YMCA of the Rockies

Financial Report
December 31, 2023

Contents

Independent Auditor's Report

Board of Directors
YMCA of the Rockies

Opinion
We have audited the financial statement of YMCA of the Rockies (the YMCA), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the YMCA of the Rockies as of December 31, 2023, and 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the YMCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter
The financial statements of the YMCA, as of and for the year ended December 31, 2022, were audited by other auditors, whose report, dated April 6, 2023, expressed an unmodified opinion on those statements.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the YMCA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the YMCA's ability to continue as a going concern for a reasonable period of time.

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

RSM US LLP

Kansas City, Missouri
May 2, 2024

YMCA of the Rockies

Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash	**$ 2,508,971**	$ 1,584,190
Investments—with donor restrictions	**17,313,675**	15,934,593
Investments—without donor restrictions	**41,483,529**	43,028,768
Accounts receivable	**2,027,276**	1,402,119
Inventories	**817,391**	844,550
Prepaid expenses	**414,769**	1,796,730
Contributions receivable, net	**5,763,579**	6,586,370
Right-of-use operating assets, net	**145,155**	17,910
Property and equipment, net	**123,638,473**	117,022,940
Total assets	**$ 194,112,818**	$ 188,218,170
Liabilities		
Accounts payable	**$ 1,709,732**	$ 1,862,594
Accrued expenses	**1,958,043**	2,326,270
Deferred membership income	**2,063,703**	1,813,900
Deferred rental income	**1,296,609**	1,119,770
Advance deposits	**4,503,039**	3,924,440
Finance lease liabilities	**145,155**	17,920
Water rights liability	**2,905,445**	2,994,690
Interest rate swap agreement	**1,995,482**	2,180,310
Long-term debt, net	**28,927,348**	30,280,223
Total liabilities	**45,504,556**	46,520,117
Net Assets		
Without donor restrictions:		
Board-designated for endowment	**44,811,933**	43,388,565
Undesignated	**80,671,986**	75,791,158
	125,483,919	119,179,723
With donor restrictions		
Purpose restrictions	**11,520,210**	11,061,497
Perpetual in nature	**11,604,133**	11,456,833
	23,124,343	22,518,330
Total net assets	**148,608,262**	141,698,053
Total liabilities and net assets	**$ 194,112,818**	$ 188,218,170

See notes to financial statements.

YMCA of the Rockies

Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Public support:			
Contributions	$ 1,570,660	$ 4,943,586	$ 6,514,246
Total public support	1,570,660	4,943,586	6,514,246
Program service revenue:			
Estes Park Center	32,029,899	-	32,029,899
Snow Mountain Ranch	15,799,478	-	15,799,478
Membership dues	1,123,977	-	1,123,977
Total program service revenue	48,953,354	-	48,953,354
Other income	598,546	-	598,546
	51,122,560	4,943,586	56,066,146
Net assets released from restrictions	6,955,957	(6,955,957)	-
Total revenue, gains and other support	58,078,517	(2,012,371)	56,066,146
Expenses:			
Program services:			
Estes Park Center	31,691,924	-	31,691,924
Snow Mountain Ranch	18,427,885	-	18,427,885
Total program services	50,119,809	-	50,119,809
Supporting services	5,590,606	-	5,590,606
Fundraising	1,055,679	-	1,055,679
Total expenses	56,766,094	-	56,766,094
Change in net assets before nonoperating activities	1,312,423	(2,012,371)	(699,948)
Other income (expense):			
Gain on sale of asset	1,000	-	1,000
Gain on insurance proceeds	545,527	-	545,527
Loss on disposal of assets	(2,135,138)	-	(2,135,138)
Investment return, net	6,395,556	2,618,384	9,013,940
Change in fair value of interest rate swap agreement	184,828	-	184,828
Total other income	4,991,773	2,618,384	7,610,157
Change in net assets	6,304,196	606,013	6,910,209
Net assets, beginning of year	119,179,723	22,518,330	141,698,053
Net assets, end of year	$ 125,483,919	$ 23,124,343	$ 148,608,262

See notes to financial statements.

YMCA of the Rockies

Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Public support:			
Membership dues	$ 1,076,400	$ -	$ 1,076,400
Contributions	1,550,250	10,182,412	11,732,662
Total public support	2,626,650	10,182,412	12,809,062
Program service revenue:			
Estes Park Center	31,130,300	-	31,130,300
Snow Mountain Ranch	14,285,680	-	14,285,680
Total program service revenue	45,415,980	-	45,415,980
Investment return, net	(3,330,020)	(2,451,049)	(5,781,069)
Gain on sale of water rights	17,214,590	-	17,214,590
Other income	(53,560)	-	(53,560)
Bond reissuance	(212,790)	-	(212,790)
	61,660,850	7,731,363	69,392,213
Net assets released from restrictions	7,653,476	(7,653,476)	-
Total revenue, gains and other support	69,314,326	77,887	69,392,213
Expenses:			
Program services:			
Estes Park Center	29,714,876	-	29,714,876
Snow Mountain Ranch	15,853,497	-	15,853,497
Total program services	45,568,373	-	45,568,373
Supporting services	5,476,715	-	5,476,715
Fundraising	819,636	-	819,636
Total expenses	51,864,724	-	51,864,724
Change in net assets before nonoperating activities	17,449,602	77,887	17,527,489
Gain on involuntary conversion	8,690	-	8,690
Change in fair value of interest rate swap agreement	5,065,390	-	5,065,390
Change in net assets	22,523,682	77,887	22,601,569
Net assets, beginning of year	96,656,041	22,440,443	119,096,484
Net assets, end of year	$ 119,179,723	$ 22,518,330	$ 141,698,053

See notes to financial statements.

YMCA of the Rockies

Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services			Support Services		
	Estes Park Center	Snow Mountain Ranch	Total	Management and General	Fundraising	Total Expenses
Cost of goods sold	$ 4,865,899	$ 3,329,808	$ 8,195,707	$ -	$ -	$ 8,195,707
Salary expense	9,789,522	7,051,359	16,840,881	3,128,864	547,791	20,517,536
Payroll taxes and benefits	2,098,457	1,228,049	3,326,506	759,789	147,367	4,233,662
Other employee expenses	358,856	306,369	665,225	71,384	53,570	790,179
Supplies	1,027,507	639,158	1,666,665	36,537	1,714	1,704,916
Equipment	882,746	733,001	1,615,747	191,161	34,176	1,841,084
Repair and replacement	1,604,628	525,460	2,130,088	-	-	2,130,088
Utilities	1,987,763	749,666	2,737,429	-	-	2,737,429
Telephone	244,151	95,732	339,883	58,381	5,639	403,903
Credit card fees	681,088	311,968	993,056	34,760	-	1,027,816
Bond fees	24,949	-	24,949	-	-	24,949
Insurance	1,356,361	638,528	1,994,889	-	-	1,994,889
Property taxes	23,889	17,609	41,498	-	-	41,498
Interest expense	1,390,676	-	1,390,676	-	-	1,390,676
Professional services	97,202	56,970	154,172	259,249	-	413,421
Communications	-	-	-	546,461	59,306	605,767
Other	1,045,968	835,414	1,881,382	504,020	206,116	2,591,518
Depreciation	4,212,262	1,908,794	6,121,056	-	-	6,121,056
	$ 31,691,924	$ 18,427,885	$ 50,119,809	$ 5,590,606	$ 1,055,679	$ 56,766,094

See notes to financial statements.

YMCA of the Rockies

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services			Support Services		
	Estes Park Center	Snow Mountain Ranch	Total	Management and General	Fundraising	Total Expenses
Cost of goods sold	$ 4,143,464	$ 1,781,866	$ 5,925,330	$ -	$ -	$ 5,925,330
Salary expense	7,964,494	5,637,701	13,602,195	3,013,339	401,537	17,017,071
Payroll taxes and benefits	1,832,366	1,121,005	2,953,371	753,363	108,093	3,814,827
Other employee expenses	398,613	366,007	764,620	89,319	51,685	905,624
Supplies	1,191,527	511,370	1,702,897	10,236	3,799	1,716,932
Equipment	720,044	604,752	1,324,796	299,497	37,693	1,661,986
Repair and replacement	1,925,163	743,120	2,668,283	-	-	2,668,283
Utilities	2,264,566	702,521	2,967,087	-	-	2,967,087
Telephone	230,540	106,804	337,344	55,592	6,514	399,450
Credit card fees	603,950	332,018	935,968	29,863	-	965,831
Bond fees	26,293	-	26,293	-	-	26,293
Insurance	1,171,063	555,914	1,726,977	-	-	1,726,977
Property axes	38,395	19,476	57,871	-	-	57,871
Interest expense	1,396,894	-	1,396,894	-	-	1,396,894
Professional services	129,017	65,386	194,403	270,604	79,355	544,362
Communications	-	-	-	571,541	-	571,541
Other	1,628,612	1,502,507	3,131,119	383,361	130,960	3,645,440
Depreciation	4,049,875	1,803,050	5,852,925	-	-	5,852,925
	$ 29,714,876	$ 15,853,497	$ 45,568,373	$ 5,476,715	$ 819,636	$ 51,864,724

See notes to financial statements.

YMCA of the Rockies

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	**$ 6,910,209**	$ 22,601,569
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Depreciation	**6,121,056**	5,852,925
Amortization of debt issuance costs	**13,400**	14,079
Net realized (gains) losses on investments	**(7,316,473)**	6,566,036
Donated securities	**(482,884)**	(1,196,363)
Bad debt expense	**16,287**	8,660
Change in fair value of interest rate swap agreements	**(184,828)**	(5,065,390)
Contributions restricted to investment in property and equipment and endowment	**(5,529,319)**	(9,065,570)
Contributions restricted for long-term investment	**-**	(1,330)
Loss on disposal of property and equipment	**2,135,138**	366,220
Bond reissuance	**-**	212,790
Gain on insurance proceeds	**(545,527)**	(8,690)
Gain on the sale of water rights	**-**	(17,214,590)
Changes in:		
Accounts and contributions receivable	**181,347**	(3,437,881)
Right-of-use operating assets, net	**(289,380)**	-
Insurance recovery receivable—involuntary conversion	**-**	4,598
Inventories	**27,159**	(252,939)
Prepaid expenses	**1,381,961**	(278,857)
Accounts payable and accrued expenses	**(230,337)**	900,538
Operating lease liabilities	**289,370**	10
Deferred rental and membership income	**426,642**	42,572
Advanced deposits	**578,599**	(1,122,591)
Net cash provided by (used in) operating activities	**3,502,420**	(1,074,204)
Cash flows from investing activities:		
Purchases of property and equipment	**(15,163,479)**	(16,781,282)
Proceeds from sale of property and equipment	**1,000**	18,296,706
Proceeds from insurance claim	**545,527**	-
Purchase of investment securities	**(6,824,887)**	(48,320,819)
Proceeds from sale of maturity of investment securities	**14,790,401**	39,702,663
Net cash used in investing activities	**(6,651,438)**	(7,102,733)
Cash flows from financing activities:		
Principal payments on long-term debt	**(1,366,275)**	(1,330,000)
Principal payment on water rights liability	**(89,245)**	(100,748)
Proceeds from issuance of long-term debt	**-**	30,510,000
Retirement of long-term debt	**-**	(30,510,000)
Bond issuance costs	**-**	(232,196)
Contributions restricted to purchase of property and equipment and endowment	**5,529,319**	9,065,570
Contributions restricted for long-term investment	**-**	1,330
Net cash provided by financing activities	**4,073,799**	7,403,956
Net change in cash	**924,781**	(772,981)
Cash, beginning of year	**1,584,190**	2,357,171
Cash, end of year	**$ 2,508,971**	$ 1,584,190

(Continued)

YMCA of the Rockies

Statements of Cash Flows (Continued)
Years Ended December 31, 2023 and 2022

	2023	2022
Supplemental cash flow information:		
Interest paid	**$ 1,379,249**	$ 1,392,767
Property and equipment purchases in accounts payable	**$ 290,752**	$ 772,454
Property and equipment and liabilities recognized—water rights sale	**$ -**	$ 3,095,438
Leased assets obtained in exchange for new operating lease liabilities	**$ 162,135**	$ -

See notes to financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities: YMCA of the Rockies (the YMCA) is a not-for-profit organization whose mission and principal activities are to promote family relationships, healthy lifestyles and youth leadership by providing a Christian environment and programming for religious, educational and recreational conferences, as well as family gatherings of all sizes and overnight summer camps for children. The YMCA's principal operations are in Grand and Larimer counties in Colorado.

Basis of accounting: The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Not-for-Profit Entities Topic. Under this Topic, the YMCA is required to report information regarding its financial position and activities according to net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions: Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash: For the purposes of the statements of cash flows, cash are considered to be all unrestricted highly liquid investments with maturities of three months or less at the time of acquisition. Uninvested cash included in investment accounts are not considered to be cash for financial reporting purposes.

Investments and investment return, net: The YMCA records transactions on a trade-date basis and securities are carried at fair value. Investments in alternative investments are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Investments are presented in the statements of financial position as with and without donor restrictions.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method. Interest income is recognized under the accrual basis. Dividend income is recognized on the ex-dividend date.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions until released from restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Financial risk: The YMCA maintains its cash in demand deposits with commercial banks and financial institutions, which at times, exceed federally insured limits. The uninsured portions of cash are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the YMCA. However, The YMCA has not experienced any such losses in the past and does not believe it is exposed to any significant financial risk on these cash balances.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

The YMCA also invests funds in a professionally managed portfolio that contains various types of marketable securities, as detailed in Note 3. Such investments are exposed to market and credit risks. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Accounts receivable: Accounts receivable are carried at the original amount billed to customers of which the YMCA has an unconditional right to receive payment. Accounts receivable are ordinarily due upon receipt of the service. Accounts receivable are regularly evaluated for collectability, considering factors including, but not limited to, the credit quality of the customer, historical trends of the customer and changes in customer payment terms. Accounts past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. Recoveries of accounts receivable previously written off are recorded when received. Credit loss expense totaled approximately $16,000 and $9,000 for the years ended December 31, 2023 and 2022, respectively. The YMCA will continue to monitor and evaluate the adequacy of the allowance for credit losses on accounts receivable on a regular basis and make adjustments as necessary in response to changes in economic conditions and credit quality indicators.

Insurance involuntary conversion claims: During 2023, the YMCA filed a claim resulting from hail damage to buildings and received payments of $545,527. This amount is recorded as gain on insurance proceeds on the statements of activities.

During 2022, the YMCA filed a claim resulting from the loss of a vehicle and received payments of $8,690. This amount is recorded as gain on insurance proceeds on the statements of activities.

Inventories: Inventories consist of food service items, retail merchandise, outdoor equipment and museum items. Inventories are stated at the lower of cost or net realizable value. Costs of inventories are determined using the first-in, first-out (FIFO) method.

Property and equipment: Property and equipment acquisitions are stated at cost at date of acquisition or fair value at the date of gift. The property and equipment are depreciated or amortized on the straight-line basis over the following useful lives. Maintenance and repairs are charged to expense as incurred. Major acquisitions greater than $5,000 and improvements are capitalized.

	Years
Buildings	33 years
Improvements	25 years
Transportation and other equipment	5 years

Long-lived asset impairment: The YMCA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Deferred revenue: Revenue from membership and rental fees is deferred and recognized over the periods to which the fees relate.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Debt issuance costs: Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. The YMCA records these costs as direct deductions from the related debt. Such costs are being amortized over the term of the respective debt using the effective interest method.

Net assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue recognition:

Revenue from exchange transactions: The YMCA recognized revenue in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606),* as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or other similar arrangements and establishes a performance obligation approach to revenue recognition. The YMCA records exchange transaction revenue relating to membership dues and program service revenues in its statements of activities and statements of changes in net assets. The YMCA determines the transaction prices for membership dues and program service revenues based on standard, published charges for goods and services provided.

The YMCA has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected primarily by the individual or group members/guests that have different payment methodologies.

Membership and program service revenue: Membership and program service revenue is recognized as the YMCA satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the YMCA expects to be entitled in exchange for providing goods or services. The YMCA determines the transaction price based on standard charges for goods and services provided.

Membership dues revenue: Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the YMCA expects to be entitled in exchange for providing bundled membership services.

Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. The YMCA bills members annually or every three years, based on the membership term selected.

Program service revenue: Program service revenue is reported at the amount that reflects the consideration to which the YMCA expects to be entitled in exchange for providing lodging, food and other services.

Revenue is recognized as performance obligations are satisfied, which is ratably over the guest’s stay. The YMCA receives a deposit prior to and final payment at the conclusion of the guest’s stay.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

For the years ended December 31, 2023 and 2022, the YMCA recognized revenue of approximately $46,397,000 and $43,855,000, respectively, from membership dues and program service revenues that transfer to the customer over time and approximately $3,587,000 and $2,637,000, respectively, from “general store” or other point-of-sale revenues that transfer to the customer at a point in time.

The YMCA records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not been recognized, a contract liability (deferred revenue) also is recorded. Opening balances as of January 1, 2022, were as follows:

	2022
Accounts receivable	$ 809,159
Deferred membership income	1,797,643
Deferred rental income	1,093,455
	$ 3,700,257

The following table provides information about significant changes in deferred revenue for the years ended December 31, 2023 and 2022:

	2023	2022
Deferred revenue, beginning of year	$ 1,813,900	$ 2,891,098
Revenue recognized that was included in deferred at the beginning of the year	(1,813,900)	(2,891,098)
Increases in deferred revenue due to cash received during the year	2,063,703	1,813,900
	$ 2,063,703	$ 1,813,900

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Contributions: Contributions are provided to the YMCA either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts—with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction Gifts that depend on the YMCA overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
Unconditional gifts, with or without restriction Received at date of gift—cash and other assets	Fair value
Received at date of gift—property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Nonoperating revenues and expenses: Nonoperating revenues and expenses consist primarily of involuntary conversion activities and the change in fair value of the interest rate swap agreement.

Advertising: The YMCA uses advertising to promote its facilities and programs. The costs of advertising are expensed as incurred. During the years ended December 31, 2023 and 2022, advertising expenses were approximately $532,000 and $565,000, respectively.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

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

The YMCA recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of activities.

The YMCA made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022 for existing leases upon the adoption of ASC Topic 842, Leases). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the YMCA made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The YMCA has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to the Entity, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Functional allocation of expenses: The costs of supporting the programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Costs in the statements of functional expense have been classified based on the direct use of expenses. Additionally, certain costs have been allocated among the programs based on the revenue generated by each center.

Income tax status: The YMCA is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the YMCA is subject to federal income tax on any unrelated business taxable income. The YMCA's tax filings are subject to examination by various taxing authorities. The YMCA's open examination periods are 2020 and forward.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Recently adopted accounting pronouncements: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct writedown. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The YMCA adopted the new guidance, as of January 1, 2023, with the cumulative-effect transition method with the required prospective approach. The allowance for credit losses as of December 31, 2023, and the change in the allowance for credit losses during the year ended December 31, 2023, was not material to the financial statements.

Reclassifications: Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent events: The YMCA has evaluated subsequent events through May 2, 2024, the date on which the financial statements were available to be issued.

Note 2. Liquidity and Availability

Financial assets available for general expenditure; that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprise the following as of December 31, 2023 and 2022:

	2023	2022
Financial assets at year-end:		
Cash	$ 2,508,971	$ 1,584,190
Investments	58,797,204	58,963,361
Accounts receivable	2,027,276	1,402,119
Contributions receivable, net	5,763,579	6,586,370
	69,097,030	68,536,040
Less amounts not available to be used for general expenditures within one year:		
Board-designated net assets	(44,811,933)	(43,388,565)
Net assets with donor restrictions	(23,124,343)	(22,518,330)
	(67,936,276)	(65,906,895)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,160,754	$ 2,629,145

The YMCA regularly monitors the availability of resources to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The YMCA operates with a balanced budget. Variances to the budget are carried over to the following year based on the prior year actual financial results. Liquidity and related balances are monitored at least monthly through detailed cash and investment forecasting.

Note 2. Liquidity and Availability (Continued)

The YMCA has designated a portion of its net assets without donor restrictions for endowment. Those amounts are identified as board-designated endowment in the table above. These funds are invested for long-term appreciation but remain available and may be spent at the discretion of the board.

Note 3. Fair Value Measurements

The YMCA reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Money market: Shares of money market funds are valued at quoted market prices that represent the fair value of shares held by the YMCA at year-end.

Equity securities: The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Note 3. Fair Value Measurements (Continued)

U.S. government securities: The YMCA invests in U.S. government securities traded in the financial markets, which are valued using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

Interest rate swap agreement*:* The fair value is estimated using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at December 31, 2023 and 2022:

	2023			
		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	$ 5,103,448	$ 5,103,448	$ -	$ -
Equity securities	256,641	256,641		
U.S. government obligations	3,686,326	-	3,686,326	-
Investments, measured at net asset value (A):				
Fixed income (B)	5,151,390	-	-	-
Equities (C):				
Large-cap	19,595,651	-	-	-
Small/mid-cap	6,972,413	-	-	-
International	7,719,658	-	-	-
Money market investment fund (D)	10,311,677	-	-	-
	$ 58,797,204	$ 5,360,089	$ 3,686,326	$ -
Liabilities:				
Interest rate swap agreement	$ (1,995,482)	$ -	$ (1,995,482)	$ -

Note 3. Fair Value Measurements (Continued)

	2022			
		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	$ 10,156,343	$ 10,156,343	$ -	$ -
Equity securities	33,856	33,856	-	-
Investments, measured at net asset value (A):				
Fixed income (B)	4,692,703	-	-	-
Equities (C):				
Large-cap	15,511,178	-	-	-
Small/mid-cap	5,771,462	-	-	-
International	7,296,948	-	-	-
Money market investment fund (D)	15,500,871	-	-	-
	$ 58,963,361	$ 10,190,199	$ -	$ -
Liabilities:				
Interest rate swap agreement	$ (2,180,310)	$ -	$ (2,180,310)	$ -

The following table reconciles total investments to amounts reported on the statements of financial position:

	2023	2022
Investments—without donor restrictions	$ 41,483,529	$ 43,028,768
Investments—with donor restrictions	17,313,675	15,934,593
	$ 58,797,204	$ 58,963,361

(A) Certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Investments measured at NAV: The YMCA entered into an agreement with a foundation to provide investment management services for the YMCA. The foundation provides pooled investment fund options, which are fund of funds invested in underlying assets as discussed below. The underlying assets are liquid and can be redeemed as of the first business day of the calendar month following three days written notice. There are no unfunded commitments related to the alternative investments.

(B) The fixed income fund is a diversified bond portfolio consisting principally of high quality, investments—grade corporate, mortgage, asset-backed and limited high-yield securities.

Note 3. Fair Value Measurements (Continued)

(C) The large cap equity fund is a broadly diversified portfolio of mostly U.S. and some international stocks that seeks to provide opportunities for long-term growth, while avoiding speculation and undue risk.

The small/mid cap equity fund consists of a blended-style portfolio of small U.S. companies allocated among managers with distinct growth, value and core strategies.

The international equity fund consists of a broadly diversified portfolio of large, high quality non-U.S. companies that are either ordinary shares traded on securities exchanges around the world or American Depository Receipts traded on U.S. exchanges.

(D) The money market investment fund consists of a broadly diversified portfolio of cash and cash equivalent securities.

Note 4. Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows after an allowance for estimated uncollectible contributions is provided. The discounts on those amounts are computed using a risk-adjusted rate applicable to the year in which the promise is received. The discount rate used for contributions receivable in 2023 and 2022 was 2%. Contributions receivable that have no donor-imposed restrictions but are scheduled to be received in future periods are classified as net assets with donor restrictions due to the passage of time restriction. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Unconditional promises to give with donor restrictions are expected to be realized in the following periods at December 31, 2023 and 2022:

	2023	2022
Due within one year	$ 2,445,675	$ 3,205,380
Due in one to five years	3,399,897	3,439,820
	5,845,572	6,645,200
Less discount to net present value	81,993	58,830
	$ 5,763,579	$ 6,586,370

YMCA has determined that contributions receivable are fully collectible and as such no allowance for uncollectable promises to give has been recorded at December 31, 2023 or 2022.

Note 5. Property and Equipment

The cost of property and equipment and related accumulated depreciation at December 31, 2023 and 2022, are as follows:

	2023	2022
Buildings	$ 167,989,951	$ 154,732,387
Land and improvements	32,106,500	32,812,360
Transportation and other equipment	12,492,560	11,220,340
	212,589,011	198,765,087
Less accumulated depreciation	94,752,517	89,589,967
	117,836,494	109,175,120
Construction in progress	5,801,979	7,847,820
Total property and equipment	$ 123,638,473	$ 117,022,940

Construction in progress at December 31, 2023 and 2022, represents costs incurred in connection with building renovations, utility improvements, and various other miscellaneous projects.

Note 6. Leases

The YMCA leases certain equipment under finance lease agreements with terms of five years and interest rates of 13.03%. The YMCA's finance leases generally do not contain any material restrictive covenants or residual value guarantees.

Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Finance lease cost—amortization of right-of-use assets	$ 16,981	$ -
Finance lease cost—interest on lease liabilities	15,122	-
Total lease cost	$ 32,103	$ -

Supplemental balance sheet information related to leases is as follows as of December 31, 2023:

Weighted-average remaining lease term:	
Finance leases	4.5 years
Weighted-average discount rate:	
Finance leases	13.03%

Note 6. Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2023:

	Finance Leases
Years ending December 31:	
2024	$ 42,804
2025	42,804
2026	42,804
2027	42,804
2028	21,364
Total lease payments	192,580
Less imputed interest	(47,425)
Total present value of lease liabilities	$ 145,155

Note 7. Water Rights

During the year ended December 31, 2022, the YMCA decided to begin receiving water service from the Town of Estes Park (the Town), at its Estes Park Center, as opposed to utilizing its own water rights. As part of receiving water service from the Town, the YMCA is obligated to pay the Town $1,007,438 over a period of 10-years at 3% interest per annum. During the years ended December 31, 2023 and 2022, the YMCA has paid $89,249 and $100,748, respectively, of this amount. The remaining balance of $817,445 and $906,694 is include on the statements of financial position at December 31, 2023 and 2022, respectively, in the water rights liability line item. In addition, the YMCA is obligated to provide the Town water rights of 32 units at a later date. The YMCA has recorded this obligation at an estimated fair value of $2,088,000. This amount is also recorded on the statements of financial position in the water rights liability line item.

As a result of receiving water service from the Town, the YMCA has sold water rights of 281 units for a gain of $17,215,590 as recognized on the statement of activities for the year ended December 31, 2022.

Note 8. Interest Rate Swap Agreement

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the YMCA entered into an interest rate swap agreement to fix the interest rate on related bonds.

The YMCA entered into a swap agreement to fix the interest rate on the Series 2011 Colorado Education and Cultural Facilities Authority Variable Rate Demand Refunding Bonds through October 1, 2038. Under the 2011 swap agreement, the YMCA was to receive interest from the counterparty at 70% of LIBOR and to pay interest to the counterparty at a fixed rate of 3.52% on an original notional amount of $43,420,000. Upon the issuance of the Colorado Educational and Cultural Facilities Authority Revenue Refunding Bonds (YMCA of the Rockies Project), Series 2022 (see Note 9 below), the 2011 swap agreement was amended and restated.

As part of the reissuance of the Colorado Education and Cultural Facilities Authority Revenue Refunding Bonds, Series 2022 on October 6, 2022, the swap agreement was amended and restated to be associated with the new bonds. Under the amended and restated swap agreement, the YMCA is to receive interest from the counterparty at 79% of USD-SOFR Average 30D and to pay interest to the counterparty at a fixed rate of 3.755% on an original notional amount of $30,510,000. The notional amount as of December 31, 2023, was $29,125,000 with a maturity of October 1, 2038.

Note 8. Interest Rate Swap Agreement (Continued)

The agreement is recorded at its fair value with subsequent changes in fair value included in the statements of activities. The fair value of the interest rate swap was a liability of $1,995,482 and $2,180,310 as of December 31, 2023 and 2022, respectively. The corresponding gain related to the change in fair value was a gain of $184,828 and $5,065,390 for the years ended December 31, 2023 and 2022, respectively, and was reported as nonoperating activities in the statements of activities.

Note 9. Long-Term Debt

Long-term debt at December 31, 2023 and 2022, consisted of the following:

	2023	2022
Colorado Education and Cultural Facilities		
Authority Bonds—Series 2022 (A)	$ 29,125,000	$ 30,510,000
Less unamortized debt issuance costs	(197,652)	(229,777)
	$ 28,927,348	$ 30,280,223

(A) In October 2022, the YMCA through the Colorado Educational and Cultural Facilities Authority and Wells Fargo Bank issued the Colorado Educational and Cultural Facilities Authority Revenue Refunding Bonds (YMCA of the Rockies Project), Series 2022. The purpose of the issuance was to refund the Colorado Educational and Cultural Facilities Authority Variable Rate Demand Refunding Bonds (YMCA of the Rockies Project), Series 2011 bonds and to pay any costs of issuance. The terms of the issuance are substantially the same as the Series 2011 bonds, with maturity at October 1, 2038, and a variable interest rate, reset monthly, based on an index rate with SOFR as the established benchmark. The bonds are subject to mandatory tender prior to the maturity date.

The YMCA also entered into a Continuing Covenants Agreement with the financial institution containing several covenants, including compliance of certain financial ratios, liquidity provisions and limitations on additional indebtedness.

Aggregate maturities of long-term debt at December 31, 2023, are as follows:

Years ending December 31:	
2024	$ 1,440,000
2025	1,500,000
2026	1,565,000
2027	1,625,000
2028	1,695,000
Thereafter	21,300,000
	$ 29,125,000

Note 10. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted the following purposes or periods as of December 31, 2023 and 2022:

	2023	2022
Subject to expenditure for specified purpose:		
Program activities	$ 2,368,603	$ 2,097,316
Property and equipment	5,989,693	8,002,221
Life income agreements	218,382	193,398
	8,576,678	10,292,935
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Program and facilities	2,943,532	768,562
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Program and facilities	11,604,133	11,571,081
Total restricted endowments	14,547,665	12,225,395
Total restricted net assets	$ 23,124,343	$ 22,518,330

Life income agreements are accounted for as pooled income funds and consist of the contributions of one donor who made contributions in 1996 and prior. The earnings on these funds are distributed to the donor's designated beneficiaries. The funds are released to the YMCA upon the death of the donor.

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2023	2022
Purpose restrictions accomplished:		
Capital releases for property and equipment	$ 4,974,296	$ 5,777,896
Other releases for property and equipment	312,483	338,523
Program activities	1,669,178	1,537,057
	$ 6,955,957	$ 7,653,476

Note 11. Endowments

The YMCA's endowment consists of 17 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 11. Endowments (Continued)

The YMCA's governing body has interpreted the state of Colorado *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the YMCA retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount) 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 the YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA. The YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

As of December 31, 2023 and 2022, the YMCA had the following endowment net asset composition by type of fund:

	December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	$ 44,811,933	$ -	$ 44,811,933
Donor-restricted endowment funds	-	-	-
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	11,604,132	11,604,132
Accumulated investment gains	-	2,943,533	2,943,533
Total endowment funds	$ 44,811,933	$ 14,547,665	$ 59,359,598

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	$ 43,388,565	$ -	$ 43,388,565
Donor-restricted endowment funds	-	-	-
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	11,571,081	11,571,081
Accumulated investment gains	-	768,562	768,562
Total endowment funds	$ 43,388,565	$ 12,339,643	$ 55,728,208

Note 11. Endowments (Continued)

Changes in endowment net assets for the years ended December 31, 2023 and 2022, consisted of the following:

	Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 43,388,566	$ 12,225,395	$ 55,613,961
Transfer out	(3,656,642)	-	(3,656,642)
Investment return, net	6,081,832	2,301,284	8,383,116
Contributions and deposits	47,363	197,293	244,656
Amounts appropriated and/or released from restrictions	(1,049,186)	(176,307)	(1,225,493)
Endowment net assets, end of year	$ 44,811,933	$ 14,547,665	$ 59,359,598

	Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 30,594,376	$ 12,801,939	$ 43,396,315
Transfer in	17,131,666	-	17,131,666
Investment return, net	(3,414,959)	(2,153,452)	(5,568,411)
Contributions and deposits	118,186	1,878,416	1,996,602
Amounts appropriated and/or released from restrictions	(1,040,703)	(301,508)	(1,342,211)
Endowment net assets, end of year	$ 43,388,566	$ 12,225,395	$ 55,613,961

Investment and Spending Policies: Under the YMCA's policies, endowment assets are invested with a long-term strategy with a balanced portfolio of equity and fixed income assets. The YMCA expects its endowment funds to provide an average rate of return of approximately 7% annually over time, reduced by inflation and management fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate of return objectives, the YMCA relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The YMCA 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 YMCA has an endowment spending policy that went into effect in May 2011 of appropriating for expenditure each year an amount not to exceed 4% of the three-year rolling average of the market value of each eligible endowment fund calculated as of September 30 of the prior fiscal year. An endowment that is less than its permanently restricted principal value shall not be eligible for granting. In establishing this policy, the YMCA considered the long-term expected return on its endowment. Accordingly, over the long-term, the YMCA expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the YMCA's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 11. Endowments (Continued)

Underwater Endowments: 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 YMCA has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law, but as a matter of policy, does not allow underwater funds to be eligible for drawing. At December 31, 2023, there were no underwater endowment funds. At December 31, 2022, there were three endowments that were underwater by a combined value of $114,248. These amounts were fully recovered in 2023 due to favorable market fluctuations.

Note 12. Retirement Plan

The YMCA participates in a defined contribution (individual account) money purchase retirement plan. The plan is for the benefit of substantially all full-time professional and support staff of the YMCA who have completed 1,000 hours of service within 12 months and two full years of employment.

The YMCA Retirement Fund (Retirement Fund) is operated as a church pension plan and is a not-for-profit, tax-exempt New York State corporation. Participation is open to all duly organized or re-organized YMCAs in the United States. As a defined contribution plan, the Retirement Fund does not have any unfunded benefit obligations.

In accordance with the agreement with the Retirement Fund, contributions made by the YMCA are a percentage of the participating employee’s salary and are to be remitted to the Retirement Fund biweekly after each payroll. The YMCA contributes 12% of the participating employee’s salary. Participants are not required to make contributions but may elect to contribute an additional amount. The YMCA pension plan contributions for the years ended December 31, 2023 and 2022, were $998,862 and $950,220, respectively.

Note 13. Related Parties

The contributions receivable balance includes approximately $1,289,000 and $852,000 at December 31, 2023 and 2022, respectively, which were pledged by board members and staff.

Annual support contributions of $224,903 and $313,660 for the years ended December 31, 2023 and 2022, respectively, were paid to the YMCA of the USA for annual support.

Note 14. Commitments and Contingencies

Environmental Remediation Obligation

The YMCA owns and operates certain facilities, built prior to 1980, that were constructed with materials containing asbestos. The YMCA routinely evaluates the matter and performs asbestos remediation as needed in any situation where a facility is undergoing a major remodel or improvement. It is the opinion of management that the results of the ongoing evaluations and potential future remediation costs associated with facility remodels will not have a material adverse effect on the financial position, change in net assets and cash flows of the YMCA.

Paycheck Protection Program (PPP) Loan

On April 23, 2020, the YMCA received a PPP loan of $3,544,216 and elected to account for the funding during 2020 under ASC 958-605, which allows for the recognition of revenue when certain conditions are met. Later in 2020, the YMCA applied for and received formal notification from the Small Business Administration (SBA) that the loan was forgiven in its entirety. As such, the YMCA recognized grant income of $3,544,216 in the 2020 statement of activities. On February 23, 2021, the YMCA received a second PPP loan of $2,000,000. As with the first PPP loan, the YMCA applied the relevant revenue recognition rules, and later in 2021, applied for and received formal notification from the SBA that the loan was forgiven in its entirety. As such, the YMCA recognized grant income of $2,000,000 in the 2021 statement of activities.

Note 14. Commitments and Contingencies (Continued)

On December 7, 2021, the YMCA was notified by the SBA Office of Inspector General (SBAOIG) that the first PPP loan was randomly selected for audit to determine if eligibility requirements for forgiveness were met at the time of the forgiveness application in 2020. On May 12, 2023, the YMCA received notification from the SBA that the PPP loan review was complete with no findings. As such, the YMCA has elected to make no adjustments to the statements of activities or statements of financial position related to the recognition of revenue for the loan. The YMCA is required to retain all records relating to the PPP loans for six years from the date of loan forgiveness or repayment.