,329 | 115,507 | 5,347 | 1,798,183 | 2,414,311 |
| Interest | 533,727 | 533,727 | 533,743 | 1,601,197 | 290 | - | 1,601,487 | 1,560,821 |
| Merchant fees | 393,866 | 393,866 | 393,866 | 1,181,598 | 315,093 | 88,606 | 1,585,297 | 1,367,511 |
| Insurance | 308,255 | 267,355 | 292,675 | 868,285 | 276,340 | 66,975 | 1,211,600 | 1,085,347 |
| Supplies | 281,068 | 108,490 | 106,885 | 496,443 | 272,227 | 19,151 | 787,821 | 817,750 |
| Membership dues | 156,450 | 154,251 | 171,411 | 482,112 | 171,479 | 48,752 | 702,343 | 536,657 |
| Training and meetings | 95,290 | 86,579 | 80,260 | 262,129 | 133,204 | 23,973 | 419,306 | 378,409 |
| Printing and publications | 92,490 | 84,819 | 81,479 | 258,788 | 153,377 | 1,995 | 414,160 | 491,764 |
| Telephone | 95,013 | 62,930 | 66,413 | 224,356 | 82,889 | 12,500 | 319,745 | 266,887 |
| Transportation | 96,833 | 18,356 | 9,974 | 125,163 | 55,861 | 8,467 | 189,491 | 292,495 |
| Annual campaign | 9,911 | 9,911 | 11,331 | 31,153 | 11,431 | 112,311 | 154,895 | 95,763 |
| Bank service fees | 9,048 | 9,048 | 9,048 | 27,144 | 17,600 | - | 44,744 | 31,016 |
| Postage | 3,914 | 6,540 | 4,035 | 14,489 | 15,541 | 4,729 | 34,759 | 21,601 |
| Other | 9,802 | 5,131 | 7,114 | 22,047 | 12,019 | 26,975 | 61,041 | 32,573 |
| Total expenses before depreciation and amortization | 22,269,545 | 15,397,371 | 15,542,814 | 53,209,730 | 6,904,946 | 1,336,814 | 61,451,490 | 58,609,099 |
| Depreciation and amortization | 2,069,940 | 3,449,899 | 1,241,964 | 6,761,803 | 137,996 | - | 6,899,799 | 6,151,523 |
| Total expenses | \$ 24,339,485 | \$ 18,847,270 | \$ 16,784,778 | \$ 59,971,533 | \$ 7,042,942 | \$ 1,336,814 | \$ 68,351,289 | \$ 64,760,622 |

The accompanying notes are an integral part of these statements.

YMCA OF GREATER ROCHESTER

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2025 (With Comparative Totals for 2024)

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 3,789,478 | \$ 5,853,322 |
| Adjustments to reconcile change in net assets to net cash flow from operating activities: | | |
| Contributions donor restricted for capital expenditures and endowment | (1,215,923) | (4,287,301) |
| Depreciation and amortization | 6,899,799 | 6,151,523 |
| Loss (gain) on sale of building and equipment | 44,330 | (28,315) |
| Change in discount for pledges receivable | (61,859) | (121,889) |
| Realized and unrealized gains on investments, net | (1,458,669) | (4,050,611) |
| Amortization of bond issuance costs | 143,360 | 130,790 |
| Changes in: | | |
| Accounts receivable, net | (163,748) | (504,460) |
| Grants receivable | (156,146) | 79,876 |
| Prepaid expenses and other assets | 27,247 | (114,487) |
| Operating leases | (140) | (12,223) |
| Accounts payable | (204,429) | (967,576) |
| Accrued expenses | (303,515) | 205,126 |
| Deferred revenue | (160,396) | 1,800,474 |
| Net cash flow from operating activities | <u>7,179,389</u> | <u>4,134,249</u> |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | (1,488,826) | (581,693) |
| Proceeds from the sale of investments | 1,013,382 | 1,027,307 |
| Proceeds from sale of building and equipment | 37,709 | 28,315 |
| Purchases of buildings and equipment | <u>(5,159,774)</u> | <u>(14,090,510)</u> |
| Net cash flow from investing activities | <u>(5,597,509)</u> | <u>(13,616,581)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Borrowings (repayments) on lines of credit, net | - | 2,500,000 |
| Principal (repayments) borrowings of financing lease obligations, net | (844,495) | 1,246,362 |
| Principal (repayments) borrowings on long-term debt, net | (2,250,608) | 1,551,974 |
| Contributions and pledge payments received for capital expenditures | <u>2,580,330</u> | <u>5,201,624</u> |
| Net cash flow from financing activities | <u>(514,773)</u> | <u>10,499,960</u> |
| CHANGE IN CASH AND EQUIVALENTS | 1,067,107 | 1,017,628 |
| CASH AND EQUIVALENTS - beginning of year | <u>10,194,820</u> | <u>9,177,192</u> |
| CASH AND EQUIVALENTS - end of year | <u>\$ 11,261,927</u> | <u>\$ 10,194,820</u> |
| SUPPLEMENTAL NON-CASH OPERATING AND INVESTING DISCLOSURES: | | |
| Land, buildings, and equipment purchases in accounts payable | <u>\$ 844,556</u> | <u>\$ 57,180</u> |

The accompanying notes are an integral part of these statements.

YMCA OF GREATER ROCHESTER

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2025

1. THE ORGANIZATION

YMCA of Greater Rochester (the Association) is a not-for-profit corporation founded in 1854 as a charitable association of members and included 18 operating units at March 31, 2025. The Association provides quality programs focusing on youth development, healthy living, and social responsibility. The Association's program areas include Health Enhancement, Childcare, Youth and Teen Development, Overnight Camping, and Membership Services. These programs emphasize caring, respect, honesty, responsibility, character building, fun, and friendship. The Association is a charitable organization that creates a sense of community in the Greater Rochester, New York area by involving individuals and families of all ages, genders, abilities, incomes, and races. Programs are funded primarily through membership dues and program fees. Financial assistance is provided, within available resources, for individuals who do not have the ability to pay. Such assistance is funded primarily through donations to the Association's Annual Invest in Youth Campaign.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional operating expense classification. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended March 31, 2024, from which the summarized information was derived.

Financial Reporting

The Association reports its net assets and changes therein in the following classifications:

- Net assets without donor restrictions are net assets that are not subject to donor imposed stipulations. The Board of Directors, through voluntary resolutions, has set aside portions of the Association's net assets without donor restrictions to be used exclusively to function as endowment to support future operating initiatives.
- Net assets with donor restrictions are net assets whose use by the Association is limited by donor imposed stipulations. This includes stipulations that can be fulfilled or removed by actions of the Association pursuant to the stipulations or passage of time, as well as donor-imposed stipulations that do not expire. In cases where the donor-imposed stipulation does not expire, generally the donor of these net assets permits the Association to use all or part of the investment return on the related assets to support program activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operations

The statements of activities and change in net assets present the changes in net assets of the Association from operating activities and from non-operating activities. Operating revenues and expenses relate primarily to membership dues and program fees related to providing services to members focused on youth development, healthy living, and social responsibility. Additional operating revenue is received from donor contributions and government sources in support of services provided by the Association. Appropriation of investment income under the Association's endowment spending policy is considered operating revenue.

Gifts and donations raised in connection with the Association's capital project and permanent endowment gifts, as well as investment income, including gains and losses on investments held for long-term purposes or capital expenditures, except for the amount allocated to operations, are considered non-operating activities. Gains and losses on disposal of land, buildings, and equipment, increases in net assets related to acquisition of operating units, and acquisitions without payment of consideration are also included in non-operating activities.

Cash and Equivalents

Cash and equivalents consist of cash on hand, bank demand deposit, and money market accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in these accounts and believes that it is not exposed to any significant credit risk with respect to cash and equivalents. In addition, U.S. Treasury Bills with an original maturity of 90 days or less to maturity are considered cash equivalents.

Pledges Receivable

The Association records pledges receivable when an unconditional donor commitment is received. Pledges receivable due in future years are reflected at the present value of estimated future cash flows using a risk adjusted discount rate commensurate with the term of the pledge, which ranged from 2.41% to 4.69% for pledges outstanding at March 31, 2025.

In addition, the Association records an allowance for doubtful pledges receivable based on experience and a review of specific accounts. Accounts are written-off when reasonable collection efforts have been exhausted.

Investments

The Association invests in various types of investment securities, which are stated at fair value. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is possible that changes in their values could occur and such changes could materially affect the amounts reported in the accompanying financial statements.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market for the asset or liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

The Association uses various techniques in determining fair value. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Association. Unobservable inputs are inputs that reflect the Association's estimate about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy defines three levels based on the reliability of inputs:

- Level 1 Inputs - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Valuation adjustments are not applied to Level 1 instruments.
- Level 2 Inputs - Valuations are based on significant inputs that are observable, directly or indirectly; or based on quoted prices in markets that are not active.
- Level 3 Inputs - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost if purchased or fair value at the date of acquisition if acquired in a transaction that did not require the Association to pay any consideration. The Association capitalizes land, building, and equipment acquisitions greater than \$5,000 with a useful life greater than two years. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from two to forty years. Items acquired under the terms of financing lease arrangements are amortized over their estimated useful lives of three to five years.

Bond Financing Costs

Bond financing costs represent costs incurred to obtain long-term financing. These costs are netted against the related debt for reporting purposes and recognized as interest expense on a straight-line basis over the term of the related debt. These costs are written off if the related debt is retired in full before its scheduled maturity date.

Revenue Recognition

Membership dues and joining fees include performance obligations for providing members various rights and benefits of the Association, depending on the dollar level of their dues commitment, and are met continuously through the Association's fiscal year. As a result, membership dues are recognized as revenue ratably over the membership period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Membership dues and joining fees are billed in advance of the membership period and are expected to be received on a current basis. Membership dues receivable consist primarily of amounts due from members for various rights and benefits of the Association. Membership dues received in advance of the performance obligation are reflected as deferred revenue. Accounts receivable net of allowance for credit loss was \$1,573,165 as of March 31, 2023 and deferred revenue associated with fees for service income is \$2,009,599 as of March 31, 2023.

The Association recognizes program fees revenue in the period in which the performance obligations defined by the terms of contracts with individuals are satisfied. The Association's performance obligations fall under its overall mission to provide youth development, healthy living, and social responsibility. The Association's performance obligations include providing services including health enhancement, access to fitness facilities, fitness classes, childcare services, youth and teen development, and day and overnight camps.

Program service revenues is recognized at the amount to which the Association expects to be entitled, with the transaction price allocated to the bundled service, if applicable. Each service provided is billed at a price based on a signed agreement with the individual. The performance obligation is satisfied as the benefit of the services are consumed and program service revenue is recorded.

The Association expects to collect established charges. The Association performs an assessment of an individual's ability to pay for services prior to providing services. Based on this, the Association has determined that there are no implicit price concessions provided to those the Association serves, other than financial assistance provided.

Because performance obligations are met as program services are provided, there are no program fees allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Program service revenue is charged to and collected from members and customers either before or as soon as practicable after the service is provided and the performance obligation is met. Amounts collected in advance of service provision are recorded as deferred revenue until performance obligations are satisfied.

Amounts that remain uncollected at the end of a reporting period are recorded as accounts receivable. The allowance for credit losses is estimated by management based on periodic reviews of the collectability of specific accounts receivable considering historical experience and current and future economic conditions. Accounts receivable are written off when they are determined to be uncollectible. The Association recorded an allowance for credit losses of approximately \$152,000 and \$153,000 at March 31, 2025 and 2024, respectively.

Gifts and Donations

Gifts and donations are considered to be available without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes or in perpetuity are reported as support that increases net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified as net assets without restrictions and reported as net assets released from restrictions in the accompanying statements of activities and change in net assets. Conditional promises to give are not included as support until the conditions are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants from Governments and Other Agencies

Revenue from grants from governments and other agencies are recognized when conditions from the grantor are met and there are no barriers to be overcome. Amounts received in advance of such conditions being met are reported as deferred revenue.

Donated Services

A substantial number of volunteers have donated significant amounts of time and services in support of the Association's program operations and fundraising activities. However, the value of this time and service is not reflected in the accompanying financial statements as they do not meet the criteria for recognition under GAAP.

Leases – The Association as a Lessee

Operating leases are recorded on the Association's balance sheet under operating lease right-of-use (ROU) assets and operating lease liabilities. Financing leases are recorded on the Association's balance sheet as land, buildings, and equipment assets and financing lease liabilities.

The Association determines if an arrangement is a lease at inception. ROU assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at the lease's commencement based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Association is reasonably certain to exercise these options.

For all underlying classes of assets, the Association has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Association is reasonably certain to exercise. The Association recognizes fixed short-term lease cost on a straight-line basis over the lease term in the period in which the obligation is incurred.

The Association elected for all classes of underlying assets to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable, and elected for all underlying assets to not separate the lease and non-lease components of a contract and to account for required payments as a single lease component.

Variable lease costs paid to or on behalf of the lessor, consisting primarily of insurance and repairs and maintenance, are excluded from the measurement of the ROU asset and lease liability, and are expensed in the period incurred.

In evaluating contracts to determine if they qualify as a lease, the Association considers factors such as if the Association obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases – The Association as Lessor

The Association determines if an arrangement is a lease at inception. The Association reassesses the determination of whether an arrangement is a lease if the terms and conditions of the contract are changed. Revenue is recognized on the straight-line basis over the lease term. The Association recognizes variable lease payments as revenue in the period incurred.

The Association elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for both as a single lease component. Non-lease components consist of maintenance, common area services, cleaning, and other services.

At lease commencement, the Association estimates the residual value of the leased asset at the end of the lease term, considering the asset's remaining useful life, expected market condition, and expected use (e.g., sell or lease). The Organization's leases are primarily for real estate, including office space, classroom space, and other operating spaces utilized by its not-for-profit tenants. The Association's ability to realize the residual value at the end of the lease term could be adversely affected by unusual wear and tear of the leased facilities. This risk is managed through the Association's active involvement in maintenance and upkeep activities, routine inspection of leased space, and communicative relationships with tenants. In addition, the Association monitors the regional office space market for market value changes, which also assists the estimation process for future leases.

Advertising

Advertising costs are charged to expense as incurred and totaled approximately \$312,000 and \$403,000 in 2025 and 2024, respectively.

Income Taxes

The Association is a not-for-profit corporation exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. The Association has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Allocation of Certain Expenses

The statement of functional operating expenses presents expenses by both functional and natural classification. Certain categories of expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional columns. The Association utilizes a multi-faceted allocation methodology that considers direct expenses as well as allocations based on personnel time spent and square feet of space utilized in each of the Association's over 50 operating departments. The methodology further considers the overall operational purpose of each department and how that relates to each functional area reported on the statement of functional expenses. Data on the functional allocation of expenses on a departmental basis is accumulated to arrive at the amounts reported in the statement of functional operating expenses. Management considers the Association's allocation methodology to be reasonable.

Reclassifications

Certain reclassifications have been made to the 2024 financial statements to conform with the current year presentation.

3. LIQUIDITY

The Association is substantially supported by dues and program fees from members. In addition, support is received from donors and governmental sources. Some donor support is restricted by the donor for a specific purpose. Because a donor restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. In addition, the Association holds financial assets for specific programmatic, capital addition, or endowment purposes. Thus, financial assets reported on the accompanying balance sheets may not be available for general expenditure within one year of the balance sheet date.

The Association's financial assets available to meet cash needs for general expenditures within one year of the balance sheet dates are as follows at March 31:

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Financial assets at March 31 | \$ 48,659,906 | \$ 46,641,340 |
| Less: Financial assets unavailable for general expenditures within one year, due to: | | |
| Subject to Board designation as endowment | (20,916,365) | (20,102,366) |
| Restricted by donor perpetually | (2,751,352) | (2,706,952) |
| Subject to satisfaction of donor restrictions | <u>(6,842,595)</u> | <u>(8,184,225)</u> |
| | <u>\$ 18,149,594</u> | <u>\$ 15,647,797</u> |

The Association's ability to meet its cash needs is supported by consistent member dues and program fee revenue. The Association employs specific tactics to maintain and grow membership at a level to provide cash flow to support operating expenditures. Program fees are established at a level that supports the related programmatic expenditures. In addition, the Association maintains regular contact with its broad base of donors to support both annual operating contributions, as well as restricted gifts for capital improvements on an on-going basis.

From time to time, the Association utilizes its lines of credit for operating and capital project purposes. Additional draws can be made on these lines of credit should the need arise. In addition, the Association's Board could release Board designated endowment funds in the event the Association experienced an unusual cash need in the short term. The Association believes its cash position and expected cash flows are adequate to meet cash needs for general expenditures on an on-going basis.

4. PLEDGES RECEIVABLE

Outstanding pledges were related to the following projects at March 31:

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Sands Branch | \$ 1,289,717 | \$ 2,316,748 |
| Schottland Branch | 943,700 | 1,213,284 |
| Camp Cory | <u>-</u> | <u>67,792</u> |
| | 2,233,417 | 3,597,824 |
| Less: Allowance for uncollectible pledges | (2,000) | (2,000) |
| Less: Discount on pledges receivable | <u>(180,251)</u> | <u>(242,110)</u> |
| | <u>\$ 2,051,166</u> | <u>\$ 3,353,714</u> |

Payments are expected on pledges receivable as follows for the years ending March 31:

| | |
|------|---------------------|
| 2026 | \$ 826,887 |
| 2027 | 622,831 |
| 2028 | 440,000 |
| 2029 | 293,699 |
| 2030 | <u>50,000</u> |
| | <u>\$ 2,233,417</u> |

5. INVESTMENTS

Composition

Investments consisted of the following at March 31:

| | <u>2025</u> | <u>2024</u> |
|---------------------------------|----------------------|----------------------|
| Cash equivalents | \$ 736,341 | \$ 249,107 |
| Domestic equity securities | 18,872,472 | 12,358,994 |
| International equity securities | 3,311,260 | 3,307,981 |
| Fixed income securities | 4,221,090 | 9,548,111 |
| Alternative strategies | <u>4,262,501</u> | <u>4,005,358</u> |
| | <u>\$ 31,403,664</u> | <u>\$ 29,469,551</u> |

Alternative Strategies

Alternative strategies consist of the Association's investments in three limited liability companies (LLCs). The strategy of these LLCs is to seek attractive long-term capital appreciation by investing in a globally diversified portfolio of real estate and private equity investments.

6. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consisted of the following at March 31:

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Land | \$ 7,323,551 | \$ 8,773,627 |
| Buildings and improvements | 124,558,412 | 132,819,596 |
| Furnishings and equipment | 14,702,101 | 16,728,314 |
| Land improvements | 13,852,204 | 13,673,509 |
| Construction-in-progress | <u>3,654,744</u> | <u>765,087</u> |
| | 164,091,012 | 172,760,133 |
| Less: Accumulated depreciation and amortization | <u>(73,032,995)</u> | <u>(79,181,566)</u> |
| | <u>\$ 91,058,017</u> | <u>\$ 93,578,567</u> |

Property Held for Sale

In May 2024, the Association contracted with a brokerage firm to sell an underutilized building. Market conditions indicated a potential sale price above the current carrying value, therefore no impairment loss was incurred. Subsequent to year end, the Association sold the building to an unrelated third party for approximately \$2,400,000.

Property held for sale consisted of the following at March 31, 2025:

| | |
|--------------------------------|---------------------|
| Land | \$ 1,450,076 |
| Buildings and improvements | 10,183,307 |
| Land improvements | <u>32,839</u> |
| | 11,666,222 |
| Less: Accumulated depreciation | <u>(10,123,180)</u> |
| | <u>\$ 1,543,042</u> |

Assets Acquired Under Financing Leases

Furnishings and equipment include assets acquired under financing lease obligations with a cost of \$2,617,548 and \$5,536,049 at March 31, 2025 and 2024, respectively. Accumulated depreciation related to these assets was \$1,294,861 and \$3,362,080 at March 31, 2025 and 2024, respectively.

7. ENDOWMENT FUNDS

The Association's endowment funds consisted of the following at March 31:

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Board designated | \$ 20,916,365 | \$ 20,102,366 |
| Unappropriated appreciation of donor restricted gifts | 4,789,429 | 4,828,511 |
| Donor restricted historical gift corpus | <u>2,751,352</u> | <u>2,706,952</u> |
| | <u>\$ 28,457,146</u> | <u>\$ 27,637,829</u> |

Changes in the Association's endowment consisted of the following during the years ended March 31:

| | Board Designated | Unappropriated Appreciation | Donor Corpus | Total |
|---------------------------------------|----------------------|--------------------------------|---------------------|----------------------|
| Endowment net assets - April 1, 2023 | \$ 17,421,698 | \$ 4,580,914 | \$ 2,696,452 | \$ 24,699,064 |
| Investment return | 3,441,946 | 416,125 | - | 3,858,071 |
| Contributions | 142,194 | - | 10,500 | 152,694 |
| Spending policy distributions | <u>(903,472)</u> | <u>(168,528)</u> | <u>-</u> | <u>(1,072,000)</u> |
| Endowment net assets - March 31, 2024 | 20,102,366 | 4,828,511 | 2,706,952 | 27,637,829 |
| Investment return | 1,168,389 | 130,103 | - | 1,298,492 |
| Contributions | 560,426 | - | 44,400 | 604,826 |
| Spending policy distributions | <u>(914,816)</u> | <u>(169,185)</u> | <u>-</u> | <u>(1,084,001)</u> |
| Endowment net assets - March 31, 2025 | <u>\$ 20,916,365</u> | <u>\$ 4,789,429</u> | <u>\$ 2,751,352</u> | <u>\$ 28,457,146</u> |

Interpretation of Relevant Law

The Board of Directors of the Association has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on donor restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income (interest and dividends, realized and unrealized gains, net of related investment management expenses) and income is classified as unappropriated until appropriated by the Board for expenditure.

New York State Law allows the Board of Directors to expend net appreciation of endowment investments, and in certain circumstances, the principal of the gift. The Board of Directors must consider the long and short-term needs of the Association in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions when determining the amount to expend.

Board Designated Endowment Funds

Income (interest and dividends, realized and unrealized gains, net of investment management expenses) on board designated endowment funds is recorded as an addition to the board designated endowment as a component of net assets without donor restrictions. When appropriated for expenditure, amounts are shown as investment income allocated for operations in the statement of activities and change in net assets.

Strategies Employed for Achieving Objectives

The Association's strategy is to invest its endowment assets in a portfolio of selected investment vehicles that cover a broad allocation of common stocks, fixed income securities, mutual funds, and alternative strategies. This allows for diversity and risk management.

7. ENDOWMENT FUNDS (Continued)

Return Objectives, Risk Parameters

The Association has adopted investment and spending policies for its 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. The goal is to provide an investment return that exceeds the unmanaged market return while reducing market risk through diversification.

Spending Policy and Related Investment Objectives

The Association has adopted a spending formula for utilizing income from donor restricted net assets and net assets designated by the Board of Directors for long-term investment based on a total return concept. Under this policy, the Association may utilize an amount not to exceed 5.0% of the average quarterly fair value of its pooled investments for the preceding five years to support operations. Such long-term investment income and gains utilized for operations are considered operating income in the accompanying statements of activities and change in net assets. To the extent that the total return requirement for the current year is not fulfilled by interest and dividends, the Association utilizes accumulated appreciation of the funds. To the extent that the total return requirement for the current year is exceeded by interest and dividends, the Association reinvests the excess income. The Association's spending policy permits spending from underwater endowments.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level required by New York Not-for Profit Corporation Law. There were no such deficiencies as of March 31, 2025 and 2024.

8. NATURE, PURPOSE, AND AMOUNT OF RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes at March 31:

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|----------------------|
| Net assets with donor restrictions that can be satisfied by action of the Association or the passage of time: | | |
| Restricted for capital | \$ 2,053,166 | \$ 3,355,714 |
| Accumulated unappropriated earnings on donor restricted endowment funds | <u>4,789,429</u> | <u>4,828,511</u> |
| Subtotal expendable funds | <u>6,842,595</u> | <u>8,184,225</u> |
| Funds to be held in perpetuity with income expendable for: | | |
| Activities of the Association | 1,455,869 | 1,455,869 |
| Camp Gorham | 990,507 | 946,107 |
| Camp Cory | 268,422 | 268,422 |
| Overnight camp scholarships | 25,051 | 25,051 |
| Other | <u>11,503</u> | <u>11,503</u> |
| Subtotal funds to be held in perpetuity | <u>2,751,352</u> | <u>2,706,952</u> |
| | <u>\$ 9,593,947</u> | <u>\$ 10,891,177</u> |

8. NATURE, PURPOSE, AND AMOUNT OF RESTRICTIONS ON NET ASSETS (Continued)

Net assets released from restrictions were \$2,474,071 and \$6,848,396 in 2025 and 2024, respectively, and were related to capital expenditures.

9. LEASE COMMITMENTS

The Association as a Lessee

The Association leases certain office and fitness equipment from third parties under the terms of non-cancellable operating and financing lease arrangements that expire at various dates through August 2031.

The components of total lease cost were as follows for the years ended March 31:

| | <u>2025</u> | <u>2024</u> |
|--------------------------------|---------------------|---------------------|
| Finance lease cost: | | |
| Amortization of ROU assets | \$ 851,281 | \$ 440,873 |
| Interest on lease liabilities | 156,160 | 59,451 |
| Operating lease cost | 372,173 | 564,243 |
| Short-term/variable lease cost | <u>-</u> | <u>92,010</u> |
| | <u>\$ 1,379,614</u> | <u>\$ 1,156,577</u> |

The weighted-average remaining lease term and discount rate on finance and operating leases were as follows as of March 31:

| | <u>2025</u> | <u>2024</u> |
|--|-------------|-------------|
| Weighted-average remaining lease term - financing leases | 2 years | 3 years |
| Weighted-average remaining lease term - operating leases | 4 years | 4 years |
| Weighted-average discount rate - financing leases | 7.6% | 7.6% |
| Weighted-average discount rate - operating leases | 6.3% | 6.3% |

Supplemental cash flow information was as follows for the years ended March 31:

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|---------------------|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from finance leases | <u>\$ 156,160</u> | <u>\$ 59,451</u> |
| Financing cash flows from finance leases | <u>\$ 844,495</u> | <u>\$ 381,422</u> |
| Operating cash flows from operating leases | <u>\$ 372,173</u> | <u>\$ 564,243</u> |
| ROU assets obtained in exchange for finance lease obligation | <u>\$ -</u> | <u>\$ 1,797,363</u> |

9. LEASE COMMITMENTS (Continued)

The Association as a Lessee (Continued)

Minimum lease payments as follows for the years ending March 31:

| | <u>Operating Leases</u> | <u>Financing Leases</u> | <u>Total</u> |
|------------|-----------------------------|-----------------------------|---------------------|
| 2026 | \$ 225,684 | \$ 836,780 | \$ 1,062,464 |
| 2027 | 120,612 | 663,475 | 784,087 |
| 2028 | 90,508 | 105,290 | 195,798 |
| 2029 | 61,800 | 42,763 | 104,563 |
| 2030 | 58,792 | - | 58,792 |
| Thereafter | <u>23,646</u> | <u>-</u> | <u>23,646</u> |
| | <u>\$ 581,042</u> | <u>\$ 1,648,308</u> | <u>\$ 2,229,350</u> |

The Association as a Lessor

The Association leases space through operating leases that expire at various times through 2029. Rental income was approximately \$809,722 and \$840,425 for the years ended March 31, 2025 and 2024, which is included in other operating revenue on the statements of activities and change in net assets. Minimum future annual rents due from non-cancelable operating leases as follows for the years ending March 31:

| | |
|------------|---------------------|
| 2026 | \$ 599,232 |
| 2027 | 603,057 |
| 2028 | 606,604 |
| 2029 | 611,222 |
| 2030 | 615,119 |
| Thereafter | <u>2,203,608</u> |
| | <u>\$ 5,238,842</u> |

10. FINANCING ARRANGEMENTS

Long-Term Debt

Long-term debt consisted of the following at March 31:

| | <u>2025</u> | <u>2024</u> |
|---|-------------|-------------|
| Series 2017A fixed rate Tax Exempt Revenue Bond maturing in January 2043, requiring monthly principal payments starting February 2021 ranging from \$48,000 to \$120,000 plus interest at 3.99%. | 18,263,677 | 18,949,285 |
| Series 2015B fixed rate demand Civic Facility Revenue Bonds maturing in September 2025, requiring monthly principal payments starting October 2020 ranging from \$115,000 to \$135,000, plus interest at 2.75%. | 810,000 | 2,375,000 |
| Series 2015C fixed rate demand Civic Facility Revenue Bonds maturing in September 2031, requiring monthly principal payments starting October 2025 ranging from \$95,000 to \$115,000, plus interest at 3.00%. | 7,278,659 | 7,278,659 |

10. FINANCING ARRANGEMENTS (Continued)

Long-term Debt (Continued)

| | <u>2025</u> | <u>2024</u> |
|--|---------------------------------------|---------------------------------------|
| Term note payable to a bank in monthly installments of interest only through May 2025, then monthly payments of principal and interest of \$31,905 through May 2038, including interest at 5.4%. | <u>5,000,000</u> | <u>5,000,000</u> |
| Less: Unamortized portion of financing costs | <u>31,352,336</u> <u>(486,420)</u> | <u>33,602,944</u> <u>(629,780)</u> |
| | <u>\$ 30,865,916</u> | <u>\$ 32,973,164</u> |

Future Minimum Payments

Future minimum principal payments on long-term debt are as follows for the years ending March 31:

| | <u>Term Note</u> | <u>Bond</u> <u>Obligations</u> | <u>Total</u> |
|------------|---------------------|-----------------------------------|----------------------|
| 2026 | \$ 95,982 | \$ 2,101,991 | \$ 2,197,973 |
| 2027 | 121,014 | 1,936,128 | 2,057,142 |
| 2028 | 127,714 | 1,989,691 | 2,117,405 |
| 2029 | 134,783 | 2,065,738 | 2,200,521 |
| 2030 | 142,244 | 2,140,763 | 2,283,007 |
| Thereafter | <u>4,378,263</u> | <u>16,118,025</u> | <u>20,496,288</u> |
| | <u>\$ 5,000,000</u> | <u>\$ 26,352,336</u> | <u>\$ 31,352,336</u> |

Bonds Payable – Series 2015

In 2015, Series 2015A, 2015B, and 2015C Civic Facility Revenue bonds were issued by the County of Monroe Industrial Development Association (COMIDA) (the Issuer) and were collateralized under provisions of the indenture and loan agreements among the Association, Premier National Investment Company, Inc. (a wholly-owned subsidiary of M&T Bank) (the Trustee) and the Issuer.

Bonds Payable – Series 2017

In December 2017, Tax Exempt Revenue bonds were issued by COMIDA (the Issuer) up to \$33,600,000 in aggregate Tax Exempt Revenue Bonds, consisting of up to \$20,950,000 Series 2017A and up to \$12,650,000 Series 2017B (collectively, the “2017 Bonds”) for the benefit of the Association and for the purpose of assisting in financing the construction of the Schottland Family Branch. The 2017 Bonds were collateralized under provisions of the bond purchase and building loan agreements among the Association, 233 Genesee Street Corporation (a wholly-owned subsidiary of M&T Bank) (the Bank) and the Issuer. The Association has granted to the Issuer a first priority mortgage lien on and security interest in the facility, assignment of leases and rents, and a security agreement, which they in turn have assigned to the Bank. The Series 2017B bonds were paid of during the fiscal year ended March 31, 2024, however the Series 2017A bonds remain outstanding.

10. FINANCING ARRANGEMENTS (Continued)

Financing Costs

In conjunction with the Series 2015 and 2017 bond issuances and M&T Bank Term Note, issuance costs of \$1,017,121 were incurred and are being amortized over the term of the related obligations. To the extent the obligations are repaid in a manner that is accelerated from the scheduled repayment schedule, the related financing costs are amortized in a proportionally accelerated manner. Amortization expense of approximately \$143,360 and \$61,091 was recognized during the years ended March 31, 2025 and 2024, respectively, and was included in interest expense in the accompanying statement of functional operating expenses.

Borrowing Arrangement

In May 2023, the Association entered into a new borrowing arrangement with a bank that included a \$5,000,000 term loan and a \$5,000,000 “delay draw term loan.” Both parts of this new borrowing arrangement are collateralized by a piece of land owned by the Association and on which the Association constructed its new Sands Branch facility.

The delay draw down loan is an available line of credit for an additional \$5,000,000 for construction related expenditures. This loan requires interest-only payments for 60 months followed by quarterly installments of principal and interest for the next 20 calendar quarters that are based, in part, on the volume of collections on pledges receivable related to the Sands Branch each quarter. The delay draw down loan bears interest at the one month Secured Overnight Financing Rate (SOFR) plus 1.95%. In February 2025, the Association terminated this portion of the financing arrangement.

Lines of Credit

The Association has a \$3,000,000 annually renewable, unsecured operating line of credit agreement with a financial institution. Amounts borrowed bear interest at the financial institution’s prime rate (7.50% and 8.50% at March 31, 2025 and 2024, respectively). There was no balance outstanding under the terms of this agreement at March 31, 2025 and 2024.

The Association has a second annually renewable revolving line of credit with a bank allowing maximum borrowings up to \$7,000,000. Interest is charged on each advance at daily SOFR rate (4.41% and 5.34% at March 31, 2025 and 2024) plus 1.10%. The agreement is collateralized by securities and property owned by the Association. At both March 31, 2025 and 2024, \$5,000 was outstanding under the terms of this agreement.

The Association has a \$2,500,000, unsecured line of credit agreement with a charitable foundation. Amounts borrowed accrue interest at a rate of 2.5% per annum, compounded annually. The entire outstanding principal amount and all interest accrued thereon are due on March 31, 2026. At both March 31, 2025 and 2024, \$2,500,000 was outstanding under the terms of this agreement.

Cash Paid for Interest

Interest paid on all financing arrangements totaled approximately \$1,542,000 and \$1,500,000 for the years ended March 31, 2025 and 2024, respectively.

10. FINANCING ARRANGEMENTS (Continued)

Covenant Compliance

The Association's 2015 and 2017 bond agreements call for the Association to meet certain financial covenants requiring days cash on hand of no less than 60 days and a debt service coverage ratio, as defined in the agreement, of at least 1.25 to 1. In addition, the 2017 bond agreement requires the Association to maintain a leverage ratio of no more than 1.5 to 1. The Association was in compliance with these covenants as of March 31, 2025 and 2024.

The Association's line of credit agreement also requires the Association to meet certain financial covenants consisting of a leverage ratio of no more than 2.5 to 1. The Association was in compliance with this covenant as of March 31, 2025 and 2024.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Association's investments were measured at fair value on a recurring basis utilizing the following input levels at March 31, 2025:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|---------------------|----------------|----------------|---------------------|
| Cash equivalents | \$ 736,341 | \$ - | \$ - | \$ 736,341 |
| Domestic equity securities | 18,872,472 | - | - | 18,872,472 |
| International equity securities | 3,311,260 | - | - | 3,311,260 |
| Fixed income securities | <u>4,221,090</u> | <u>-</u> | <u>-</u> | <u>4,221,090</u> |
| Investments at fair value | <u>\$27,141,163</u> | <u>\$ -</u> | <u>\$ -</u> | 27,141,163 |
| Investments measured using net asset value as practical expedient | | | | <u>4,262,501</u> |
| | | | | <u>\$31,403,664</u> |

The Association's investments were measured at fair value on a recurring basis utilizing the following input levels at March 31, 2024:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|---------------------|----------------|----------------|---------------------|
| Cash equivalents | \$ 249,107 | \$ - | \$ - | \$ 249,107 |
| Domestic equity securities | 12,358,994 | - | - | 12,358,994 |
| International equity securities | 3,307,981 | - | - | 3,307,981 |
| Fixed income securities | <u>9,548,111</u> | <u>-</u> | <u>-</u> | <u>9,548,111</u> |
| Investments at fair value | <u>\$25,464,193</u> | <u>\$ -</u> | <u>\$ -</u> | 25,464,193 |
| Investments measured using net asset value as practical expedient | | | | <u>4,005,358</u> |
| | | | | <u>\$29,469,551</u> |

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Association's domestic equity securities, international equity securities, and fixed income securities are determined based on quoted market prices.

The Association utilizes the net asset value (NAV) reported by each of the alternative funds as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements.

Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the Association's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the Association's interest in the funds.

At both March 31, 2025 and 2024, there were no unfunded commitments. Alternative investments consisted of the following measured at NAV as of March 31:

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Blackstone Real Estate Income Trust Class S | \$ 869,842 | \$ 859,024 |
| Blackstone Private Credit Fund Class S | 1,121,532 | 1,023,044 |
| Partners Group Private Equity Master Fund Class A | <u>2,271,127</u> | <u>2,123,290</u> |
| | <u>\$ 4,262,501</u> | <u>\$ 4,005,358</u> |

Redemptions are allowed on a monthly, quarterly, or annual basis depending on the investment. Required notice of redemption varies from 30 - 180 days.

12. NET MEMBERSHIP DUES, JOINING FEES, AND PROGRAM FEES

The Association provides financial assistance to help defray the costs of membership dues, joining fees, and program fees to individuals who do not have the ability to pay. Membership dues, joining fees, and program fees revenue are recorded net of such assistance in the accompanying statements of activities and change in net assets. Such amounts were as follows for the years ended March 31:

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|----------------------|----------------------|
| Membership dues and joining fees | \$ 35,373,978 | \$ 30,315,399 |
| Less: Financial assistance provided | <u>(1,418,237)</u> | <u>(840,559)</u> |
| Membership dues and joining fees, net | <u>\$ 33,955,741</u> | <u>\$ 29,474,840</u> |
| Program fees | \$ 22,311,451 | \$ 20,264,139 |
| Less: Financial assistance provided | <u>(567,108)</u> | <u>(1,149,551)</u> |
| Program fees, net | <u>\$ 21,744,343</u> | <u>\$ 19,114,588</u> |

13. RETIREMENT PLAN

The Association participates in a multiple-employer defined contribution, individual account, and money purchase retirement plan that is administered by the YMCA Retirement Fund (a separate corporation). This plan is for the benefit of all eligible staff of the Association who qualify under applicable participation requirements.

The YMCA Retirement Fund is operated as a church pension plan and is a tax-exempt New York State not-for-profit corporation. Participation is available to all duly organized and reorganized YMCAs in the United States of America.

In accordance with its agreement with the YMCA Retirement Fund, the Association's contributions are determined based on a percentage of the participating employee's salary, paid by the Association, and are remitted to the YMCA Retirement Fund on a monthly basis.

Total retirement expense for the years ended March 31, 2025 and 2024 was approximately \$1,654,000 and \$1,476,000, respectively.

14. EMPLOYER RETENTION CREDIT

The Association claimed the Employer Retention Credit for a total of \$3,711,984 during the year ended March 31, 2022. This credit, which was also established by the CARES Act, allows for a credit based on eligible wages incurred during the period of COVID-19 disruption. At March 31, 2025 and 2024, \$2,029,156 of this Employer Retention Credit claim was included in accounts receivable in the accompanying balance sheets. This balance is expected to be received as a refund from the Internal Revenue Service for the Employer Retention Credit related to the period January 1, 2021 through March 31, 2021, which was claimed on an amended Form 941X for that calendar quarter, and is awaiting processing by the Internal Revenue Service. The Association collected its Employer Retention Credits for other time periods on its original Form 941 filings.

15. COMMITMENTS AND CONTINGENCIES

Conditional Asset Retirement Obligations

The Association's conditional asset retirement obligations relate to asbestos contained in some of its facilities. Environmental regulations exist that require the Association to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. If such work were to be planned, an estimate of the cost of asbestos removal would be recorded as a liability. The Association has not recorded any liability in connection with this obligation as it cannot estimate the fair value of its obligation due to a lack of sufficient information about the timetable over which this obligation may be settled through renovation, demolition, or sale/transfer of any affected facilities.

National Support

In accordance with its affiliation agreement, the Association is required to pay an annual assessment to the YMCA of the USA. This assessment is based on the Association's annual revenue, less certain excludable items. The expense associated with this agreement was approximately \$570,000 and \$446,000 for the years ended March 31, 2025 and 2024, respectively.

15. COMMITMENTS AND CONTINGENCIES (Continued)

Child Victims Act

In 2019, the Child Victims Act (CVA) was signed into law in New York State. This legislation impacted the statute of limitations in New York applicable to actions alleging child abuse, and revived most previously time-barred claims.

Through the date the financial statements were available to be issued, the Association has been notified of a number of claims commenced against the Association under the CVA. Aggregate demands for damages from these suits are presently not determinable. During the timeframes cited in the claims and potential claims, the Association had general liability and other insurance coverage from commercial carriers.

At present, the Association is not certain as to the amount of commercial insurance coverage available to it to meet any potential obligations related to the CVA actions commenced or to be commenced against it. As of March 31, 2025, an inconsequential amount of expense has been recorded for the settlement of CVA claims thus far, however, the ultimate resolution of these claims potentially could have a material adverse impact on the Association's results of operations and financial position.

Construction Commitment

The Association has entered into an agreement with a construction contractor to build a new YMCA child care in Penfield, New York at their Eastside Family Branch location. Total contractual cost for the branch is approximately \$7,800,000. As of March 31, 2025, approximately \$3,000,000 of costs had been incurred in relation to this construction commitment. The Association expects to complete the construction project and pay the remaining amounts called for under the construction contract during the year ending March 31, 2026.

16. SUBSEQUENT EVENTS

Lease Commitments

Subsequent to year end the Association entered into a finance lease commitment of approximately \$818,000 for equipment. This lease commenced in April of 2025 for a term of 36 months.

In addition, the Association entered into an operating lease agreement for office space commencing in July 2025 with an initial term of 10 years. Monthly rental payments of \$42,000, inclusive of parking space rental, are required, increasing 2% each year, starting in the third year, over the term of the lease.

In May 2025, the Association entered into a contract with an unrelated third party to sell one of its buildings. See property held for sale disclosure in Note 6 for additional information.

Subsequent events have been evaluated through July 31, 2025, which is the date the financial statements were available to be issued.