YMCA OF GREATER ROCHESTER

Financial Statements as of
March 31, 2024
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

July 31, 2024

To the Board of Directors of
YMCA of Greater Rochester:

Opinion

We have audited the accompanying financial statements of YMCA of Greater Rochester (a New York not-for-profit corporation) (the Association), which comprise the balance sheet as of March 31, 2024, and the related statements of activities and change in net assets, functional operating expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of March 31, 2024 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 and *Government 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 and *Government Auditing Standards*, we:

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

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

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

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

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

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

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2024 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Report on Summarized Comparative Information
We have previously audited the Association's March 31, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bonadio & Co., LLP

YMCA OF GREATER ROCHESTER

BALANCE SHEET
MARCH 31, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
Cash and equivalents	$ 6,044,160	$ 7,717,067
Accounts receivable, net of allowance for credit loss of $153,390 at March 31, 2024 and 2023	1,573,165	1,068,705
Grants receivable	2,050,090	2,129,966
Pledges receivable, net	3,353,714	4,146,148
Prepaid expenses and other assets	852,813	738,326
Operating lease right-of-use assets	945,806	1,495,051
Investments	33,620,211	27,324,679
Land, buildings, and equipment, net	93,578,567	85,586,193
Total assets	$ 142,018,526	$ 130,206,135
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Lines of credit	$ 2,505,000	$ 5,000
Accounts payable	3,151,711	4,505,075
Accrued expenses	2,918,005	2,712,879
Deferred revenue	6,360,650	4,560,176
Operating lease liabilities	945,946	1,507,414
Financing lease liabilities	2,492,803	807,266
Long-term debt, net	32,973,164	31,290,400
Total liabilities	51,347,279	45,388,210
NET ASSETS:		
Without donor restrictions:		
Board designated as endowment	20,102,366	17,421,698
Undesignated	59,677,704	54,191,552
Total net assets without donor restrictions	79,780,070	71,613,250
With donor restrictions	10,891,177	13,204,675
Total net assets	90,671,247	84,817,925
	$ 142,018,526	$ 130,206,135

The accompanying notes are an integral part of these statements.

YMCA OF GREATER ROCHESTER

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024
(With Comparative Totals for 2023)

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023 Total
OPERATING ACTIVITIES:				
Operating revenues and support -				
Membership dues and joining fees, net	$ 29,474,840	$ -	$ 29,474,840	$ 22,071,458
Program fees, net	19,114,588	-	19,114,588	16,685,275
Governmental sources	3,036,314	-	3,036,314	2,362,376
Other fees and grants	4,824,701	-	4,824,701	3,085,589
Gifts and donations	3,020,709	-	3,020,709	2,717,465
Investment income allocated for operations	1,072,000	-	1,072,000	1,040,000
United Way of Greater Rochester	852,942	-	852,942	904,154
Member supplies and services	173,859	-	173,859	173,817
Other revenues, net	988,365	-	988,365	852,761
Total operating revenues and support	62,558,318	-	62,558,318	49,892,895
OPERATING EXPENSES:				
Program -				
Youth development	24,533,649	-	24,533,649	19,357,281
Healthy living	17,159,627	-	17,159,627	13,422,567
Social responsibility	15,947,907	-	15,947,907	11,957,947
Total program	57,641,183	-	57,641,183	44,737,795
Supporting services -				
Administrative	6,033,518	-	6,033,518	5,111,016
Fundraising	1,085,921	-	1,085,921	1,058,531
Total supporting services	7,119,439	-	7,119,439	6,169,547
Total operating expenses	64,760,622	-	64,760,622	50,907,342
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(2,202,304)	-	(2,202,304)	(1,014,447)
NON-OPERATING ACTIVITIES:				
Investment income (loss), net	3,795,897	416,125	4,212,022	(1,248,942)
Investment income allocated for operations	(903,472)	(168,528)	(1,072,000)	(1,040,000)
Gifts and donations	599,988	4,287,301	4,887,289	13,688,820
Contributed land	-	-	-	1,030,000
Net assets released from restriction - capital	6,848,396	(6,848,396)	-	-
Effect of merger with Greater Canandaigua Family YMCA, Inc.	-	-	-	(344,612)
Gain on disposal of land, buildings, and equipment	28,315	-	28,315	399,246
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	10,369,124	(2,313,498)	8,055,626	12,484,512
CHANGE IN NET ASSETS	8,166,820	(2,313,498)	5,853,322	11,470,065
NET ASSETS - beginning of year	71,613,250	13,204,675	84,817,925	73,347,860
NET ASSETS - end of year	$ 79,780,070	$ 10,891,177	$ 90,671,247	$ 84,817,925

The accompanying notes are an integral part of these statements.

YMCA OF GREATER ROCHESTER

STATEMENT OF FUNCTIONAL OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024
(With Comparative Totals for 2023)

	2024							
	Program				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Total	Administrative	Fundraising	Total	2023 Total
Salaries	$ 13,017,376	$ 6,982,887	$ 7,652,461	$ 27,652,724	$ 2,707,525	$ 505,871	$ 30,866,120	$ 24,364,547
Employee benefits and taxes	2,336,249	1,409,855	1,611,847	5,357,951	821,401	153,765	6,333,117	5,327,882
Facility occupancy	2,054,698	1,820,878	1,897,109	5,772,685	44,792	4,422	5,821,899	4,606,150
Professional fees	990,385	711,469	711,445	2,413,299	925,292	111,531	3,450,122	2,059,486
Supplies	1,116,191	375,881	423,573	1,915,645	106,580	17,866	2,040,091	1,913,812
Interest	520,170	520,170	520,186	1,560,526	295	-	1,560,821	1,527,923
Merchant fees	339,333	339,333	339,333	1,017,999	271,466	78,046	1,367,511	1,086,224
Equipment	715,220	799,989	741,996	2,257,205	153,834	3,272	2,414,311	1,039,035
Insurance	270,557	232,699	264,334	767,590	256,315	61,442	1,085,347	979,464
Program expense	775,732	457,542	289,321	1,522,595	-	-	1,522,595	645,048
Membership dues	121,243	119,555	130,960	371,758	131,944	32,955	536,657	402,856
Printing and publications	113,535	108,734	107,515	329,784	161,089	891	491,764	326,148
Telephone	86,077	52,308	55,434	193,819	61,101	11,967	266,887	302,752
Training and meetings	78,114	64,172	66,128	208,414	149,309	20,686	378,409	302,679
Transportation	145,268	36,230	33,752	215,250	72,363	4,882	292,495	234,855
Annual campaign	4,794	4,794	6,467	16,055	7,962	71,746	95,763	139,694
Bank service fees	4,677	4,677	4,678	14,032	16,984	-	31,016	46,000
Postage	3,748	12,576	3,942	20,266	(976)	2,311	21,601	24,310
Other	-	4,241	3,957	8,198	20,107	4,268	32,573	18,490
Total expenses before depreciation	22,693,367	14,057,990	14,864,438	51,615,795	5,907,383	1,085,921	58,609,099	45,347,355
Depreciation	1,840,282	3,101,637	1,083,469	6,025,388	126,135	-	6,151,523	5,559,987
Total expenses	$ 24,533,649	$ 17,159,627	$ 15,947,907	$ 57,641,183	$ 6,033,518	$ 1,085,921	$ 64,760,622	$ 50,907,342

The accompanying notes are an integral part of these statements.

YMCA OF GREATER ROCHESTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024
(With Comparative Totals for 2023)

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 5,853,322	$ 11,470,065
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Contributions donor restricted for capital expenditures and endowment	(4,287,301)	(13,270,666)
Depreciation	6,151,523	5,559,987
Effect of merger with Greater Canandaigua Family YMCA, Inc.	-	344,612
Gain on sale of building and equipment	(28,315)	(399,246)
Contributed land	-	(1,030,000)
Change in discount for pledges receivable	(121,889)	152,248
Realized and unrealized (gains) losses on investments, net	(4,197,126)	1,238,567
Amortization of bond issuance costs	130,790	236,438
Changes in:		
Accounts receivable, net	(504,460)	41,556
Grants receivable	79,876	36,000
Prepaid expenses and other assets	(114,487)	62,023
Operating leases	(12,223)	(11,479)
Accounts payable	(967,576)	89,523
Accrued expenses	205,126	725,174
Deferred revenue	1,800,474	(724,840)
Net cash flow from operating activities	3,987,734	4,519,962
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(3,130,527)	(2,682,297)
Proceeds from the sale of investments	1,032,121	1,602,025
Cash acquired with Greater Canandaigua Family YMCA, Inc. merger	-	(75,492)
Proceeds from sale of building and equipment	28,315	553,049
Purchases of buildings and equipment	(14,090,510)	(11,087,445)
Net cash flow from investing activities	(16,160,601)	(11,690,160)
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings (repayments) on lines of credit, net	2,500,000	(245,000)
Repayments of Paycheck Protection Program	-	(175,800)
Principal (repayments) borrowings of financing lease obligations, net	1,246,362	(772,005)
Principal (repayments) borrowings on long-term debt, net	1,551,974	(4,807,568)
Contributions and pledge payments received for capital expenditures	5,201,624	11,849,056
Net cash flow from financing activities	10,499,960	5,848,683
CHANGE IN CASH AND EQUIVALENTS	(1,672,907)	(1,321,515)
CASH AND EQUIVALENTS - beginning of year	7,717,067	9,038,582
CASH AND EQUIVALENTS - end of year	$ 6,044,160	$ 7,717,067
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING DISCLOSURES:		
Land, buildings, and equipment purchases in accounts payable	$ 57,180	$ 442,968

The accompanying notes are an integral part of these statements.

1. THE ORGANIZATION

YMCA of Greater Rochester (the Association) is a not-for-profit corporation founded in 1854 as a charitable association of members and included 17 operating units at March 31, 2024. The Association provides quality programs focusing on youth development, healthy living and social responsibility. The Association's program areas include Health Enhancement, Childcare, Youth and Teen Development, Overnight Camping, and Membership Services. These programs emphasize caring, respect, honesty, responsibility, character building, fun, and friendship. The Association is a charitable organization that creates a sense of community in the Greater Rochester area by involving individuals and families of all ages, genders, abilities, incomes, and races. Programs are funded primarily through membership dues and program fees. Financial assistance is provided, within available resources, for individuals who do not have the ability to pay. Such assistance is funded primarily through donations to the Association's Annual Invest in Youth Campaign.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Comparative Information
The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional operating expense classification. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended March 31, 2023, from which the summarized information was derived.

Recently Adopted Accounting Guidance
Credit Losses
Accounting Standards Codification (ASC) Topic 326 *Financial Instruments – Credit Losses* requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

Effective April 1, 2023, the Association adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost, which for the Association includes accounts receivable. The new accounting pronouncement did not have a material impact on the financial statements. Results for reporting periods beginning after April 1, 2023 are presented under CECL while prior period amounts continue to be reported and disclosed in accordance with previously applicable accounting standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting

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

- Net assets without donor restrictions are net assets that are not subject to donor imposed stipulations. The Board of Directors, through voluntary resolutions, has set aside portions of the Association's net assets without donor restrictions to be used exclusively to function as endowment to support future operating initiatives.

- Net assets with donor restrictions are net assets whose use by the Association is limited by donor imposed stipulations. This includes stipulations that can be fulfilled or removed by actions of the Association pursuant to the stipulations, as well as donor-imposed stipulations that do not expire. In cases where the donor-imposed stipulation does not expire, generally the donor of these net assets permits the Association to use all or part of the investment return on the related assets to support program activities.

Operations

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

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

Cash and Equivalents

Cash and equivalents consist of cash on hand, bank demand deposit, and money market accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in these accounts and believes that it is not exposed to any significant credit risk with respect to cash and equivalents.

Pledges Receivable

The Association records pledges receivable when an unconditional donor commitment is received. Pledges receivable due in future years are reflected at the present value of estimated future cash flows using a risk adjusted discount rate commensurate with the term of the pledge, which ranged from 0.29% to 4.85% for pledges outstanding at March 31, 2024.

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

Investments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

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

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

- Level 1 Inputs - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Valuation adjustments are not applied to Level 1 instruments.

- Level 2 Inputs - Valuations are based on significant inputs that are observable, directly or indirectly; or based on quoted prices in markets that are not active.

- Level 3 Inputs - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

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

Land, Buildings and Equipment

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

Bond Financing Costs

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

Revenue Recognition

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Membership dues and joining fees are billed in advance of the membership period and are expected to be received on a current basis. Membership dues receivable consist primarily of amounts due from members for various rights and benefits of the Association. Membership dues received in advance of the performance obligation are reflected as deferred revenue.

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

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

The Association expects to collect established charges. The Association performs an assessment of an individual's ability to pay for services prior to providing services. Based on this, the Association has determined that there are no implicit price concessions provided to those the Association serves, other than financial assistance provided (see Note 12).

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

Amounts that remain uncollected at the end of a reporting period are recorded as accounts receivable. The allowance for credit losses is estimated by management based on periodic reviews of the collectability of specific accounts receivable considering historical experience and prevailing economic conditions. Accounts receivable are written off when they are determined to be uncollectible. The Association recorded an allowance for credit losses of approximately $153,000 at March 31, 2024 and 2023, respectively.

Gifts and Donations

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

Grants from Governments and Other Agencies

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

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

Leases – The Association as a Lessee

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

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

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

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

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

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

Leases – The Association as Lessor

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Advertising
Advertising costs are charged to expense as incurred and totaled approximately $245,000 and $144,000 in 2024 and 2023, respectively.

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

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

Allocation of Certain Expenses
The statement of functional operating expenses presents expenses by both functional and natural classification. Certain categories of expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional columns. For both the years ended March 31, 2024 and 2023, the Association utilizes a multi-faceted allocation methodology that considers direct expenses as well as allocations based on personnel time spent and square feet of space utilized in each of the Association's over 50 operating departments. The methodology further considers the overall operational purpose of each department and how that relates to each functional area reported on the statement of functional expenses. Data on the functional allocation of expenses on a departmental basis is accumulated to arrive at the amounts reported in the statement of functional operating expenses. Management considers the Association's allocation methodology to be reasonable.

3. LIQUIDITY

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

3. LIQUIDITY (Continued)

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

	2024	2023
Financial assets at March 31	$ 46,641,340	$ 42,386,565
Less: Financial assets unavailable for general expenditures within one year, due to:		
Subject to Board designation as endowment	(20,102,366)	(17,421,698)
Restricted by donor perpetually	(2,706,952)	(2,696,452)
Subject to satisfaction of donor restrictions	(8,184,225)	(10,508,223)
	$ 15,647,797	$ 11,760,192

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

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

4. PLEDGES RECEIVABLE

Outstanding pledges related to the following projects as of March 31:

	2024	2023
Schottland Branch	$ 1,213,284	$ 2,328,449
Sands Branch	2,316,748	2,074,706
Camp Cory	67,792	108,992
	3,597,824	4,512,147
Less: Allowance for uncollectible pledges	(2,000)	(2,000)
Less: Discount on pledges receivable	(242,110)	(363,999)
	$ 3,353,714	$ 4,146,148

4. PLEDGES RECEIVABLE (Continued)

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

2025	$ 996,927
2026	1,066,628
2027	750,570
2028	440,000
2029	293,699
Thereafter	50,000
	$ 3,597,824

5. INVESTMENTS

Composition
Investments consisted of the following at March 31:

	2024	2023
Cash equivalents	$ 608,470	$ 591,146
Domestic equity securities	12,358,994	13,527,514
International equity securities	3,307,981	4,015,038
Fixed income securities	13,339,408	5,391,216
Alternative strategies	4,005,358	3,799,765
	$ 33,620,211	$ 27,324,679

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

6. LAND, BUILDINGS, AND EQUIPMENT

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

	2024	2023
Land	$ 8,773,627	$ 8,773,627
Buildings and improvements	132,819,596	108,793,634
Furnishings and equipment	16,728,314	13,780,163
Land improvements	13,673,509	13,673,509
Construction-in-progress	765,087	14,009,159
	172,760,133	159,030,092
Less: Accumulated depreciation and amortization	(79,181,566)	(73,443,899)
	$ 93,578,567	$ 85,586,193

6. LAND, BUILDINGS, AND EQUIPMENT (Continued)

Assets Acquired Under Financing Leases

Furnishings and equipment include assets acquired under financing lease obligations with a cost of $5,536,049 at March 31, 2024. Accumulated depreciation related to these assets was $3,362,080 at March 31, 2024.

7. ENDOWMENT FUNDS

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

	2024	2023
Board designated	$ 20,102,366	$ 17,421,698
Unappropriated appreciation of donor restricted gifts	4,828,511	4,580,914
Donor restricted historical gift corpus	2,706,952	2,696,452
	$ 27,637,829	$ 24,699,064

Changes in the Association's endowment consisted of the following during the years ended March 31, 2024 and 2023:

	Board Designated	Unappropriated Appreciation	Donor Corpus	Total
Endowment net assets - April 1, 2022	$ 16,386,612	$ 4,869,587	$ 2,696,452	$ 23,952,651
Investment return	(1,125,257)	(153,850)	-	(1,279,107)
Contributions	565,520	-	-	565,520
Internal transfers to endowment	2,500,000	-	-	2,500,000
Spending policy distributions	(905,177)	(134,823)	-	(1,040,000)
Endowment net assets - March 31, 2023	17,421,698	4,580,914	2,696,452	24,699,064
Investment return (loss)	3,441,946	416,125	-	3,858,071
Contributions	142,194	-	10,500	152,694
Spending policy distributions	(903,472)	(168,528)	-	(1,072,000)
Endowment net assets - March 31, 2024	$ 20,102,366	$ 4,828,511	$ 2,706,952	$ 27,637,829

Interpretation of Relevant Law

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

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

7. **ENDOWMENT FUNDS (Continued)**

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

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

Return Objectives, Risk Parameters
The Association has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The goal is to provide an investment return that exceeds the unmanaged market return while reducing market risk through diversification.

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

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level required by New York Not-for Profit Corporation Law. There were no such deficiencies as of March 31, 2024 and 2023.

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

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

	2024	2023
Net assets with donor restrictions that can be satisfied by action of the Association or the passage of time:		
Restricted for capital	$ 3,355,714	$ 5,927,309
Accumulated unappropriated earnings on donor restricted endowment funds	4,828,511	4,580,914
Subtotal expendable funds	8,184,225	10,508,223

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

Funds to be held in perpetuity with income expendable for:		
Activities of the Association	1,455,869	1,455,869
Camp Gorham	946,107	935,607
Camp Cory	268,422	268,422
Overnight camp scholarships	25,051	25,051
Other	11,503	11,503
Subtotal funds to be held in perpetuity	2,706,952	2,696,452
	$ 10,891,177	$ 13,204,675

Net assets released from restrictions were $6,848,396 and $12,422,220 in 2024 and 2023, respectively, and were related to capital expenditures.

9. LEASE COMMITMENTS

The Association leases certain office and fitness equipment from third parties under the terms of non-cancellable operating and financing lease arrangements that expire at various dates through August 2039. As of March 31, 2024, the leases have remaining terms that vary from one year to approximately six and a half years.

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

	2024	2023
Weighted-average remaining lease term - financing leases	3 years	3 years
Weighted-average remaining lease term - operating leases	4 years	3 years
Weighted-average discount rate - financing leases	7.6%	4.0%
Weighted-average discount rate - operating leases	6.3%	4.0%

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

	2024	2023
Finance lease cost:		
Amortization of right of use assets	$ 440,873	$ 750,602
Interest on lease liabilities	59,451	13,208
Operating lease cost	564,243	440,153
Short-term/variable lease cost	92,010	115,730
	$ 1,156,577	$ 1,319,693

9. LEASE COMMITMENTS (Continued)

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

	Operating Leases	Financing Leases	Total
2025	$ 342,320	$ 844,495	$ 1,186,815
2026	254,664	836,780	1,091,444
2027	148,836	663,475	812,311
2028	109,876	105,290	215,166
2029	79,800	42,763	122,563
Thereafter	10,450	-	10,450
	$ 945,946	$ 2,492,803	$ 3,438,749

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

	2024	2023
Operating cash flows from finance leases	$ 59,451	$ 13,208
Financing cash flows from finance leases	$ 381,422	$ 737,394
Operating cash flows from operating leases	$ 564,243	$ 440,153

The Association as a Lessor

The Association leases space through operating leases that expire at various times through 2029. Rental income was approximately $840,425 and $790,647 for the years ended March 31, 2024 and 2023 which is included in other operating revenue on the statements of activities and change in net assets. Minimum future annual rents due from non-cancelable operating leases as of March 31, 2024 are as follows:

2025	$ 731,400
2026	740,800
2027	744,600
2028	746,000
2029	755,600
	$ 3,718,400

10. FINANCING ARRANGEMENTS

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

	2024	2023
Series 2017B fixed rate Tax Exempt Revenue bond maturing in January 2028, requiring a lump sum payment due at maturity, and monthly interest only payments of 1.26% plus 72% of the LIBOR rate. The Association has paid off the remaining balance of the bond as of March 31, 2024.	$ -	$ 1,000,000
Series 2017A fixed rate Tax Exempt Revenue bond maturing in January 2043, requiring monthly principal payments starting February 2021 ranging from $48,000 to $120,000 plus interest paid monthly at 3.99%.	18,949,285	19,605,731
Series 2015B fixed rate demand Civic Facility Revenue bonds maturing in September 2025, requiring monthly principal payments starting October 2020 ranging from $115,000 to $135,000, plus interest paid monthly at 2.75%.	2,375,000	3,905,000
Series 2015C fixed rate demand Civic Facility Revenue bonds maturing in September 2031, requiring monthly principal payments starting October 2025 ranging from $95,000 to $115,000, plus interest paid monthly at 3.00%.	7,278,659	7,278,659
Term note payable to a Bank in monthly installments of interest only through May 2025 then monthly payments of principal and interest of $31,905 through May 2038, including interest at 5.4%.	5,000,000	-
	33,602,944	31,789,390
Less: Unamortized portion of financing costs	(629,780)	(498,990)
	$ 32,973,164	$ 31,290,400

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

	Term Note	Bond Obligations	Total
2025	$ -	$ 2,253,992	$ 2,253,992
2026	92,983	2,101,991	2,194,974
2027	117,051	1,936,128	2,053,179
2028	122,921	1,989,691	2,112,612
2029	130,524	2,065,738	2,196,262
Thereafter	4,536,521	18,255,404	22,791,925
	$ 5,000,000	$ 28,602,944	$ 33,602,944

10. FINANCING ARRANGEMENTS (Continued)

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

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

The Capital Campaign Funds Pledge of Account agreement required that all amounts pledged by donors for the project be directly deposited into a segregated account at the Bank, to a cumulative total of at least $13,000,000. Funds deposited to this account are applied as payments on the 2017B Bonds on a quarterly basis. As of March 31 2024, the remaining principal balance on the Series 2017B Bond was paid in full, and therefore the pledge of campaign funds is no longer applicable.

Financing Costs
In conjunction with the Series 2015 and 2017 bond issuances and M&T Bank Term Note, issuance costs of $1,017,121 were incurred and are being amortized over the term of the related obligations. To the extent the obligations are repaid in a manner that is accelerated from the scheduled repayment schedule, the related financing costs are amortized in a proportionally accelerated manner. Amortization expense of approximately $61,091 and $236,000 was recognized during the years ended March 31, 2024 and 2023, respectively, and was included in interest expense in the accompanying statement of functional operating expenses.

Borrowing Arrangement
In May 2023, the Association entered into a new borrowing arrangement with a bank that included a $5,000,000 term loan and a $5,000,000 “delay draw term loan.” Both parts of this new borrowing arrangement are collateralized by the land the Association received as a gift during the year ended March 31, 2023 and on which the Association constructed its new Sands Branch facility.

The delay draw down loan is an available line of credit for an additional $5,000,000 for construction related expenditures. This loan requires interest-only payments for 60 months followed by quarterly installments of principal and interest for the next 20 calendar quarters that are based, in part, on the volume of collections on pledges receivable related to the Sands Branch each quarter. The delay draw down loan bears interest at the one month SOFR plus 1.95%. As of March 31, 2024, the Association had not drawn on this additional $5,000,000 borrowing facility.

10. FINANCING ARRANGEMENTS (Continued)

Lines of Credit

The Association has a $3,000,000 annually renewable, unsecured operating line of credit agreement with a financial institution. Amounts borrowed bear interest at the financial institution's prime rate (8.50% at March 31, 2024). There was no balance outstanding under the terms of this agreement at March 31, 2024 and 2023.

The Association has a second annually renewable revolving line of credit with a bank allowing maximum borrowings up to $7,000,000. Interest is charged on each advance at daily SOFR rate (5.34% at March 31, 2024) plus 1.10%. The agreement is collateralized by securities and property owned by the Association. At both March 31, 2024 and 2023, $5,000, respectively, was outstanding under the terms of this agreement.

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

Cash Paid for Interest

Interest paid on all financing arrangements totaled approximately $1,500,000 and $1,291,000 for the years ended March 31, 2024 and 2023, respectively.

Covenant Compliance

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

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

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 608,470	$ -	$ -	$ 608,470
Domestic equity securities	12,358,994	-	-	12,358,994
International equity securities	3,307,981	-	-	3,307,981
Fixed income securities	13,339,408	-	-	13,339,408
Investments at fair value	$ 29,614,853	$ -	$ -	29,614,853
Investments, measured using net asset value as practical expedient				4,005,358
				$ 33,620,211

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The Association's investments were measured at fair value on a recurring basis utilizing the following input levels at March 31, 2023:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 591,146	$ -	$ -	$ 591,146
Domestic equity securities	13,527,514	-	-	13,527,514
International equity securities	4,015,038	-	-	4,015,038
Fixed income securities	5,391,216	-	-	5,391,216
Investments at fair value	$ 23,524,914	$ -	$ -	23,524,914
Investments, measured using net asset value as practical expedient				3,799,765
				$ 27,324,679

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

Fair value of the Association's interest in alternative strategies is determined by the LLC's calculation of net assets per investment unit. The net asset value of the LLC's investment units is determined on the close of business on the last business day of each calendar month, each date that a unit is offered or repurchased, as of the date of any distribution, and at such other times the Board of the LLC shall determine a determination date. Net asset value is calculated as the value of the total assets of the LLC, less of all of the respective liabilities, including accrued fees and expenses, each determined as of the relevant determination date.

Alternative investments consisted of the following as of March 31, 2024:

	Net Asset Value	Unfunded Commitments
Blackstone Real Estate Income Trust Class S	$ 859,024	$ -
Blackstone Private Credit Fund Class S	1,023,044	-
Partners Group Private Equity Master Fund Class A	2,123,290	-
	$ 4,005,358	$ -

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

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

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

	2024	2023
Membership dues and joining fees	$ 30,315,399	$ 23,106,168
Less: Financial assistance provided	(840,559)	(1,034,710)
Membership dues and joining fees, net	$ 29,474,840	$ 22,071,458
Program fees	$ 19,664,531	$ 17,214,544
Less: Financial assistance provided	(549,943)	(529,269)
Program fees, net	$ 19,114,588	$ 16,685,275

13. RETIREMENT PLAN

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

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

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

Total retirement expense for the years ended March 31, 2024 and 2023 was approximately $1,476,000 and $1,332,000, respectively.

14. CONTRIBUTIONS OF NON-FINANCIAL ASSETS

During the year ended March 31, 2023, the Association received a donation of a parcel of land in Canandaigua, New York. This donated land was restricted by the donor for use as the site of a new YMCA branch location, the Sands Branch. The Association was in the process of constructing the Sands Branch location as of March 31, 2023 and completed construction during the year ended March 31, 2024. The value of the land was recorded in net assets with donor restrictions as of March 31, 2023 and was released from restriction during the year ended March 31, 2024. The land was valued at $1,030,000 on the date of acquisition based on an independent appraisal.

No other material non-financial assets were received by the Association during the years ended March 31, 2024 and 2023.

15. EMPLOYER RETENTION CREDIT

The Association claimed the Employer Retention Credit for a total of $3,711,984 during the year ended March 31, 2022. This credit, which was also established by the CARES Act, allows for a credit based on eligible wages incurred during the period of COVID-19 disruption. At March 31, 2024 and 2023, $2,219,572 of this Employer Retention Credit claim was included in accounts receivable in the accompanying balance sheet. This balance is expected to be received as a refund from the Internal Revenue Service for the Employer Retention Credit related to the period January 1, 2021 through March 31, 2021, which was claimed on an amended Form 941X for that calendar quarter, and is awaiting processing by the Internal Revenue Service. The Association collected its Employer Retention Credits for other time periods on its original Form 941 filings.

16. COMMITMENTS AND CONTINGENCIES

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

National Support
In accordance with its affiliation agreement, the Association is required to pay an annual assessment to the YMCA of the USA. This assessment is based on the Association's annual revenue, less certain excludable items. The expense associated with this agreement was approximately $446,000 and $340,000 for the years ended March 31, 2024 and 2023, respectively.

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

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

At present, the Association is not certain as to the amount of commercial insurance coverage available to it to meet any potential obligations related to the CVA actions commenced or to be commenced against it. No amounts have been recorded for settlement of any CVA claims or potential claims because the potential financial impact on the Association is not presently determinable. However, the ultimate resolution of these claims potentially could have a material adverse impact on the Association's results of operations and financial position.

17. GREATER CANANDAIGUA FAMILY YMCA

Effective May 31, 2022, the Association assumed the assets, liabilities, and operations of the Greater Canandaigua Family YMCA (Canandaigua) under the terms of a acquisition agreement. This acquisition agreement was approved by the affirmative vote of both the Association's Board of Directors and Canandaigua's Board of Directors, and written communication from the State of New York Office of the Attorney General. On May 31, 2022, Canandaigua operated one YMCA branch location in Canandaigua, New York. The Association entered into this acquisition agreement for the primary purpose of expanding the services available to Canandaigua's members, furthering the overall mission of the YMCA, and expanding the Association's market presence in the greater Canandaigua, New York area.

The Association recognized the following assets, liabilities, and net assets, at fair value, in its financial statements on June 1, 2022 related to the Canandaigua acquisition:

Assets:	
Cash and equivalents	$ (75,492)
Accounts receivable	180,267
Prepaid expenses	2,433
Land, buildings, and equipment, net	2,216,000
Total assets	$ 2,323,208
Liabilities:	
Accounts payable and accruals	$ 281,565
Deferred income	186,253
Due to YMCA of Greater Rochester	2,200,000
Total liabilities	2,667,818
Net assets without donor restrictions	(344,610)
Total liabilities and net assets	$ 2,323,208

18. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 31, 2024, which is the date the financial statements were available to be issued.

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

July 31, 2024

To the Board of Directors of
YMCA of Greater Rochester:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of YMCA of Greater Rochester (a New York not-for-profit corporation) (the Association), which comprise the balance sheet as of March 31, 2024, and the related statements of activities and change in net assets, functional operating expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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(Continued)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

July 31, 2024

To the Board of Directors of
YMCA of Greater Rochester:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited YMCA of Greater Rochester (a New York not-for-profit corporation) (the Association) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended March 31, 2024. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2024.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Association's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Association's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Association's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

- Identify and assess the risks of material noncompliance, 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 Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Internal Control Over Compliance
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of YMCA of Greater Rochester as of and for the year ended March 31, 2024, and have issued our report thereon dated July 31, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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YMCA OF GREATER ROCHESTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2024

Federal Grantor/ Passed Through Grantor/Program Title	Assistance Listing Number	Contract/ Grantor Number	Expenditures
Department of Health and Human Services:			
Temporary Assistance for Needy Families (TANF) State Programas	93.558	N/A	$ 66,785
Total Department of Health and Human Services			66,785
Department of Housing and Urban Development:			
Economic Development initiative, Community Project Funding, and Miscellaneous Grants	14.256	N/A	1,000,000
Total Department of Housing and Urban Development			1,000,000
Department of the Treasury:			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	334,987
Total Department of the Treasury			334,987
Department of Agriculture:			
Child and Adult Care Food Program	10.558	N/A	180,549
Total United States Department of Agriculture:			180,549
			$ 1,582,321

The accompanying notes are an integral part of these statements.

YMCA OF GREATER ROCHESTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2024

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) has been prepared in accordance with accounting principles generally accepted in the United States of America. Amounts included in the Schedule are actual expenditures for the year ended March 31, 2024. The accompanying Schedule presents the activity of all federal award programs of YMCA of Greater Rochester (a New York not-for-profit corporation) (the Association). The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Association's operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Association.

2. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COSTS

The Company did not allocate indirect costs to federal programs, and as such, did not elect to apply the 10% de minimis rate permitted by the Uniform Guidance.

YMCA OF GREATER ROCHESTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2024

A. SUMMARY OF AUDITOR'S RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on whether the financial statements of YMCA of Greater Rochester (a New York not-for-profit corporation) (the Association) were prepared in accordance with generally accepted accounting principles.

2. No significant deficiencies or material weaknesses relating to the audit of the Association's financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of the Association which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No material weaknesses or significant deficiencies relating to the internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

5. The Independent Auditor's Report on Compliance for Each Major Federal Program for the Association expresses an unmodified opinion.

6. There were no audit findings relative to the major federal award programs that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance in this schedule.

7. The program tested as a major programs was:

   Assistance Listing No. 14.256 - Economic Development initiative, Community Project Funding, and Miscellaneous Grants

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The Association was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

None.