

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND

FINANCIAL STATEMENTS

***As of and for the Year Ended December 31, 2025
(With Comparative Totals for 2024)***

And Report of Independent Auditor

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
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Report of Independent Auditor

To the Board of Directors
Young Men's Christian Association of Greater Richmond
Richmond, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Young Men's Christian Association of Greater Richmond (the "Association"), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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 these 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 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.

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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

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 June 25, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cherry Bekaert LLP

Richmond, Virginia
June 29, 2026

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 3,252,568	\$ 8,167,429
Notes receivables	80,000	150,000
Accounts receivables, net	355,643	65,414
Contributions receivable, net (Note 3)	1,420,025	1,321,406
Investments (Notes 4 and 5)	24,560,700	22,778,160
Prepaid expenses	214,930	150,743
Land, buildings, and equipment, net (Note 6)	93,053,053	86,490,707
Operating lease assets, net (Note 7)	7,448,876	2,258,639
Total Assets	<u>\$ 130,385,795</u>	<u>\$ 121,382,498</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,265,993	\$ 4,127,586
Deferred contributions and grants	130,654	232,991
Deferred membership and program fees	1,255,620	1,210,998
Operating lease liabilities (Note 7)	8,070,188	2,480,180
Debt (Note 8)	28,056,148	27,722,423
Total Liabilities	<u>42,778,603</u>	<u>35,774,178</u>
Net Assets (Notes 11, 12, and 13):		
Without Donor Restrictions:		
Board-designated	14,848,777	14,070,099
Undesignated	63,533,028	61,626,498
Total Without Donor Restrictions	<u>78,381,805</u>	<u>75,696,597</u>
With Donor Restrictions:		
Subject to purpose restrictions	1,564,619	2,641,083
Subject to passage of time	1,045,050	1,226,462
Endowments	6,615,718	6,044,178
Total With Donor Restrictions	<u>9,225,387</u>	<u>9,911,723</u>
Total Net Assets	<u>87,607,192</u>	<u>85,608,320</u>
Total Liabilities and Net Assets	<u><u>\$ 130,385,795</u></u>	<u><u>\$ 121,382,498</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Public Support:						
United Way Services	\$ 71,661	\$ -	\$ 71,661	\$ 98,090	\$ -	\$ 98,090
Contributions	3,170,466	1,808,071	4,978,537	3,061,289	1,733,066	4,794,355
Contributed goods and services	59,015	90,712	149,727	58,045	120,573	178,618
Government grants	-	1,891,338	1,891,338	-	2,789,676	2,789,676
Endowment contributions	51,485	6,500	57,985	22,080	300,490	322,570
Capital campaign contributions	-	619,641	619,641	-	962,423	962,423
Total Public Support	<u>3,352,627</u>	<u>4,416,262</u>	<u>7,768,889</u>	<u>3,239,504</u>	<u>5,906,228</u>	<u>9,145,732</u>
Membership fees	32,907,196	-	32,907,196	30,542,964	-	30,542,964
Program fees	16,080,376	-	16,080,376	16,469,033	-	16,469,033
Rental of facilities	57,837	-	57,837	58,360	-	58,360
Merchandise sales	39,468	-	39,468	41,432	-	41,432
Other income	182,184	-	182,184	152,276	-	152,276
Investment return, net (Note 4)	1,168,373	782,568	1,950,941	1,128,784	564,340	1,693,124
Net assets released from restrictions (Note 12)	<u>5,885,166</u>	<u>(5,885,166)</u>	<u>-</u>	<u>10,298,643</u>	<u>(10,298,643)</u>	<u>-</u>
Total Revenues and Public Support	<u>59,673,227</u>	<u>(686,336)</u>	<u>58,986,891</u>	<u>61,930,996</u>	<u>(3,828,075)</u>	<u>58,102,921</u>

(Continued)

The accompanying notes to the financial statements are an integral part of these statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program Services:						
Healthy living	\$ 22,143,650	\$ -	\$ 22,143,650	\$ 21,079,032	\$ -	\$ 21,079,032
Youth development	19,438,271	-	19,438,271	19,547,880	-	19,547,880
Social responsibility	7,896,723	-	7,896,723	8,064,786	-	8,064,786
Total Program Services	49,478,644	-	49,478,644	48,691,698	-	48,691,698
Supporting Services:						
General administration	5,099,205	-	5,099,205	5,574,388	-	5,574,388
Fundraising	2,427,484	-	2,427,484	1,874,377	-	1,874,377
Total Supporting Services	7,526,689	-	7,526,689	7,448,765	-	7,448,765
Total Expenses	57,005,333	-	57,005,333	56,140,463	-	56,140,463
Gain on sale of fixed assets	17,314	-	17,314	7,487	-	7,487
Change in net assets	2,685,208	(686,336)	1,998,872	5,798,020	(3,828,075)	1,969,945
Net assets, beginning of year	75,696,597	9,911,723	85,608,320	69,898,577	13,739,798	83,638,375
Net assets, end of year	<u>\$ 78,381,805</u>	<u>\$ 9,225,387</u>	<u>\$ 87,607,192</u>	<u>\$ 75,696,597</u>	<u>\$ 9,911,723</u>	<u>\$ 85,608,320</u>

The accompanying notes to the financial statements are an integral part of these statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	2025							2024	
	Program Services				Supporting Services			Total	Total
	Healthy Living	Youth Development	Social Responsibility	Total	General Administration	Fundraising	Total		
Salaries and wages	\$ 11,898,187	\$ 9,606,138	\$ 3,581,825	\$ 25,086,150	\$ 2,536,379	\$ 1,544,856	\$ 4,081,235	\$ 29,167,385	\$ 28,990,710
Employee benefits	999,745	962,421	424,424	2,386,590	305,836	272,346	578,182	2,964,772	2,762,117
Payroll taxes and workers' compensation	996,438	798,953	294,932	2,090,323	201,719	121,471	323,190	2,413,513	2,421,917
	<u>13,894,370</u>	<u>11,367,512</u>	<u>4,301,181</u>	<u>29,563,063</u>	<u>3,043,934</u>	<u>1,938,673</u>	<u>4,982,607</u>	<u>34,545,670</u>	<u>34,174,744</u>
Professional fees and contract services	399,807	454,049	322,970	1,176,826	1,135,380	136,540	1,271,920	2,448,746	2,488,668
Supplies	642,323	885,651	354,139	1,882,113	37,096	148,184	185,280	2,067,393	2,284,340
Telephone	161,403	175,428	70,950	407,781	22,922	-	22,922	430,703	387,171
Postage and shipping	11,036	8,356	3,334	22,726	26,151	4,438	30,589	53,315	50,452
Occupancy	4,069,760	3,345,318	1,344,355	8,759,433	20,985	782	21,767	8,781,200	7,923,854
Transportation and travel	171,762	354,660	107,088	633,510	22,553	2,872	25,425	658,935	790,926
Conferences and training	95,766	183,271	118,974	398,011	224,891	9,946	234,837	632,848	786,780
Printing, promotion and publicity	180,078	197,811	72,863	450,752	465,682	129,114	594,796	1,045,548	1,109,624
National support	174,857	200,719	77,709	453,285	53,328	26,664	79,992	533,277	530,017
Specific assistance	-	-	193,273	193,273	-	-	-	193,273	192,497
Bad debt (recoveries)	(404)	(352)	(143)	(899)	-	(201)	(201)	(1,100)	186,644
Miscellaneous	185,307	385,914	166,314	737,535	46,283	30,472	76,755	814,290	900,998
	<u>19,986,065</u>	<u>17,558,337</u>	<u>7,133,007</u>	<u>44,677,409</u>	<u>5,099,205</u>	<u>2,427,484</u>	<u>7,526,689</u>	<u>52,204,098</u>	<u>51,806,715</u>
Depreciation and amortization	2,157,585	1,879,934	763,716	4,801,235	-	-	-	4,801,235	4,333,748
	<u>\$ 22,143,650</u>	<u>\$ 19,438,271</u>	<u>\$ 7,896,723</u>	<u>\$ 49,478,644</u>	<u>\$ 5,099,205</u>	<u>\$ 2,427,484</u>	<u>\$ 7,526,689</u>	<u>\$ 57,005,333</u>	<u>\$ 56,140,463</u>

The accompanying notes to the financial statements are an integral part of these statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 1,998,872	\$ 1,969,945
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Amortization of post retirement prior service cost		
Depreciation and amortization	4,801,235	4,333,748
Discount for net present value and provision for uncollectible contributions receivable, net	(46,387)	(104,983)
Realized gain on sale of investments	(102,723)	(63,575)
Gain on disposal of land, buildings, and equipment	(17,314)	(7,487)
Contributed land, buildings, and equipment	(90,712)	(120,572)
Unrealized gain on investments	(958,526)	(631,850)
Contributions restricted for construction	(619,641)	(962,423)
Contributions restricted for endowments	(6,500)	(300,490)
Noncash lease activity	399,771	(24,299)
Changes in assets and liabilities:		
Other receivables	(290,229)	113,652
Contributions receivable	(172,400)	(245,732)
Prepaid expenses	(64,187)	120,337
Accounts payable and accrued expenses	1,338,657	236,223
Deferred contributions and grants	(102,337)	(397,958)
Deferred membership and program fees	44,622	166,157
Net cash flows from operating activities	6,112,201	4,080,693
Cash flows from investing activities:		
Proceeds from sales of investments	310,493	12,974,948
Proceeds from sales of land, buildings, and equipment	17,314	1,512,206
Payments received on notes receivable	70,000	-
Purchases of investments	(1,031,784)	(13,821,319)
Acquisition and construction of land, buildings, and equipment	(10,194,617)	(4,089,956)
Net cash flows from investing activities	(10,828,594)	(3,424,121)
Cash flows from financing activities:		
Principal payments on debt	(1,848,778)	(1,806,937)
Principal payments on finance lease obligations	(95,999)	(27,488)
Borrowing on line of credit	1,000,000	-
Contributions restricted for construction	739,309	1,809,800
Contributions restricted for endowments	7,000	300,490
Net cash flows from financing activities	(198,468)	275,865
Net change in cash and cash equivalents	(4,914,861)	932,437
Cash and restricted cash, beginning of year	8,167,429	7,234,992
Cash and restricted cash, end of year	\$ 3,252,568	\$ 8,167,429
Supplemental disclosure of cash flow information:		
Cash payments for interest	\$ 529,891	\$ 737,369
Noncash investing and financing activities:		
Property and equipment included in accounts payable/accrued expenses	\$ 200,250	\$ 88,211
Equipment obtained in exchange for new finance lease obligations	\$ 1,278,502	\$ -
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 5,990,482	\$ -

The accompanying notes to the financial statements are an integral part of these statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 1—Nature of activities and significant accounting policies

Mission and Nature of Activities – The mission of the Young Men's Christian Association of Greater Richmond (the "Association") is to put Christian principles into practice through programs that build healthy spirit, mind and body for all. The Association is a not-for-profit charitable organization, which promotes healthy living, youth development and social responsibility throughout the Richmond, Virginia metropolitan area and Petersburg, Virginia.

The significant accounting policies followed by the Association are described below:

Basis of Accounting – The accompanying financial statements are presented on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. Unconditional public support is recognized when notification of the support is received by the Association.

Basis of Presentation – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Financial Accounting Standards Board has established the Accounting Standards Codification ("ASC") as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with U.S. GAAP. Resources are classified into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Association. These net assets may be used at the discretion of the Association's management and Board of Directors. The Association has chosen to provide further classification information about net assets without donor restrictions. The subclassifications are as follows:

Board-Designated – Comprised of funds set aside by the Board of Directors to be used for specific activities within general guidelines established by the Association.

Undesignated – Represents the cumulative net assets without donor restrictions excluding those resources in board-designated.

Net Assets with Donor Restriction – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Contributions whose restrictions are satisfied in the same reporting period in which the contribution was received are reported as without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for operating or specific purposes, such as the Learn To Swim program and staff education.

Donor-imposed restrictions are released when 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.

Contributions – Contributions and public support are recognized when cash, other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 1—Nature of activities and significant accounting policies (continued)

Contributions receivables are carried at net present value less an estimate made for potentially uncollectible accounts based on a review of all outstanding amounts on a regular basis. Management determines the allowance by regularly evaluating individual donor receivables and considering a donor's payment history and current economic conditions. The allowance was \$200,000 at December 31, 2025 and 2024. Contributions receivables are written off when deemed uncollectible. Recoveries of receivables are recorded when received.

The Association reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use or timing of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities and changes in net assets. All contributions to be received within one year are considered to be available without restriction regarding use unless specifically restricted by the donor. Gifts of property and equipment are reported as without donor-imposed restrictions unless explicit donor stipulations specify how the donated assets must be used.

Accounts Receivable and Allowance for Credit Losses – Accounts receivable consist of amounts billed and currently due from governmental agencies and individual customers. In accordance with ASC Topic 326: Financial Instruments - Credit Losses, the Association makes ongoing estimates relating to the collectability of accounts receivable and records an allowance for estimated losses expected from the inability of its customers to make required payments. The Association establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and reasonable and supportable forecasts of future macroeconomic conditions. These inputs are used to determine a range of expected credit losses, and an allowance is recorded within the range. Management believes that any allowance recorded would be immaterial, and therefore the allowance was \$-0- for the years ended December 31, 2025 and 2024, respectively.

Government Grants – The Association receives grant funding from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing, and other requirements. These program services range from childcare after school programs, day camp, family programs, and health and welfare related programs. Such Association government grants are nonreciprocal transactions and include conditions stipulated by the government agencies and, are therefore, accounted for as conditional contributions.

Cash received on government grants prior to incurring allowable expenses are recorded as deferred grants upon receipt. At December 31, 2025 and 2024, the Association had unexpended contributions and grants of \$130,654 and \$232,991, respectively, that have not been recognized pending fulfillment of conditions associated with the awards.

Accounting Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Goods and Services – Contributed goods and services are recorded at their fair value if such goods and services create or enhance non-financial assets, would have been purchased if not provided by contribution, require specialty skills and are provided by individuals possessing such specialized skills. These contributed goods and services are recorded as contributions and as expense, based on the estimated fair values. A substantial number of volunteers contribute significant amounts of time and services to the Association's program operations, fundraising campaigns and boards and committees of the Association. Such contributed services do not meet the criteria for recognition of contributed services and are not reflected in the accompanying financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 1—Nature of activities and significant accounting policies (continued)

Membership and Program Fees – Membership and program fees are recognized as revenue over the membership or program period. Substantially all of 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. Such fees received in advance are recorded as deferred membership and program fees. At December 31, 2025 and 2024, deferred membership and program fees totaled \$1,255,620 and \$1,210,998, respectively. Deferred membership fees as of January 1, 2024 were \$1,044,841. Annual maintenance fees are non-refundable and are recognized as revenue when received.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Association considers all highly liquid debt instruments with maturity, when acquired, of three months or less, to be a cash equivalent. Cash and cash equivalents maintained in the investment account until suitable investments are purchased are considered investments.

Investments – Equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Interest, dividends, realized gains and losses, and unrealized gains and losses are reported in the statement of activities and changes in net assets as investment gain (loss). Changes in the fair value of investments carried at fair value are reflected as investment gain or loss in the statement of activities and changes in net assets. Investments received by gift are recorded at the fair value on the date received.

Financial Risk – The Association places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Association from time to time may have amounts on deposit in excess of the insured limits. The Association had \$4,161,736 and \$8,036,260 in deposits that exceeded these insured amounts as of December 31, 2025 and 2024, respectively. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and temporary cash investments.

The Association invests in a professionally managed portfolio that contains various securities. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments, and the uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Land, Buildings, and Equipment – Land, buildings, and equipment are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Parking lots	5 – 20
Buildings and land improvements	15 – 39
Other recreational facilities	10 – 20
Furniture, equipment and vehicles	3 – 15

Total depreciation expense for the years ended December, 31, 2025 and 2024 was \$4,669,614 and \$4,302,212, respectively.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 1—Nature of activities and significant accounting policies (continued)

Valuation of Long-Lived Assets – Land, buildings, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the accompanying statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses present the natural classification detail of expenses by functions. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Wages, Employee Benefits, Payroll Taxes and Workers' Compensation	Time and effort
Occupancy and Depreciation	Square footage

Income Taxes – The Association has been recognized by the Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code ("IRC"). In addition, the Association qualifies for charitable contribution deductions under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). As a nonprofit organization, the Association is subject to unrelated business income tax, if applicable. The Association did not have any unrelated business income for the years ended December 31, 2025 and 2024.

Management evaluated the Association's positions and concluded that the Association had taken no uncertain tax positions that require adjustment to the financial statements to comply with the accounting standard on accounting for uncertainty in income taxes. The Association files an informational Form 990 in the U.S. federal jurisdiction.

Advertising – Advertising costs are expensed as incurred and totaled \$893,171 and \$963,495, respectively, for the years ended December 31, 2025 and 2024.

Notes Receivables – Notes receivable represent funds advanced to other organizations and are stated at unpaid principal balances, less an allowance for loan losses. The amount of the allowance is based on management's evaluation of the collectability of the receivables, including past experience, adverse situations that may affect the borrower's ability to repay, and current economic conditions. Management has determined an allowance for loan losses would be immaterial and, therefore, is not necessary as of December 31, 2025 and 2024.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 2—Liquidity and availability

The table below represents financial assets available for general expenditures within one year at December 31:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,252,568	\$ 8,167,429
Notes receivables	80,000	150,000
Other receivables	355,643	65,414
Contributions receivable, net	1,420,025	1,321,406
Investments	24,560,700	22,778,160
Total financial assets at year-end	<u>29,668,936</u>	<u>32,482,409</u>
Less amounts not available to be used for general expenditures within one year:		
Board-designated endowment, net of annual spending rate	2,606,285	2,352,687
Board-designated reserves for operating, bond repayment, and capital projects	12,142,657	11,634,000
Restricted by donors for capital projects	2,188,532	3,138,847
Designated by management for capital projects	-	4,994,686
Operating pledges subject to timing restrictions	24,225	114,259
Cumulative earnings on endowment, net of annual spending rate	2,819,438	2,253,866
Portion of donor-restricted endowment to be retained in perpetuity	3,578,752	3,572,248
Financial assets not available to be used within one year	<u>23,359,889</u>	<u>28,060,593</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,309,047</u>	<u>\$ 4,421,816</u>

The Association has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year. The Association considers general expenditures to include program expenses, supporting services, and any commitments or liabilities to be paid in the subsequent year.

The Board has designated a portion of its net assets without donor restrictions for strategic opportunities, debt service, capital reinvestment and contingencies. These remain available and may be spent at the discretion of the Board. The Board has also designated funds to be invested long-term as part of the association's endowment. Although management does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation) these amounts could be made available if necessary. These assets, limited to use, are more fully described in Notes 11 and 12.

Management designations are not made by the Board and, are therefore, part of the undesignated net asset balance though Management deems these unavailable for general expenditure use in the coming year.

Per its Fiscal Management Policy, the Association operates annually on a balanced budget, where donor contributions, membership and program fees, and investment income equal its operating expenses. The Association has established and maintains funds to adhere to its external debt covenants, support its capital needs, and provide for contingencies in support of its Mission. These funds and its operating performance are reviewed on a monthly basis by Association management and its Fiscal Management Committee.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 3—Contributions receivable

Anticipated collections of contributions receivable at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Within one year	\$ 1,483,744	\$ 1,097,037
One to five years	<u>162,434</u>	<u>496,909</u>
	1,646,178	1,593,946
Less:		
Discounts for the time-value of money at 6.75% in 2025 and 7.65% in 2024	(26,153)	(72,540)
Allowance for uncollectible contributions receivable	<u>(200,000)</u>	<u>(200,000)</u>
	<u>\$ 1,420,025</u>	<u>\$ 1,321,406</u>

Included in the balances above are amounts of \$75,000 and \$306,617 at December 31, 2025 and 2024, respectively, which are due from members of the Board of Directors and members of management. For the years ended December 31, 2025 and 2024, there were approximately \$112,559 and \$213,955 in gift revenues from those directors and members, respectively.

Note 4—Investments

Investments are composed of the following at December 31:

	<u>2025</u>	
	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury and government obligations	\$ 4,125,000	\$ 4,126,650
Common stocks	1,679,050	1,688,579
Fixed income securities	4,447,434	5,587,530
Other equity securities	1,936,280	2,143,811
Cash and cash equivalents	10,149,987	10,149,988
Cash surrender value of life insurance	<u>348,583</u>	<u>864,142</u>
	<u>\$ 22,686,334</u>	<u>\$ 24,560,700</u>
	<u>2024</u>	
	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury and government obligations	\$ 6,660,446	\$ 6,680,140
Common stocks	5,060,842	6,377,323
Fixed income securities	3,252,712	3,126,512
Other equity securities	589,626	625,827
Cash and cash equivalents	5,193,507	5,193,507
Cash surrender value of life insurance	<u>348,583</u>	<u>774,851</u>
	<u>\$ 21,105,716</u>	<u>\$ 22,778,160</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 4—Investments (continued)

Components of return on investments for the years ended December 31 consist of the following:

	2025	2024
Realized gain	\$ 102,473	\$ 62,596
Unrealized gain	958,526	631,850
Investment income	961,528	1,057,057
Investment fees	(71,586)	(58,379)
	<u>\$ 1,950,941</u>	<u>\$ 1,693,124</u>

Note 5—Fair value measurements

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the Fair Value Measurement Topic of the ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include certain fixed income securities, listed equities and listed derivatives. As required, the Association does not adjust the quoted price for these investments, even in situations where the Association holds a large position and a sale could reasonably impact the quoted price.

Level 2 – Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include direct ownership of corporate or municipal bonds, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and general and limited partnership interests in corporate private equity and real estate funds, debt funds, and distressed debt.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Association's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

In determining the appropriate levels, the Association performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 5—Fair value measurements (continued)

Publicly traded securities, both equity and debt securities, including common stocks, fixed income securities, cash and cash equivalents, and other equity securities, and U.S. Treasury and government obligations are classified as Level 1 instruments because they comprise assets traded on public exchanges with readily determinable fair values and observable market-based inputs.

Cash values of life insurance policies are presented at fair value based on the amount available in cash upon cancellation of the insurance policy before maturity as of the reporting period. The fair value is determined by the insurer and represents the exit price from the perspective of the Association. However, since the valuation is considered unobservable, the cash surrender value calculation is considered a Level 3 input.

The following tables summarize, by level within the fair value hierarchy, the assets and liabilities measured at fair value on a recurring basis as of December 31, 2025 and 2024:

Description	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2025				
ASSETS				
U.S. Treasury and government obligations	\$ 4,126,650	\$ 4,126,650	\$ -	\$ -
Common stocks	6,737,365	6,737,365	-	-
Fixed income securities	1,693,543	1,693,543	-	-
Cash and cash equivalents	10,081,782	10,081,782	-	-
Other equity securities	1,057,218	1,057,218	-	-
Cash surrender value of life insurance	864,142	-	-	864,142
	<u>\$ 24,560,700</u>	<u>\$ 23,696,558</u>	<u>\$ -</u>	<u>\$ 864,142</u>
2024				
ASSETS				
U.S. Treasury and government obligations	\$ 6,680,140	\$ 6,680,140	\$ -	\$ -
Common stocks	6,377,323	6,377,323	-	-
Fixed income securities	3,126,512	3,126,512	-	-
Cash and cash equivalents	5,193,507	5,193,507	-	-
Other equity securities	625,827	625,827	-	-
Cash surrender value of life insurance	774,851	-	-	774,851
	<u>\$ 22,778,160</u>	<u>\$ 22,003,309</u>	<u>\$ -</u>	<u>\$ 774,851</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 5—Fair value measurements (continued)

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended December 31:

	Cash Surrender Value of Life Insurance	
	2025	2024
Balance, January 1	\$ 774,851	\$ 665,324
Increase in cash surrender value	89,291	109,527
Balance, December 31	<u>\$ 864,142</u>	<u>\$ 774,851</u>

Note 6—Land, buildings, and equipment

Land, buildings, and equipment as of December 31 consist of the following:

	2025	2024
Land	\$ 5,561,033	\$ 5,561,033
Parking lots	2,150,418	2,150,418
Buildings and land improvements	127,470,303	123,596,206
Other recreational facilities	1,804,616	1,804,616
Furniture, equipment, and vehicles	14,409,037	14,173,619
Construction-in-progress	<u>7,822,745</u>	<u>1,826,398</u>
	159,218,152	149,112,290
Less accumulated depreciation, including amortization	<u>(66,165,099)</u>	<u>(62,621,583)</u>
	<u>\$ 93,053,053</u>	<u>\$ 86,490,707</u>

Note 7—Leases

The Association leases certain facilities and fitness and other equipment. The Association determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The Association has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on relative stand-alone prices.

Right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses that are factored into the determination of the lease term if it is reasonably certain that these options would be exercised by the Association. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the Association uses the implicit rate when it is readily determinable.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 7—Leases (continued)

As most of the Association's leases do not provide an implicit rate, management uses the Association's incremental borrowing rate based on the information available at lease commencement to determine the present value of lease payments.

Lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Association does not have leases where it is involved with the construction or design of an underlying asset. The Association does not have any material sublease activities.

The Association has elected the following practical expedients:

- The Association has elected the practical expedient not to recognize leases with terms of 12 months or less on the balance sheet and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, our short-term lease expense for the period does not reflect our ongoing short-term lease commitments. Lease expense for such short-term leases was not material for the years ended December 31, 2025 and 2024.
- The Association has elected to utilize the risk-free discount rate to calculate lease assets and liabilities.

Classification of ROU assets and lease liabilities as of December 31 is as follows:

Leases	Statement of Financial Position Classification	2025	2024
Assets:			
Operating right-of-use assets	Operating lease assets, net	\$ 7,448,876	\$ 2,258,639
Finance right-of-use assets	Land, buildings, and equipment, net	1,293,698	64,223
Total lease assets		<u>\$ 8,742,574</u>	<u>\$ 2,322,862</u>
Liabilities:			
Operating lease liabilities	Operating lease liabilities	8,070,188	\$ 2,480,180
Finance lease liabilities	Debt	1,244,485	61,982
Total lease liabilities		<u>\$ 9,314,673</u>	<u>\$ 2,542,162</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 7—Leases (continued)

Future minimum lease payments is as follows:

<u>Years Ending December 31,</u>	<u>Operating</u>	<u>Finance</u>
2026	\$ 862,620	\$ 381,818
2027	1,105,685	370,074
2028	1,114,193	369,264
2029	920,656	213,156
2030	902,741	-
Thereafter	5,305,021	-
Total lease payments	10,210,916	1,334,312
Less interest	(2,140,728)	(89,827)
Present value of lease liabilities	<u>\$ 8,070,188</u>	<u>\$ 1,244,485</u>

Required supplemental information relating to our leases for the years ended December 31 is as follows:

<u>Years Ending December 31,</u>	<u>2025</u>	<u>2024</u>
Operating:		
Operating leases, included in occupancy expenses	\$ 1,106,269	\$ 722,521
Short-term leases, included in occupancy expenses	-	206,167
Finance:		
Amortization of assets, included in depreciation and amortization	131,621	22,579
Interest, included in interest expense	18,587	2,501
Operating and finance lease cost	<u>\$ 1,256,477</u>	<u>\$ 953,768</u>

Cash flow information:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	\$ 702,558	\$ 694,751
Operating cash flows from finance leases	15,089	3,098
Financing cash flows from finance leases	99,497	24,390

Lease term and discount rate:

(in years)

Weighted average remaining lease term—Operating leases	10.71	5.14
Weighted average remaining lease term—Financing leases	3.63	3.25
Weighted average discount rate—Operating leases	4.07%	2.82%
Weighted average discount rate—Financing leases	4.09%	3.71%

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 8—Debt

At December 31, long-term debt consisted of the following:

	<u>2025</u>	<u>2024</u>
Note payable pursuant to loan agreement with the Economic Development Authority of the Town of Ashland, Virginia, dated May 2, 2016	\$ 13,142,384	\$ 14,168,604
Note payable pursuant to loan agreement with the Virginia Small Business Financing Authority dated December 1, 2019	12,780,865	13,603,423
Line of credit	1,000,000	-
Finance lease obligations	<u>1,244,485</u>	<u>61,982</u>
	28,167,734	27,834,009
Less unamortized bond issuance costs	<u>(111,586)</u>	<u>(111,586)</u>
	<u>\$ 28,056,148</u>	<u>\$ 27,722,423</u>

Note payable pursuant to loan agreement with the Economic Development Authority of the Town of Ashland, Virginia, dated May 2, 2016 –The Association entered into a transaction with TowneBank and the Economic Development Authority (“EDA”) of the Town of Ashland, Virginia in which the EDA issued its Health and Community Services Facilities Revenue and Refunding Bond (“2016 Bond”) in the amount of \$20,726,690, to TowneBank (“Bank”). The Bank loaned the 2016 Bond proceeds to the EDA and the EDA in turn loaned the proceeds to the Association. The Association used the 2016 Bond proceeds to refund outstanding 2010 Bonds and to pay related bond issuance costs. The Association’s obligations regarding the 2016 Bond are evidenced by a bond purchase and loan agreement between the Association, the EDA and the Bank and an unsecured note in the principal amount of the 2016 Bond.

The EDA assigned the unsecured note, and all principal and interest payments to be made pursuant thereto, to the Bank (except for certain fees and expenses of the EDA). Interest on the 2016 Bond is excludable from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

Proceeds of the 2016 Bond were applied as follows:

Refund note payable pursuant to loan agreement with the Economic Development Authority of the Town of Ashland, Virginia, dated November 23, 2010	\$ 20,628,000
Issuance costs	<u>98,690</u>
	<u>\$ 20,726,690</u>

Special covenants of the 2016 Bonds provide for an adjustment to the stated interest rate of the 2016 Bond in the event of an increase or decrease in the current maximum Federal corporate tax rate. The Yield Protection Provisions establish that such an adjustment will be made in order for the Bank to maintain the same after-tax yield on the Bond as provided on the date of issuance.

The interest rate is adjusted automatically as of the effective date of each change in the maximum federal corporate tax rate. The interest rate on the 2016 Bond was 2.18% for the years ended December 31, 2025 and 2024.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND **NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 8—Debt (continued)

The Bank and the Association agreed to an amortization schedule that provides for quarterly principal payments. Any remaining balance will be paid at the maturity of the note of December 1, 2036.

Note payable pursuant to loan agreement with the Virginia Small Business Financing Authority, dated December 1, 2019 – The Association entered into a transaction with TowneBank (the “Bank”) and the Virginia Small Business Financing Authority (“VSBFA”) in which the VSBFA issued its Health and Community Services Facilities Revenue and Refunding Bond (2019 Bond) in the amount of \$17,400,000, to the Bank. The Bank loaned the 2019 Bond proceeds to the VSBFA and the VSBFA in turn loaned the proceeds to the Association. The Association used the 2019 Bond proceeds to refund outstanding credit facilities and to pay related bond issuance costs. The remaining proceeds are being used to fund the renovation and expansion of Association facilities, including Manchester, Swift Creek and Petersburg. The Association’s obligations regarding the 2019 Bond are evidenced by a bond purchase and loan agreement between the Association, the VSBFA and the Bank and an unsecured note in the principal amount of the 2019 Bond.

The VSBFA assigned the unsecured note, and all principal and interest payments to be made pursuant thereto, to the Bank. Interest on the 2019 Bond is excludable from gross income for federal income tax purposes pursuant to the IRC of 1986, as amended.

Proceeds of the 2019 Bond were applied as follows:

Refund non-revolving note payable pursuant to pledge loan agreement with Capital One, dated December 19, 2017	\$ 1,346,791
Refund non-revolving line of credit pursuant to loan agreement with Capital One, dated December 19, 2017	3,000,521
Refund non-revolving note payable pursuant to loan agreement with TowneBank dated December 19, 2018	1,450,550
Refund revolving line of credit pursuant to loan agreement with Capital One, dated July 23, 2018	749,574
Deposit to project fund to be used for facility development projects	10,764,184
Issuance costs	88,380
	\$ 17,400,000

The 2019 Bonds have a revised scheduled maturity of March 1, 2039 and bear a fixed interest rate of 2.44% through December 1, 2033. The interest rate will reset to an agreed upon variable rate or fixed rate for the remainder of the term through the maturity date of December 1, 2039. The Bank and the Association agreed to an amortization schedule that provides for quarterly principal payments beginning in 2021.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 8—Debt (continued)

In January 2025, the Association entered into a new \$3,000,000 line of credit with TowneBank. The interest rate applicable to the line for the year ended December 31, 2025 is the secured overnight financing rate ("SOFR") plus 2.5%. SOFR at December 31, 2025 was 4.01%. At December 31, 2025, the outstanding line of credit balance was \$1,000,000. As discussed in Note 14, the line of credit was extended with a maturity date of January 2031.

At December 31, 2025, long-term debt matures as follows:

Years Ending December 31,

2026	\$ 3,272,630
2027	2,305,053
2028	2,349,403
2029	2,150,669
2030	2,073,004
Thereafter	16,016,975
	<u>28,167,734</u>
Less unamortized bond issuance costs	<u>(111,586)</u>
	<u>\$ 28,056,148</u>

Total interest expense incurred was \$716,659 and \$733,527 for the years ended December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024, interest expense of \$-0- and \$9,473, respectively, was capitalized.

Note 9—Commitments and contingencies

Construction Contracts – The Board of Directors approved the construction of the renovation of the Chester branch location in 2024. The Association has entered into contracts for construction services for this location. The estimated construction costs of the facilities are approximately \$7.5 million. The estimated construction costs currently under contract are \$6,200,260 of which \$5,619,849 has been paid as of December 31, 2025.

Pension Plan – The Association participates in the YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the IRC of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in section 403(b)(9) of the IRC. Both Plans are sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the state of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with our agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the Association, and contributions to the Fund are historically 12% of covered employees' annual salaries. Contributions to the Fund were 12% in 2025 and 2024. The total expense to the Association was \$1,784,270 and \$1,588,744 in 2025 and 2024, respectively.

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the Fund. There is no matching employer contribution to this plan.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 10—Related parties

The Association conducts business with financial institutions and other service providers throughout the Richmond and Petersburg areas. Certain members of the Association's Board of Directors, volunteers and donors are employed by such entities. See Note 3 for additional disclosure on contributions receivable from board members.

Note 11—Board-designated net assets

Certain net assets without donor restrictions at December 31 have been designated by the Board of Directors for the following purposes:

	2025	2024
Capital reinvestment fund	\$ 4,384,411	\$ 3,000,000
Debt service fund	3,664,437	4,354,000
Contingency fund	2,000,000	2,000,000
Opportunity fund	2,093,809	2,280,000
Quasi-endowment funds	2,706,120	2,436,099
Total board-designated net assets	<u>\$ 14,848,777</u>	<u>\$ 14,070,099</u>

The purpose of the capital reinvestment fund is to provide funds for major repairs of the Association's facilities. The fund is utilized for individual expenditures exceeding \$10,000, and maintained a minimum balance of \$3 million.

The purpose of the debt service fund is to provide funds to service the Association's debt obligations, facility and equipment leases, and other related financing costs. The goal of the fund is to accumulate and maintain an amount commensurate with annual principal and interest payments as well as payments under facility and equipment leases.

The contingency fund was established by the Association to provide resources to fund major emergency or short-term cash flow needs for unanticipated events that would necessitate the use of reserves to continue the operations and mission of the Association. The goal of the fund was to maintain a minimum balance of \$2 million.

The opportunity fund was established by the Association to accumulate savings from operations to fund specifically identified purchases, and to provide the Association with flexibility to finance purchases of long-term assets to support branch operations. The fund does not maintain a minimum balance requirement.

The board-designated quasi endowment was established by the Board of Directors and its purpose and use are more fully explained in Note 13.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 12—Net assets with donor restrictions

	2025	2024
Subject to purpose restriction:		
Capital projects	\$ 1,564,619	\$ 2,641,083
Total subject to purpose restriction	<u>1,564,619</u>	<u>2,641,083</u>
Subject to time restriction:		
Operating contributions for future periods	<u>1,045,050</u>	<u>1,226,462</u>
Total subject to the passage of time	<u>1,045,050</u>	<u>1,226,462</u>
Endowments:		
Cumulative earnings on endowment funds	3,036,970	2,471,930
Volunteer and employee training	64,508	64,508
Human Opportunity Program Endowment (H.O.P.E)	300,000	300,000
Art education program	3,000	3,000
Northside youth program	1,673,227	1,666,727
Learn To Swim program	66,980	66,980
Financial assistance	210,682	210,682
General purposes	1,033,011	1,033,011
Youth and teen programs	<u>227,340</u>	<u>227,340</u>
Total endowments	<u>6,615,718</u>	<u>6,044,178</u>
Total net assets with donor restrictions	<u><u>\$ 9,225,387</u></u>	<u><u>\$ 9,911,723</u></u>

Net assets were released from donor restrictions by incurring expenses or the expiration of time satisfying restrictions specified by donors as follows for the years ending December 31:

	2025	2024
Satisfaction of purpose restriction	\$ 4,847,494	\$ 9,533,327
Satisfaction of time restriction	820,144	548,490
Appropriation for expenditure	<u>217,528</u>	<u>216,826</u>
Total net assets released from restrictions	<u><u>\$ 5,885,166</u></u>	<u><u>\$ 10,298,643</u></u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 13—Endowment funds

The Association's endowment consists of 36 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and board-designated endowment funds. As required by U.S. GAAP, 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.

Interpretation of Relevant Law – The Association has interpreted the Commonwealth of Virginia enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("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 retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts, including promises to give at fair value) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the fund
- The purposes of the Association and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

Return Objective and Risk Parameters – The Association's objective is to earn a reasonable, long-term, risk-adjusted total rate of return to support the designated programs. The Association recognizes and accepts that pursuing a reasonable rate of return involves risk and potential volatility. The generation of current income is a secondary consideration. The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Association has established a policy portfolio, or normal asset allocation. While the policy portfolio can be adjusted from time to time, it is designed to serve for long-term horizons based upon long-term expected returns.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 13—Endowment funds (continued)

Spending Policy – Spending is first governed by donor stipulations associated with specific gifts with respect to both purpose and amount. Otherwise, the Association will appropriate for expenditure in its annual budget a maximum of 4% of the rolling average of the market value of the endowment assets over the preceding 12 quarters. There may be times when the Association may opt not to take the maximum spending rate but rather to reinvest some of the annual return. No distribution is permitted if the distribution would decrease the contributed principal of the respective component of the endowment fund.

Endowment net asset composition by type of fund as of December 31 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>2025</u>			
Board-designated endowment funds	\$ 2,706,120	\$ -	\$ 2,706,120
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	3,578,748	3,578,748
Accumulated investment gains	-	3,036,970	3,036,970
Endowment net assets, December 31, 2025	<u>\$ 2,706,120</u>	<u>\$ 6,615,718</u>	<u>\$ 9,321,838</u>
	Without Donor Restrictions	With Donor Restrictions	Total
<u>2024</u>			
Board-designated endowment funds	\$ 2,436,099	\$ -	\$ 2,436,099
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	3,572,248	3,572,248
Accumulated investment gains	-	2,471,930	2,471,930
Endowment net assets, December 31, 2024	<u>\$ 2,436,099</u>	<u>\$ 6,044,178</u>	<u>\$ 8,480,277</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER RICHMOND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)

Note 13—Endowment funds (continued)

The Association had the following endowment-related activities for the years ended December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2023	\$ 2,288,750	\$ 5,429,022	\$ 7,717,772
Investment return:			
Investment income (net of fees)	73,183	180,112	253,295
Net gain (realized and unrealized)	150,256	351,377	501,633
Total investment return	223,439	531,489	754,928
Additions	22,080	300,490	322,570
Appropriation of endowment assets for expenditure	(98,170)	(216,823)	(314,993)
Endowment net assets, December 31, 2024	2,436,099	6,044,178	8,480,277
Investment return:			
Investment income (net of fees)	77,673	195,060	272,733
Net gain (realized and unrealized)	235,326	587,508	822,834
Total investment return	312,999	782,568	1,095,567
Additions	51,481	6,500	57,981
Appropriation of endowment assets for expenditure	(94,459)	(217,528)	(311,987)
Endowment net assets, December 31, 2025	<u>\$ 2,706,120</u>	<u>\$ 6,615,718</u>	<u>\$ 9,321,838</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Association has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2025 and December 31, 2024, the Association had no underwater endowments.

Note 14—Subsequent events

The Association has performed an analysis of the activities and transactions subsequent to December 31, 2025, to determine the need for any adjustments to and/or disclosures with the audited financial statements for the year ended December 31, 2025. The Association has performed its analysis through June 29, 2026, the date the financial statements were available to be issue.

In January 2026, the Association extended the maturity date of the line of credit with TowneBank to January 2031.