STOCKMAN KAST RYAN & CO., LLP

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

Financial Statements

For the Year Ended December 31, 2024

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, 2024, 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, 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. 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.

Emphasis of Matter

We draw attention to Note 17 to the financial statements, which describes certain liquidity challenges the Organization faced, including debt covenant violations and a working capital deficit as of December 31, 2024. Management has implemented plans to address these issues and, based on their projections, has concluded that no substantial doubt exists about the Organization's ability to continue as a going concern. Our opinion is not modified with respect to this matter.

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 2023 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated October 28, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan & Co., LLP

June 13, 2025

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024 (with comparative totals for 2023)

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023 Total
ASSETS				
Cash and cash equivalents	$ 2,318,673	$ 162,775	$ 2,481,448	$ 1,049,789
Cash restricted under debt agreement	2,257,007		2,257,007	2,507,007
Accounts receivable	878,753		878,753	667,574
Promises to give, net		55,135	55,135	12,465
Investments	350,941	223,161	574,102	521,809
Prepaid expenses and other	575,833		575,833	698,097
Beneficial interest in trusts		1,390,239	1,390,239	1,307,450
Property and equipment, net	37,275,620	257,759	37,533,379	38,558,530
TOTAL ASSETS	$ 43,656,827	$ 2,089,069	$ 45,745,896	$ 45,322,721
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	$ 1,105,140		$ 1,105,140	$ 884,071
Accrued expenses	1,059,947		1,059,947	838,495
Deferred revenue	1,393,789		1,393,789	1,169,753
Charitable gift annuity	441,299		441,299	461,610
Notes payable	5,527,339		5,527,339	3,619,625
Bonds payable, net	10,036,804		10,036,804	10,731,467
Deferred rent	696,372		696,372	707,238
Total liabilities	20,260,690	$ —	20,260,690	18,412,259
NET ASSETS				
Without donor restrictions	23,396,137		23,396,137	24,963,706
With donor restrictions		2,089,069	2,089,069	1,946,756
Total net assets	23,396,137	2,089,069	25,485,206	26,910,462
TOTAL LIABILITIES AND NET ASSETS	$ 43,656,827	$ 2,089,069	$ 45,745,896	$ 45,322,721

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024 (with comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE				
PUBLIC SUPPORT				
Contributions	$ 1,393,836	$ 68,722	$ 1,462,558	$ 1,540,172
Special events, net of expenses of $247,680 and $225,917 in 2024 and 2023, respectively	342,217		342,217	140,182
Total public support	1,736,053	68,722	1,804,775	1,680,354
REVENUE				
Memberships	15,725,590		15,725,590	14,321,063
Program service fees	9,284,691		9,284,691	9,388,866
Management fees	276,527		276,527	310,091
Investment income	203,400	3,267	206,667	278,587
Change in value of split interest agreements		82,789	82,789	112,365
Merchandise sales	54,981		54,981	55,263
Other	249,838		249,838	157,146
Total revenue	25,795,027	86,056	25,881,083	24,623,381
Net assets released from restrictions	12,465	(12,465)		
Total public support and revenue	27,543,545	142,313	27,685,858	26,303,735
EXPENSES				
Program services	24,465,531		24,465,531	23,066,741
Supporting services:				
Management and general	4,464,356		4,464,356	4,516,899
Fundraising	181,227		181,227	301,326
Total expenses	29,111,114	—	29,111,114	27,884,966
CHANGE IN NET ASSETS	(1,567,569)	142,313	(1,425,256)	(1,581,231)
NET ASSETS, Beginning of year	24,963,706	1,946,756	26,910,462	28,491,693
NET ASSETS, End of year	$ 23,396,137	$ 2,089,069	$ 25,485,206	$ 26,910,462

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, 2024 (with comparative totals for 2023)

	2024						
	Program Services			Supporting Services			2023
	Healthy Living	Youth Development	Social Responsibility	Management and General	Fund-Raising	Expenses Total	Expenses Total
OPERATING EXPENSES							
Salaries, benefits and payroll taxes	$ 8,636,008	$ 4,940,955	$ 506,790	$ 2,324,088	$ 111,845	$ 16,519,686	$ 15,188,903
Occupancy	2,295,646	1,349,123	117,515	14,569		3,776,853	4,055,604
Contractual services	300,666	354,499	56,591	1,148,452	9,286	1,869,494	2,245,283
Supplies	497,967	750,415	99,607	72,067	47,914	1,467,970	1,418,122
Insurance	442,621	279,144	22,286	27,097		771,148	574,747
Printing, publications and promotions	95,223	10,306	798	490,592	6,035	602,954	436,252
Organization dues	228,433	95,641	8,048	59,622	2,947	394,691	363,617
Special event					247,680	247,680	225,917
Travel and transportation	41,114	73,293	1,643	127,857	668	244,575	255,742
Telephone	86,490	58,776	4,095	18,237	1,080	168,678	190,681
Education, conferences and training	32,393	12,636	421	113,630	854	159,934	183,392
Miscellaneous	2,032	3,026	170	24,874	598	30,700	52,920
Total operating expenses before interest and depreciation	12,658,593	7,927,814	817,964	4,421,085	428,907	26,254,363	25,191,180
Depreciation	1,675,689	596,093	54,289	15,075		2,341,146	2,258,105
Interest	487,907	224,451	22,731	28,196		763,285	661,598
Total expenses by function	14,822,189	8,748,358	894,984	4,464,356	428,907	29,358,794	28,110,883
Less expenses included with revenues on the statement of activities: Special event expense					247,680	247,680	225,917
Total expenses included in the expenses section of the statement of activities	$ 14,822,189	$ 8,748,358	$ 894,984	$ 4,464,356	$ 181,227	$ 29,111,114	
Percent of totals	51%	30%	3%	15%	1%	100%	
Comparative totals - 2023	$ 13,986,073	$ 8,675,382	$ 405,286	$ 4,516,899	$ 301,326		$ 27,884,966
Percent of totals - 2023	50%	31%	2%	16%	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, 2024 (with comparative totals for 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,425,256)	$ (1,581,231)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,341,146	2,258,105
Net realized and unrealized gain on investments	(44,926)	(62,356)
Other	19,332	30,595
Change in value of split interest agreement	(82,789)	(112,365)
Change in operating assets and liabilities:		
Accounts receivable	(211,179)	2,793,091
Promises to give	(42,670)	(10,515)
Prepaid expenses and other	122,264	55,251
Accounts payable and accrued expenses	442,521	(122,638)
Deferred revenue	224,036	(161,853)
Deferred rent	(10,866)	(10,868)
Net cash provided by operating activities	1,331,613	3,075,216
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale and maturities of investments	113,865	22,491
Purchase of investments	(121,232)	(37,338)
Purchase of property and equipment	(901,475)	(1,051,007)
Net cash used in investing activities	(908,842)	(1,065,854)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on note payable	1,900,000	
Payment on gift annuity	(49,243)	(51,168)
Principal payments on notes payable	(397,206)	(601,805)
Principal payments on bonds	(694,663)	(563,899)
Net cash provided by (used in) financing activities	758,888	(1,216,872)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,181,659	792,490
CASH AND CASH EQUIVALENTS, Beginning of year	3,556,796	2,764,306
CASH AND CASH EQUIVALENTS, End of year	$ 4,738,455	$ 3,556,796
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 763,285	$ 658,403
Property and equipment acquired through issuance of promissory notes	$ 404,920	$ 231,473

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, 2023, 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. Accounts receivable are stated at the amount management expects to collect from outstanding balances.

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, 2024 and 2023 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 — The Organization has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees. Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs.

Members join for varying lengths of time and may cancel at any time. Members generally pay a one-time joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to free classes, programs and activities, and discounts to fee based programs. The Organization offers a variety of programs including family, childcare, day camp, resident camp, teen, scholastic, fitness, aquatics, health and international services. Fee based programs are available to the public. Program fees for short duration programs of two months or less, such as aquatics classes, are typically paid in advance at the time of registration. Program fees for longer duration programs, such as fee-based childcare, are usually paid monthly in advance.

Refunds may be available for services not provided. Financial assistance is available to members and program participants. Such financial assistance is reflected as a reduction of gross membership dues and program fees. Membership dues and program fees are recognized ratably over the period the membership or program service is provided on a straight-line basis in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. All the Organization's revenue from contracts with customers are from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Membership joining fees are ratably recognized over a one-year period from the membership start date. Membership dues and program fees paid to the Association in advance represent contract liabilities and are recorded as other deferred revenue. Amounts billed but unpaid are contract assets and recorded as accounts receivables.

Marketing — The Organization expenses marketing costs as they are incurred. Total marketing expenses for 2024 and 2023 were $602,954 and $436,252, 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.

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, 2024 and 2023, 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.

	2024	2023
Cash and cash equivalents	$ 2,481,448	$ 1,049,789
Accounts receivable	878,753	667,574
Promises to give, net	55,135	12,465
Beneficial interest in trusts	1,390,239	1,307,450
Investments	574,102	521,809
Total financial assets	5,379,677	3,559,087
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose or time restrictions	(486,518)	(467,501)
Restricted by donors for funds held in perpetuity	(1,602,551)	(1,479,255)
Total	(2,089,069)	(1,946,756)
Board designated	(272,590)	(245,331)
Total amounts unavailable for general expenditures within one year	(2,361,659)	(2,192,087)
Total financial assets available to management to meet cash needs for general expenditures within one year	$ 3,018,018	$ 1,367,000

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. Additionally, 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:

	2024	2023
Buildings and improvements	$ 63,526,606	$ 62,663,793
Land	7,035,382	7,035,382
Furniture and equipment	6,172,896	5,719,715
Construction in progress	191,480	191,480
Total	76,926,364	75,610,370
Less accumulated depreciation	(39,392,985)	(37,051,840)
Net property and equipment	$ 37,533,379	$ 38,558,530

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)
2024:				
ASSETS				
Investments:				
Domestic fixed income mutual funds	$ 124,619	$ 124,619		
Corporate stocks domestic	3,384	3,384		
Mixed strategy mutual funds	256,687	256,687		
Equity mutual funds domestic	189,412	189,412		
Total investments	574,102	574,102	$ —	$ —
Other assets:				
Beneficial interest in trusts	1,390,239		1,390,239	—
Total investments and other assets	$ 1,964,341	$ 574,102	$ 1,390,239	$ —
LIABILITIES				
Charitable gift annuity	$ 441,299	$ —	$ —	$ 441,299

	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 investments and other assets	$ 1,829,259	$ 521,809	$ 1,307,450	$ —
LIABILITIES				
Charitable gift annuity	$ 461,610	$ —	$ —	$ 461,610

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, 2024 and 2023:

	Charitable Gift Annuity
BALANCE, January 1, 2023	$ 482,184
Distribution	(47,974)
Change in value	27,400
BALANCE, December 31, 2023	461,610
Distribution	(32,738)
Change in value	12,427
BALANCE, December 31, 2024	$ 441,299

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 beneficial interest in these trusts is recorded at fair value based on its proportionate share of the fair value of the underlying assets, which is determined primarily using quoted market prices and pricing services.

As of December 31, 2024 and 2023, the fair value of these perpetual trusts interests was $1,378,239 and $1,295,450, respectively.

The Organization is also a beneficiary under other charitable remainder trusts recorded at their estimated fair values of $12,000 at December 31, 2024 and 2023.

These amounts are included in net assets with donor restrictions in the Organization's statement of financial position.

6. CHARITABLE GIFT ANNUITY

The Organization is party to a charitable gift annuity under which it 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. The Organization recognized a liability for the present value of future annuity payments over the donor's estimated remaining life expectancy of 5.69 years, using a discount rate of 6.00%. The present value of the annuity obligation is calculated based on actuarial estimates and is adjusted annually to reflect the passage of time and any changes in assumptions.

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 2024 and 2023, 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:

	2024	2023
Bonds payable, Series 2016A, 2016B and 2016C	$ 10,056,876	$ 10,771,609
Less bond issuance costs, net	(20,072)	(40,142)
Bonds payable, net of bond issuance costs	$ 10,036,804	$ 10,731,467

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 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 Series 2016A bears interest at a fixed annual rate of 2.84%. The Series 2016B bears interest at a variable rate which was 6.77% and 5.47% at December 31, 2024 and 2023, respectively.

The bond 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, 2024, the Organization was not in compliance with these covenants. Management secured a waiver from the lender for the covenant violations as of December 31, 2024. 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. The Bonds are secured by a Deed of Trust providing a security interest in certain property and equipment of the Organization.

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

2025	$ 718,604
2026	9,338,272
Total	$ 10,056,876

9. NOTES PAYABLE

Notes payable consist of the following at December 31:

	2024	2023
Promissory note to bank due in September 2025. The note bears interest at a variable rate which was 7.06% and 7.57% at December 31, 2024 and 2023, respectively. The note is secured by certain property and equipment.	$ 2,787,126	$ 2,962,125
Promissory note due to bank with interest only payments due for the first 6 months, followed by 18 equal payments of principal and interest of $13,862 plus 48 payments of principal and interest of $44,632. The note bears interest at 7.25% and is due April 2030. The note is secured by certain property and equipment.	1,895,605	

	2024	2023
Notes payable to vendors, payable in monthly installments of $25,320, including interest at various rates from 2.90% to 8.34%, due through May 2028, secured by equipment carried at an amount approximately equal to the balance of the notes.	485,843	282,031
Unsecured promissory note due to vendor for construction. The outstanding balance is past due.	375,469	375,469
Total	5,544,043	3,619,625
Less issuance costs	(16,704)	
Total, net of issuance costs	$ 5,527,339	$ 3,619,625

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

2025	$ 3,347,578
2026	435,462
2027	580,229
2028	501,661
2029	502,865
Thereafter	176,248
Total	$ 5,544,043

Management is currently in active discussions with the lender of the promissory note due September 2025 to extend the maturity date and modify certain terms of the agreement. While no definitive agreement has been reached as of the date of issuance of these financial statements, management believes an extension or refinancing is possible.

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:

	2024	2023
Designated for:		
Endowment funds	$ 226,596	$ 199,337
Health and dental plans	45,994	45,994
Total	$ 272,590	$ 245,331

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:

	2024	**2023**
Subject to the expenditure for specified purpose:		
Capital campaign funds collected	$ 431,383	$ 455,036
Subject to the passage of time:		
Time period restrictions	55,135	12,465
Endowments subject to the Organization's spending policy and appropriation	212,312	171,805
Beneficial interest in perpetual trusts	1,390,239	1,307,450
Total	1,602,551	1,479,255
Total net assets with donor restrictions	$ 2,089,069	$ 1,946,756

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**
2024:			
Donor-restricted endowment funds		$ 212,312	$ 212,312
Board-designated endowment funds	$ 226,596		226,596
Total funds	$ 226,596	$ 212,312	$ 438,908
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

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

	Without Donor Restrictions	**With Donor Restrictions**	**Total**
2024:			
Endowment net assets, Beginning of year	$ 199,337	$ 171,805	$ 371,142
Total investment return	27,259	40,507	67,766
Endowment net assets, End of year	$ 226,596	$ 212,312	$ 438,908
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

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. No deficiency existed as of December 31, 2023 and 2024.

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 $686,757 and $642,318 in 2024 and 2023, respectively, of which $94,447 and $110,473 was payable at December 31, 2024 and 2023, 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 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.

COVID-19 Impact and Operational Challenges — In March 2020, the Organization’s temporarily closed its facilities and ceased programing as a result of the COVID-19 outbreak. Operations resumed at a reduced capacity beginning in July 2020 and have since returned to normal levels. Despite this recovery, the Organization experienced significant challenges including a decline in membership, reduced revenues, operating losses, and negative cash flow from operations.

Liquidity and Covenant Violations — As described in Note 8, the Organization is subject to financial covenants under a bond agreement, which are determined semi-annually on June 30 and December 31. As of December 31, 2024 the Organization was in violation of the days cash on hand covenant and the debt service coverage covenant.

These violations gives the lender a number of rights including the acceleration of the maturities on the bond payable demand for immediate repayment.

Management secured a waiver from the lender for the covenant violations as of December 31, 2024. However, management does not expect to be in compliance with all financial covenants as of the next measurement date, June 30, 2025.

Additionally, as of December 31, 2024, the Organizations currently liabilities exceed its current assets by approximately $4.1 million, primarily due to approximately $4 million in debt payments due in 2025. Further, in July 2026 the Organizations outstanding bonds of approximately $7.2 million dollars are due.

These conditions raised substantial doubt about the Organization's ability to continue as a going concern.

Management's Mitigating Actions — In response to the financial challenges, management has implemented several mitigating measures to improve liquidity and operating performance, including:

- Resumption of full operations and membership levels across core programs.
- Sale of real estate assets generating over $5 million in proceeds between 2021 and 2022.
- Liquidation of investment holdings to support liquidity.
- Cost management initiatives.
- Plans to restructure debt which becomes due in 2025 and 2026.

These measures have improved the Organizations financial position and operating performance.

Based on these actions, their continued impact, and management's current operating and cash flow projections, management believes that the Organization has the ability to operate at sufficient levels to enable it to generate sufficient cash flow to satisfy obligations in the normal course of business and to achieve a level of financial performance to enable it to satisfy its financial covenants for the measurement periods described above.

Based on these factors, 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 has been eliminated.

18. RELATED PARTY TRANSACTIONS

During 2024 and 2023, the Organization paid $367,507 and $228,823, respectively, to one company for marketing services. A member of the Board of Directors is an executive officer of this company.