STOCKMAN KAST RYAN + COMPANY

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

Financial Statements

For the Year Ended December 31, 2023

And

Independent Auditors' Report

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Young Men's Christian Association of the Pikes Peak Region

Opinion

We have audited the accompanying financial statements of Young Men's Christian Association of the Pikes Peak Region (the Organization), 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 these 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated February 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan + Co, LLP

October 28, 2024

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023 (with comparative totals for 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
ASSETS				
Cash and cash equivalents	$ 912,484	$ 137,305	$ 1,049,789	$ 2,764,306
Cash restricted under debt agreement	2,507,007		2,507,007	
Accounts receivable	667,574		667,574	3,460,665
Promises to give, net		12,465	12,465	1,950
Investments	290,032	231,777	521,809	444,606
Prepaid expenses and other	698,097		698,097	753,348
Beneficial interest in trusts		1,307,450	1,307,450	1,195,085
Property and equipment, net	38,300,771	257,759	38,558,530	39,534,158
TOTAL ASSETS	$ 43,375,965	$ 1,946,756	$ 45,322,721	$ 48,154,118
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	$ 884,071		$ 884,071	$ 735,161
Accrued expenses	838,495		838,495	1,110,043
Deferred revenue	1,169,753		1,169,753	1,331,606
Charitable gift annuity	461,610		461,610	482,184
Notes payable	3,619,625		3,619,625	3,989,958
Bonds payable, net	10,731,467		10,731,467	11,295,367
Deferred rent	707,238		707,238	718,106
Total liabilities	18,412,259	$ —	18,412,259	19,662,425
NET ASSETS				
Without donor restrictions	24,963,706		24,963,706	26,671,843
With donor restrictions		1,946,756	1,946,756	1,819,850
Total net assets	24,963,706	1,946,756	26,910,462	28,491,693
TOTAL LIABILITIES AND NET ASSETS	$ 43,375,965	$ 1,946,756	$ 45,322,721	$ 48,154,118

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023 (with comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE				
Contributions	$ 1,527,707	$ 12,465	$ 1,540,172	$ 2,232,760
Special events, net of expenses of $225,917 and $198,731 in 2023 and 2022, respectively	140,182		140,182	109,354
Total public support	1,667,889	12,465	1,680,354	2,342,114
Memberships	14,321,063		14,321,063	12,315,025
Program service fees	9,388,866		9,388,866	7,706,445
Management fees	310,091		310,091	396,524
Investment income (loss)	274,561	4,026	278,587	(148,891)
Change in value of split interest agreements		112,365	112,365	(271,467)
Merchandise sales	55,263		55,263	37,456
Gain on sale of assets				1,257,531
Other	157,146		157,146	139,683
Total revenue	24,506,990	116,391	24,623,381	21,432,306
Net assets released from restrictions	1,950	(1,950)		
Total public support and revenue	26,176,829	126,906	26,303,735	23,774,420
EXPENSES AND LOSSES				
Program services	23,066,741		23,066,741	21,336,290
General and administrative	4,516,899		4,516,899	4,451,408
Fundraising	301,326		301,326	256,218
Total expenses	27,884,966	—	27,884,966	26,043,916
Loss on uncollectable promises to give				50,179
Total expenses and losses	27,884,966	—	27,884,966	26,094,095
CHANGE IN NET ASSETS	(1,708,137)	126,906	(1,581,231)	(2,319,675)
NET ASSETS, Beginning of year	26,671,843	1,819,850	28,491,693	30,811,368
NET ASSETS, End of year	$ 24,963,706	$ 1,946,756	$ 26,910,462	$ 28,491,693

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023 (with comparative totals for 2022)

	2023							2022
	Program Services				Supporting Services			
	Healthy Living	Youth Development	Social Responsibility	Total	Management and General	Fund Raising	Expenses Total	Expenses Total
OPERATING EXPENSES								
Salaries, benefits and payroll taxes	$ 7,865,154	$ 5,024,128	$ 132,293	$ 13,021,575	$ 1,982,377	$ 184,951	$ 15,188,903	$ 13,980,608
Occupancy	2,485,311	1,481,283	66,621	4,033,215	22,389		4,055,604	3,888,000
Contractual services	253,392	227,029	68,179	548,600	1,695,625	1,058	2,245,283	2,283,276
Supplies	568,957	680,852	58,188	1,307,997	56,928	53,197	1,418,122	1,167,477
Insurance	332,579	231,751	8,674	573,004	1,743		574,747	464,494
Printing, publications and promotions	79,756	11,861	455	92,072	330,324	13,856	436,252	377,551
Organization dues	195,489	73,271	7,514	276,274	47,170	40,173	363,617	244,033
Travel and transportation	46,924	43,077	1,147	91,148	160,609	3,985	255,742	198,191
Special event						225,917	225,917	198,731
Telephone	100,288	69,496	2,451	172,235	17,726	720	190,681	193,913
Education, conferences and training	38,041	19,460	177	57,678	123,577	2,137	183,392	158,389
Miscellaneous	11,577	4,376	192	16,145	35,526	1,249	52,920	19,547
Total operating expenses before interest and depreciation	11,977,468	7,866,584	345,891	20,189,943	4,473,994	527,243	25,191,180	23,174,210
Depreciation	1,592,812	603,056	48,842	2,244,710	13,395		2,258,105	2,560,549
Interest	415,793	205,742	10,553	632,088	29,510		661,598	507,888
Total expenses by function	13,986,073	8,675,382	405,286	23,066,741	4,516,899	527,243	28,110,883	26,242,647
Less expenses included with revenues on the statement of activities: Special event expense						225,917	225,917	198,731
Total expenses included in the expenses section of the statement of activities	$ 13,986,073	$ 8,675,382	$ 405,286	$ 23,066,741	$ 4,516,899	$ 301,326	$ 27,884,966	
Percent of totals	50%	31%	1%	83%	16%	1%	100%	
Comparative totals - 2022	$ 12,439,100	$ 8,438,396	$ 458,794	$ 21,336,290	$ 4,451,408	$ 256,218		$ 26,043,916
Percent of totals - 2022	48%	32%	2%	82%	17%	1%		100%

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023 (with comparative totals for 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,581,231)	$ (2,319,675)
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities:		
Depreciation	2,258,105	2,560,549
Loss on uncollectable promises to give		198,731
Gain on disposal of assets		(1,257,531)
Net realized and unrealized (gain) loss on investments	(62,356)	208,959
Other	30,595	27,382
Change in value of split interest agreement	(112,365)	271,467
Change in operating assets and liabilities:		
Accounts receivable	2,793,091	(356,012)
Promises to give	(10,515)	(189,691)
Prepaid expenses and other	55,251	(254,312)
Accounts payable and accrued expenses	(122,638)	(332,151)
Deferred revenue	(161,853)	285,907
Deferred rent	(10,868)	(10,866)
Net cash provided by (used in) operating activities	3,075,216	(1,167,243)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale and maturities of investments	22,491	1,536,908
Purchase of investments	(37,338)	(168,523)
Proceeds on sale of property and equipment		3,000,000
Purchase of property and equipment	(1,051,007)	(242,511)
Net cash provided by (used in) investing activities	(1,065,854)	4,125,874
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on gift annuity	(51,168)	(48,196)
Principal payments on promissory notes	(601,805)	(423,753)
Principal payments on bonds	(563,899)	(434,206)
Net cash used in financing activities	(1,216,872)	(906,155)
NET INCREASE IN CASH AND CASH EQUIVALENTS	792,490	2,052,476
CASH AND CASH EQUIVALENTS, Beginning of year	2,764,306	711,830
CASH AND CASH EQUIVALENTS, End of year	$ 3,556,796	$ 2,764,306
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 658,403	$ 507,892
Property and equipment acquired through issuance of promissory notes	$ 231,473	$ 45,645

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Young Men's Christian Association of the Pikes Peak Region's (YMCA) purpose and objectives are to operate institutions exclusively for religious, charitable, scientific and educational purposes, including the rehabilitation and welfare of youth and to establish and maintain a fellowship of individuals and families of all faiths. Including, helping persons develop Christian personalities and to aid in building a Christian society through the improvement of physical, mental, social, moral and educational conditions of persons who participate in YMCA programs and the community served by the YMCA. The YMCA currently has 16 centers operating out of eight facilities (including Camp Shady Brook) serving individuals in the Colorado Springs and surrounding El Paso County area.

Net Assets — YMCA (the Organization) reports information regarding its financial position and activities according to two classes of net assets:

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

Net assets with donor restrictions — Net assets subject to donor-imposed 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Comparative Financial Information — The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Cash and Cash Equivalents — For purposes of the statement of cash flows, the Organization considers cash, amounts due from banks and highly liquid investments purchased with original maturities of three months or less to be cash and cash equivalents.

Cash Restricted Under Debt Agreement — The Organization is required to deposit funds received from an Employee Retention Tax Credits (ERTC) and future proceeds from the sale of vacant land in a Debt Service Deposit Account (Account). Amounts on deposit in the Account may be used to pay principal and interest due on the Series 2016A Notes, Series 2016B Notes, and the Term Loan. Upon written request, amounts in excess of $2,500,000 may be released for certain specified purposes.

Accounts Receivable — Accounts receivable relate to amounts due for various services and at December 31, 2022 ERTC. Accounts receivable are stated at the amount management expects to collect from outstanding balances. During 2021, the Organization applied for ERTC of $2,916,641, which is included in accounts receivable at December 31, 2022. During 2023, the amounts were received. Management provides for probable uncollectible amounts through a provision for credit losses expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables, as well as current and future economic conditions.

Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. At December 31, 2023 and 2022 no allowance for credit losses has been recorded on the accounts receivable.

Promises to Give — Unconditional promises to give are recognized as revenues in the period received as assets, decreases of liabilities or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments — Investments are recorded at fair value, with realized and unrealized gains and losses included as revenue in the statements of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Donated investments are recorded at fair value on the date of donation. Fair values for mutual funds, REITs and common stocks are determined principally through quoted market prices.

Property and Equipment — Property and equipment are stated at cost or, if donated, at the fair market value at the date of the donation. Acquisitions of property and equipment in excess of $3,000 and having a useful life exceeding one year and expenditures, repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. Depreciation is computed using the straight-line method over estimated useful lives of ten to fifty years for buildings and improvements and three to twenty-five years for furniture, fixtures and equipment.

Contributions — Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. 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. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and is reported as contribution revenue.

Donation of Long-Lived Assets — The Organization has recorded donations of the use of long-lived assets in which the donor retains legal title as contribution revenue in the period in which the contribution or promise to give is received and expenses in the period the long-lived assets are used. The Organization has adopted a policy of not implying a time restriction and has recorded donated assets as increases in net assets without donor restrictions.

Income Tax Status — The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

Revenue Recognition — Income from membership dues is deferred and recognized over the periods to which the dues relate.

Marketing — The Organization expenses marketing costs as they are incurred. Total marketing expenses for 2023 and 2022 were $436,252 and $377,551, respectively.

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

Recently Issued Accounting Pronouncements — In 2016, FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of credit Losses on Financial Instruments*, and subsequent Updates to replace the incurred loss methodology for recognizing credits losses with a methodology that reflect the current expected credit losses (CECL) over the life of financial assets. Under the CECL model, financial assets including trade receivables are required to be estimated for credit losses taking considerations of past events, current conditions, and reasonable and supportable forecasts into account. For nonpublic entities, the amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Organization has adopted this standard and the adoption of such had no impact on the Organization's financial statements.

Reclassifications — Certain reclassifications to prior year amounts have been made to conform to the current year presentation.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

	2023	2022
Cash and cash equivalents	$ 1,049,789	$ 2,764,306
Accounts receivable	667,574	3,460,665
Promises to give, net	12,465	1,950
Beneficial interest in trusts	1,307,450	1,195,085
Investments	521,809	444,606
Total financial assets	3,559,087	7,866,612
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(455,036)	(420,117)
Restricted by donors with time restrictions	(12,465)	(1,950)
Restricted by donors for funds held in perpetuity	(1,479,255)	(1,397,783)
Total	(1,946,756)	(1,819,850)
Board designated	(245,331)	(547,299)
Total amounts unavailable for general expenditures within one year	(2,192,087)	(2,367,149)
Total financial assets available to management to meet cash needs for general expenditures within one year	$ 1,367,000	$ 5,499,463

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments.

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a board approved, balanced budget and anticipates sufficient revenue to cover general expenditures, liabilities, and other obligations throughout the budget cycle.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2023	2022
Land	$ 7,035,382	$ 7,035,382
Buildings and improvements	62,663,793	61,615,418
Furniture and equipment	5,719,715	5,454,560
Construction in progress	191,480	222,534
Total	75,610,370	74,327,894
Less accumulated depreciation	(37,051,840)	(34,793,736)
Net property and equipment	$ 38,558,530	$ 39,534,158

Included in buildings and improvements is $4,600,000 paid by the City of Colorado Springs for the aquatics portion of the Southeast facility. Under the terms of the contribution the City will retain title for 25 years at which time the Organization will receive title. However, the Organization has unrestricted use of the aquatics facilities and is responsible for its operation and management.

4. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).
The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by Level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of December 31:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023:				
ASSETS				
INVESTMENTS				
Domestic fixed income mutual funds	$ 118,493	$ 118,493		
Corporate stocks domestic	2,592	2,592		
Mixed strategy mutual funds	227,446	227,446		
Equity mutual funds domestic	173,278	173,278		
Total investments	521,809	521,809	$ —	$ —
OTHER ASSETS				
Beneficial interest in trusts	1,307,450		1,307,450	—
Total	$ 1,829,259	$ 521,809	$ 1,307,450	$ —
LIABILITIES				
Charitable gift annuity	$ 461,610	$ —	$ —	$ 461,610
2022:				
ASSETS				
INVESTMENTS				
Domestic fixed income mutual funds	$ 115,135	$ 115,135		
Mixed strategy mutual funds	185,780	185,780		
Equity mutual funds: Domestic	143,691	143,691		
Total investments	444,606	444,606	$ —	$ —
OTHER ASSETS				
Beneficial interest in trusts	1,195,085		1,195,085	
Total	$ 1,639,691	$ 444,606	$ 1,195,085	$ —
LIABILITIES				
Charitable gift annuity	$ 482,184	$ —	$ —	$ 482,184

The following is a reconciliation of the beginning and ending balance of liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2023 and 2022:

	Charitable Gift Annuity
BALANCE, January 1, 2022	$ 502,998
Distribution	(48,196)
Change in value	27,382
BALANCE, December 31, 2022	482,184
Distribution	(47,974)
Change in value	27,400
BALANCE, December 31, 2023	$ 461,610

5. BENEFICIAL INTEREST IN TRUSTS

The Organization is the beneficiary of various irrevocable, perpetual trusts held and administered by third parties. Under the terms of the trust agreements, the Organization is to receive a stated percentage of the interest earned on the corpus of the trust assets in perpetuity for its unrestricted use. The Organization's share of the assets held in the trusts totaled $1,295,450 and $1,183,085 as of December 31, 2023 and 2022, respectively, and are reported at fair value and included in net assets with donor restrictions in the Organization's statement of financial position.

Fair value in the trusts is determined primarily based on the Organization's proportionate share of the fair value of the underlying assets of the trusts. Fair value of the underlying assets is determined using quoted market prices and pricing services. The Organization is also a beneficiary under other charitable remainder trusts recorded at their estimated fair values of $12,000 at December 31, 2023 and 2022.

6. CHARITABLE GIFT ANNUITY

In a prior year, the Organization entered into a charitable gift annuity under which the Organization obtained ownership of land and a building, valued at $1,260,000. In exchange for the gift, the Organization is obligated to pay the donor monthly payments of $6,300 for as long as the donor lives. A liability is recognized for the present value of future payments over the donor's estimated remaining life expectancy of 5.95 years, using a discount rate of 6.00%.

7. DEFERRED RENT

During 2016, the Organization entered into a 75-year land lease which can be extended by the lessee for two 10-year periods. The lessee prepaid base rent of $815,000 which the Organization has deferred and is recognizing on a straight-line basis over the term of the lease. During 2023 and 2022, the Organization recognized rental income of $10,867 each year under the lease agreement. The lessee constructed a building on the leased land to be used for healthcare related services. At the end of the lease term, the lessee will convey the building to the Organization.

8. BONDS PAYABLE

Bonds payable consist of the following at December 31:

	2023	2022
Bonds payable, Series 2016A, 2016B and 2016C	$ 10,771,608	$ 11,355,579
Less bond issuance costs, net	(40,141)	(60,212)
Bonds payable, net of bond issuance costs	$ 10,731,467	$ 11,295,367

In 2016, El Paso County, Colorado (the County) issued $11,250,000 of Colorado Fixed Rate Refunding and Improvement bonds, Series 2016A; $3,250,000 of Colorado Variable Rate Refunding and Improvement bonds, Series 2016B; and $500,000 Colorado Variable Rate Refunding and Improvement bonds, Series 2016C, (together, 2016 Bonds) the proceeds of which were loaned to the Organization. The Bonds were issued to finance the costs of: 1) reimbursing the Organization for the construction, improvements and equipping of property located at 1750 Jackson Creek Parkway in connection with the construction in Monument, Co, 2) paying off the Series 2006 Bonds and 3) paying certain costs of issuance relating to the Bonds. The Series 2016A and Series 2016B Bonds are set to mature on July 1, 2026. The Series 2016C were paid in full during 2017.

The County issued the 2016 Bonds under a Financing Agreement between the County and a financial institution. The 2016 Bonds bear interest as follows: Series 2016A bears interest at a fixed annual rate of 2.84%. Series 2016B bears interest at a variable rate of 1.55% in excess of adjusted LIBOR (effective rate of 7.02% and 4.23% at December 31, 2023 and 2022, respectively), and Series 2016C, (which was paid in full in 2017) bore interest at a variable rate of 2.38% in excess of adjusted LIBOR.

The loan agreement contains certain restrictive covenants including limitations on new indebtedness, disposal of assets or investments and a minimum rate of net income available for debt service to current debt expenses. As of December 31, 2023, the Organization was not in compliance with these covenants.

Failure to comply with such covenants is an event that is considered to be Events of Default. Provisions of the Financing Agreement provide for various remedies in Events of Default, including the ability for the Registered Owner of the Bonds and the County to call for immediate repayment of outstanding balances.

Required annual minimum principal payments on the above bonds, assuming the bonds are not called for immediate repayment, are as follows:

2024	$ 703,290
2025	718,604
2026	9,349,714
Total	$ 10,771,608

9. NOTES PAYABLE

Notes payable consist of the following at December 31:

	2023	2022
Construction draw loan with draw maximum not to exceed \$3,500,000. Interest only payments are due for the first 18 months, followed by 66 equal payments of principal and interest of \$14,583 plus one final payment based on an amortization period of 20 years with interest at LIBOR plus 2.10% (7.57% and 4.23% at December 31, 2023 and 2022, respectively) and is due September 2025.	\$ 2,962,125	\$ 3,107,959
Notes payable to vendors, payable in monthly installments of \$25,320, including interest at various rates from 2.90% to 7.60%, due through May 2028, secured by equipment carried at an amount approximately equal to the balance of the notes.	282,031	206,530
Promissory note due to vendor for construction. The outstanding balance is to be repaid by 2024.	375,469	375,469
Promissory note due to donor requesting return of funds upon sale of a specific building and bore no interest.		300,000
Total	\$ 3,619,625	\$ 3,989,958

Required annual minimum principal payments on the above notes are as follows:

2024	\$ 687,122
2025	2,855,136
2026	48,195
2027	14,938
2028	14,234
Total	\$ 3,619,625

10. BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

It is the policy of the Board of Directors (the Board) of the Organization to review its plans for future needs and to designate appropriate sums to assure adequate financing for the needs identified. Amounts designated by the Board for specific future needs are treated as board designated net assets without donor restrictions. The balance can be transferred to the undesignated portion of net assets without donor restrictions at the Board's discretion.

Board designated amounts included in net assets without donor restrictions as of December 31, are as follows:

	2023	2022
Designated for:		
Endowment funds	\$ 199,337	\$ 164,204
Health and dental plans	45,994	383,095
Total	\$ 245,331	\$ 547,299

Endowment funds – Board designated endowment funds are comprised primarily of the proceeds from three trusts of which the Organization was a beneficiary. At the time of receipt, the Board determined that there was not sufficient language in the Trust to permanently restrict the corpus; but, chose to designate the funds to provide long-term benefit to the Organization.

Health and dental plans – Both the Organization and YMCA employees contribute into the health and dental reserves for the payment of insurance premiums and claims. The Board has designated the balance of the fund to be used for the benefit of employees in keeping insurance offerings as reasonable as possible while maintaining an adequate balance to cover potential claims.

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31:

	2023	**2022**
Subject to the expenditure for specified purpose:		
Capital campaign funds collected	$ 455,036	$ 420,117
Subject to the passage of time:		
Time period restrictions	12,465	1,950
Endowments subject to the Organization's spending policy and appropriation	171,805	202,698
Beneficial interest in perpetual trusts	1,307,450	1,195,085
Total	1,479,255	1,397,783
Total net assets with donor restrictions	$ 1,946,756	$ 1,819,850

12. ENDOWMENT FUNDS

The Organization's endowment consists of nine individual funds established for a variety of purposes. Its endowment includes both donor-related endowment funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as net assets with donor restrictions restricted for a specified purpose or the passage of time until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization 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 the appreciation of investments
6) Other resources of the Organization
7) The investment policies of the Organization

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

	Without Donor Restrictions	With Donor Restrictions	Total
2023:			
Donor-restricted endowment funds		$ 171,805	$ 171,805
Board-designated endowment funds	$ 199,337		199,337
Total funds	$ 199,337	$ 171,805	$ 371,142
2022:			
Donor-restricted endowment funds		$ 202,698	$ 202,698
Board-designated endowment funds	$ 164,204		164,204
Total funds	$ 164,204	$ 202,698	$ 366,902

Changes in endowment net assets for the years ended December 31, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2023:			
Endowment net assets, Beginning of year	$ 164,204	$ 202,698	$ 366,902
Total investment return	35,133	(30,893)	4,240
Endowment net assets, End of year	$ 199,337	$ 171,805	$ 371,142
2022:			
Endowment net assets, Beginning of year	$ 1,007,026	$ 228,442	$ 1,235,468
Total investment return	(114,291)	(25,744)	(140,035)
Appropriation of endowment assets for expenditures	(728,531)		(728,531)
Endowment net assets, End of year	$ 164,204	$ 202,698	$ 366,902

	2023	2022
Net assets with donor restrictions:		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 171,805	$ 202,698

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of December 31, 2022, a deficiency of $24,643 existed as a result of market losses. No deficiency existed as of December 31, 2023.

The Organization has adopted investment and spending policies for endowment assets with a balanced objective with an emphasis on long-term capital appreciation over current income to insure preservation of real purchasing power and growth of principal.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization 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.

13. DONATED SERVICES, FACILITIES AND MATERIALS

The Organization recognizes donated services as contributions if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed materials are recorded in the financial statements at their estimated fair value on the date of receipt.

A school district has provided local school facilities for use in YMCA programs at no charge to the Organization. No value has been placed on this donation of space and accordingly no contribution or expense is recorded because management does not believe it to have material value.

In addition, a substantial number of volunteers have donated significant amounts of their time in the Organization's fundraising and membership development programs. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Generally Accepted Accounting Principles.

14. FUNCTIONAL EXPENSES ALLOCATION METHODS

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program category (youth development, healthy living, social responsibility) or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of percentage of total expense incurred and estimates made by management.

15. RETIREMENT PLAN

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

In accordance with the Retirement Plan agreement, contributions for the Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the Organization. Total contributions charged to retirement costs were $642,318 and $633,178 in 2023 and 2022, respectively, of which $110,473 and $81,077 was payable at December 31, 2023 and 2022, respectively. Contributions to the Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the Retirement Fund. There is no matching employer contribution in this plan.

16. CONCENTRATIONS OF CREDIT RISK

The Organization has various money market accounts with brokerage firms which are not insured. The Organization has not experienced any losses in such accounts. The Organization has significant investments in mutual funds, common stock and REITs and is, therefore, subject to concentrations of credit risk. Investments are made by investment managers engaged by the Organization and the investments are monitored by the Organization. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

17. GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. Management has assessed the Organizations ability to continue as a going concern for a period of at least one year from the date of Independent Auditors' Report.

As a result of the COVID-19 outbreak, the Organization’s facilities were closed, and programs ceased at the end of March 2020. Beginning in July 2020 the Organization started re-opening their facilities and programming at reduced capacities in accordance and compliance with state and local health directives.

The Organization has since faced several challenges including loss of membership resulting in declining revenues, losses from operations, and negative cash flow from operations. As described in Note 8, the Organization has a bond payable which contains financial covenants requiring that the Organization maintain a minimum debt service coverage ratio, a minimum unrestricted days cash on hand, and a debt to net assets ratio measured quarterly. The Organization was in violation of the days cash on hand covenant and the minimum debt service coverage ratio as of December 31, 2023. A covenant violation gives the lender a number of rights including the acceleration of the maturities on the bond payable such that the bond becomes due on demand. Management secured a waiver from the lender for the financial covenants defaults as of September 4, 2024. These conditions raised substantial doubt about the Organization's ability to continue as a going concern.

In response to the challenges, management has implemented several strategic plans to mitigate the challenges created from the impact of COVID-19 including:

- The Organization's facilities and programs are open and operating without reduced operational capacity. The core programs of health and wellness, childcare, summer resident and day camp, and youth sports have recovered and membership levels are near levels prior to COVID-19.

- In 2021, the Organization sold its administration office building, receiving proceeds of approximately $2,000,000 from the sale and recognized a gain of $1,176,944. During 2022 the Organization sold its Garden Ranch building, receiving proceeds of approximately $3,000,000 from the sale and recognized a gain of $1,257,531.

- During 2021 and 2022, the Organization liquidated a significant portion of its investment portfolio to help manage cash flow.

- Management has and continues to review personnel and discretionary expenses, improve its operating plan for efficiency and safety and working with funders to provide additional funding and/or to alleviate restrictions on funds given in past years.

After considering these actions and their expected impact, management believes that the Organization has the ability to operate at sufficient levels to enable it to generate sufficient cash flow to satisfy obligations and to achieve a level of financial performance to enable it to satisfy its financial covenants for the measurement periods described above. Therefore management concludes that substantial doubt regarding the Organization's ability to continue as a going concern for the period of at least one year from the date these financial statements were available to be issued has been eliminated.

18. SUBSEQUENT EVENTS

On April 12, 2024, the Organization entered into a $1,900,000 promissory note with a bank that matures April 12, 2030. The promissory note bears interest at 7.25%, with a floor of 6%.