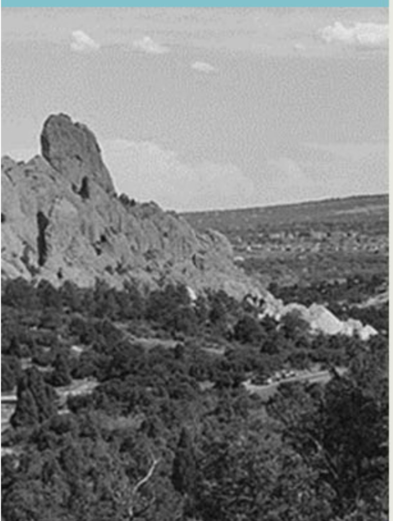

Financial Statements

Young Men's Christian Association of The Pikes Peak Region

For the Year Ended December 31, 2025

sorren CPAs, PC

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

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INDEPENDENT AUDITOR'S 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, 2025, 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, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 – Going Concern

We draw attention to Note 2 to the financial statements, which describes conditions that raise substantial doubt about the Organization's ability to continue as a going concern. As discussed in Note 2, the Organization has experienced recurring operating losses, negative cash flows from operations, debt covenant violations, and they have significant debt maturities due in 2026. Management's plans to address these matters are also described in Note 2. 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.

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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 2024 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated June 13, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sorren CPAs P.C.

Colorado Springs, Colorado
June 11, 2026

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025 (with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ASSETS				
Cash and cash equivalents	$ 389,043	$ 153,381	$ 542,424	$ 2,481,448
Cash restricted				
under debt agreement	1,155,629		1,155,629	2,257,007
Accounts receivable	762,410		762,410	878,753
Promises to give, net		96,611	96,611	55,135
Investments	506,549	231,822	738,371	574,102
Prepaid expenses and other	1,005,505		1,005,505	575,833
Beneficial interest in trusts		1,492,089	1,492,089	1,390,239
Property and equipment, net	36,461,543	257,759	36,719,302	37,533,379
TOTAL ASSETS	$ 40,280,679	$ 2,231,662	$ 42,512,341	$ 45,745,896
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	$ 1,023,304		$ 1,023,304	$ 1,105,140
Accrued expenses	936,025		936,025	1,059,947
Deferred revenue	1,614,166		1,614,166	1,393,789
Charitable gift annuity	421,315		421,315	441,299
Notes payable	5,138,184		5,138,184	5,527,339
Bonds payable, net	9,205,017		9,205,017	10,036,804
Deferred rent	685,505		685,505	696,372
Total liabilities	19,023,516	$ —	19,023,516	20,260,690
NET ASSETS				
Without donor restrictions	21,257,163		21,257,163	23,396,137
With donor restrictions		2,231,662	2,231,662	2,089,069
Total net assets	21,257,163	2,231,662	23,488,825	25,485,206
TOTAL LIABILITIES AND NET ASSETS	$ 40,280,679	$ 2,231,662	$ 42,512,341	$ 45,745,896

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025 (with comparative totals for 2024)

	2025			
	Without Donor Restrictions	With Donor Restrictions	Total	2024 Total
PUBLIC SUPPORT AND REVENUE				
PUBLIC SUPPORT				
Contributions	$ 1,436,181	$ 89,790	$ 1,525,971	$ 1,462,558
Special events, net of expenses of $343,311 and $247,680 in 2025 and 2024, respectively	416,406		416,406	342,217
Total public support	1,852,587	89,790	1,942,377	1,804,775
REVENUE				
Memberships	16,123,945		16,123,945	15,725,590
Program service fees	10,307,702		10,307,702	9,284,691
Management fees	253,340		253,340	276,527
Investment income	180,399	6,088	186,487	206,667
Change in value of split interest agreements		101,850	101,850	82,789
Merchandise sales	44,947		44,947	54,981
Other	197,385		197,385	249,838
Total revenue	27,107,718	107,938	27,215,656	25,881,083
Net assets released from restrictions	55,135	(55,135)		
Total public support and revenue	29,015,440	142,593	29,158,033	27,685,858
EXPENSES				
Program services	26,172,118		26,172,118	24,465,531
Supporting services:				
Management and general	4,661,805		4,661,805	4,464,356
Fundraising	320,491		320,491	181,227
Total expenses	31,154,414	—	31,154,414	29,111,114
CHANGE IN NET ASSETS	(2,138,974)	142,593	(1,996,381)	(1,425,256)
NET ASSETS, Beginning of year	23,396,137	2,089,069	25,485,206	26,910,462
NET ASSETS, End of year	$ 21,257,163	$ 2,231,662	$ 23,488,825	$ 25,485,206

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, 2025 (with comparative totals for 2024)

	2025						
	Program Services			Supporting Services			2024
	Healthy Living	Youth Development	Social Responsibility	Management and General	Fundraising	Expenses Total	Expenses Total
OPERATING EXPENSES							
Salaries, benefits and payroll taxes	$ 9,236,918	$ 5,458,467	$ 686,847	$ 2,335,830	$ 263,584	$ 17,981,646	$ 16,519,686
Occupancy	2,335,597	1,339,452	204,917	18,495		3,898,461	3,776,853
Contractual services	304,066	332,226	26,052	1,336,917	11,354	2,010,615	1,869,494
Supplies	605,026	572,250	565,430	81,646	21,076	1,845,428	1,467,970
Insurance	397,864	291,751	39,926			729,541	771,148
Printing, publications and promotions	105,618	15,582	1,753	480,671	9,923	613,547	602,954
Organization dues	236,832	91,666	9,284	73,393	4,394	415,569	394,691
Special event					343,311	343,311	247,680
Travel and transportation	40,925	49,601	3,518	130,339	4,563	228,946	244,575
Education, conferences and training	65,378	19,532	764	131,892	2,326	219,892	159,934
Telephone	92,525	62,958	7,385	15,341	1,866	180,075	168,678
Miscellaneous	3,799		416	18,159	1,405	23,779	30,700
Total operating expenses before interest and depreciation	13,424,548	8,233,485	1,546,292	4,622,683	663,802	28,490,810	26,254,363
Depreciation	1,644,394	578,240	55,543	12,943		2,291,120	2,341,146
Interest	457,959	196,705	34,952	26,179		715,795	763,285
Total expenses by function	15,526,901	9,008,430	1,636,787	4,661,805	663,802	31,497,725	29,358,794
Less expenses included with revenues on the statement of activities:							
Special event expense					343,311	343,311	247,680
Total expenses included in the expenses section of the statement of activities	$ 15,526,901	$ 9,008,430	$ 1,636,787	$ 4,661,805	$ 320,491	$ 31,154,414	
Percent of totals	50%	29%	5%	15%	1%	100%	
Comparative totals - 2024	$ 14,822,189	$ 8,748,358	$ 894,984	$ 4,464,356	$ 181,227		$ 29,111,114
Percent of totals - 2024	51%	30%	4%	15%	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, 2025 (with comparative totals for 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,996,381)	$ (1,425,256)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,291,120	2,341,146
Net realized and unrealized gain on investments	(87,258)	(44,926)
Other	30,512	19,332
Change in value of split interest agreement	(101,850)	(82,789)
Change in operating assets and liabilities:		
Accounts receivable	116,343	(211,179)
Promises to give	(41,476)	(42,670)
Prepaid expenses and other	(429,672)	122,264
Accounts payable and accrued expenses	(205,758)	442,521
Deferred revenue	220,377	224,036
Deferred rent	(10,867)	(10,866)
Net cash provided by (used in) operating activities	(214,910)	1,331,613
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale and maturities of investments	120,547	113,865
Purchase of investments	(197,558)	(121,232)
Purchase of property and equipment	(1,081,853)	(901,475)
Net cash used in investing activities	(1,158,864)	(908,842)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on note payable		1,900,000
Payment on gift annuity	(50,496)	(49,243)
Principal payments on notes payable	(784,345)	(397,206)
Principal payments on bonds	(831,787)	(694,663)
Net cash provided by (used in) financing activities	(1,666,628)	758,888
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,040,402)	1,181,659
CASH AND CASH EQUIVALENTS, Beginning of year	4,738,455	3,556,796
CASH AND CASH EQUIVALENTS, End of year	$ 1,698,053	$ 4,738,455
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 715,795	$ 763,285
Property and equipment acquired through issuance of promissory notes	$ 395,190	$ 404,920

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, 2024, 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, 2025 and 2024, 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 statement 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, strategy funds 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 are recorded as 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 2025 and 2024 were $613,547 and $602,954, 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. 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 Organization's ability to continue as a going concern for a period of at least one year from the date of the Independent Auditors' Report.

Operational Challenges — Except for 2021, when the Organization received federal COVID-19 relief funding, the Organization has incurred recurring operating losses since 2018, resulting in negative cash flows from operations. These conditions have adversely affected the Organization's liquidity.

Liquidity and Covenant Violations — As of December 31, 2025, current liabilities exceeded current assets by approximately $11.6 million, primarily due to significant debt obligations maturing in 2026. Specifically, approximately $9.2 million of outstanding bonds, a promissory note with an outstanding balance of approximately $2.6 million, and approximately $319,000 of additional promissory note payments are scheduled to mature or become due during 2026.

In addition, as discussed in Note 9, the Organization is subject to financial covenants under its bond agreement, which are measured semi-annually as of June 30 and December 31. As of December 31, 2025, the Organization was in violation of both the days cash on hand covenant and the debt service coverage covenant. These violations provide the lender with customary remedies, including the ability to accelerate repayment of the outstanding debt. Subsequent to year-end, the lender provided a waiver of the covenant violations that existed as of December 31, 2025. Nevertheless, these conditions raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Management's Mitigating Actions — In response to these conditions, management has taken and continues to pursue actions intended to improve liquidity and operating performance, including:

- Sale of real estate assets generating proceeds in excess of $5 million during 2021 and 2022
- Receipt of approximately $8.5 million in federal COVID-19 relief funding in 2021
- Liquidation of investment holdings to support liquidity needs
- Implementation of cost reduction initiatives, including continuing to reduce budgeted repairs and contractor expense by re-evaluating the need of certain projects and continuing to utilize the expertise of in-house staff
- Efforts to increase donor contributions, including the Annual Support Campaign and the intent to engage in a capital campaign by the end of 2026
- Implementation of new programs including Physical Therapy, Wellness and Recovery Centers, an increase in summer day camp locations, full-day, and licensed childcare centers.
- Ongoing efforts to restructure debt obligations maturing in 2026. Request-for-Proposal's have been delivered to interested financial institutions with the intended selection of an institution to occur in Quarter 2 of 2026

However, as of the date the financial statements were available to be issued, the debt restructuring has not been completed and no binding agreements have been finalized.

Conclusion — Management's plans to address the Organization's liquidity needs are contingent upon the successful execution of debt restructuring, continued cost containment, and improvement in operating results. These plans are subject to significant uncertainty, and there can be no assurance that they will be successfully implemented or sufficient to enable the Organization to meet its obligations as they come due.

Accordingly, substantial doubt about the Organization's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued has not been alleviated.

3. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of December 31, 2025 and 2024, 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.

	2025	2024
Cash and cash equivalents	$ 542,424	$ 2,481,448
Accounts receivable	762,410	878,753
Promises to give, net	96,611	55,135
Beneficial interest in trusts	1,492,089	1,390,239
Investments	738,371	574,102
Total financial assets	3,631,905	5,379,677
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose or time restrictions	(524,440)	(486,518)
Restricted by donors for funds held in perpetuity	(1,707,222)	(1,602,551)
Total	(2,231,662)	(2,089,069)
Board designated	(317,141)	(272,590)
Total amounts unavailable for general expenditures within one year	(2,548,803)	(2,361,659)
Total financial assets available to management to meet cash needs for general expenditures within one year	$ 1,083,102	$ 3,018,018

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.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2025	2024
Buildings and improvements	$ 64,491,922	$ 63,526,606
Land	7,052,882	7,035,382
Furniture and equipment	6,574,389	6,172,896
Construction in progress	284,214	191,480
Total	78,403,407	76,926,364
Less accumulated depreciation	(41,684,105)	(39,392,985)
Net property and equipment	$ 36,719,302	$ 37,533,379

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.

5. 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)
2025:				
ASSETS				
Investments:				
Domestic fixed income mutual funds	$ 209,253	$ 209,253		
Corporate stocks domestic	12,566	12,566		
Mixed strategy funds	283,660	283,660		
Equity mutual funds domestic	232,892	232,892		
Total investments	738,371	738,371	$ —	$ —
Other assets:				
Beneficial interest in trusts	1,492,089		1,492,089	—
Total investments and other assets	$ 2,230,460	$ 738,371	$ 1,492,089	$ —
LIABILITIES				
Charitable gift annuity	$ 421,315	$ —	$ —	$ 421,315
2024:				
ASSETS				
Investments:				
Domestic fixed income mutual funds	$ 124,619	$ 124,619		
Corporate stocks domestic	3,384	3,384		
Mixed strategy 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

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, 2025 and 2024:

	Charitable Gift Annuity
BALANCE, January 1, 2024	$ 461,610
Distribution	(32,738)
Change in value	12,427
BALANCE, December 31, 2024	441,299
Distribution	(44,947)
Change in value	24,963
BALANCE, December 31, 2025	$ 421,315

6. 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, 2025 and 2024, the fair value of these perpetual trusts interests was $1,480,089 and $1,378,239, respectively. The Organization is also a beneficiary under other charitable remainder trusts recorded at their estimated fair values of $12,000 at December 31, 2025 and 2024. These amounts are included in net assets with donor restrictions in the Organization's statement of financial position.

7. 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 approximately 6 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.

8. 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 2025 and 2024, 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.

9. BONDS PAYABLE

Bonds payable consist of the following at December 31:

	2025	2024
Bonds payable	$ 9,205,017	$ 10,056,876
Less bond issuance costs, net		(20,072)
Bonds payable, net of bond issuance costs	$ 9,205,017	$ 10,036,804

In 2016, El Paso County, Colorado (the County) issued $11,250,000 of Colorado Fixed Rate Refunding and Improvement bonds, Series 2016A; and $3,250,000 of Colorado Variable Rate Refunding and Improvement bonds, Series 2016B (together, Bonds). 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 3.66% and 6.77% at December 31, 2025 and 2024, respectively. The Bonds are secured by a Deed of Trust providing a security interest in certain property and equipment of the Organization.

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, 2025, 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.

The Bonds mature on July 1, 2026 and are due in full.

10. NOTES PAYABLE

Notes payable consist of the following at December 31:

	2025	2024
Promissory note to bank due in July 2026. The note bears interest at a variable rate which was 5.97% and 7.06% at December 31, 2025 and 2024, respectively. The note is secured by certain property and equipment.	$ 2,626,709	$ 2,787,126
Promissory note due to bank bearing interest at a variable rate (6.75% at December 31, 2025), payable in 3 remaining monthly installments of principal and interest of $13,862 as of December 31, 2025, followed by 48 monthly installments of principal and interest of $13,148 and a balloon payment of $1,711,926 due April 2030. The note is secured by certain property and equipment.	1,867,647	1,895,605
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.	657,191	485,843
Unsecured promissory note due to vendor for construction.		375,469
Total	5,151,547	5,544,043
Less issuance costs	(13,363)	(16,704)
Total, net of issuance costs	$ 5,138,184	$ 5,527,339

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

2026	$ 2,945,580
2027	283,971
2028	176,915
2029	56,929
2030	1,688,152
Total	$ 5,151,547

11. 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:

	2025	2024
Designated for:		
Endowment funds	$ 271,147	$ 226,596
Health and dental plans	45,994	45,994
Total	$ 317,141	$ 272,590

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.

12. NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Subject to the expenditure for specified purpose:		
Capital campaign funds collected	$ 427,829	$ 431,383
Subject to the passage of time:		
Time period restrictions	96,611	55,135

	2025	2024
Endowments subject to the Organization's spending policy and appropriation	215,133	212,312
Beneficial interest in perpetual trusts	1,492,089	1,390,239
Total	1,707,222	1,602,551
Total net assets with donor restrictions	$ 2,231,662	$ 2,089,069

13. 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
2025:			
Donor-restricted endowment funds		$ 215,133	$ 215,133
Board-designated endowment funds	$ 271,147		271,147
Total funds	$ 271,147	$ 215,133	$ 486,280

	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

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

	Without Donor Restrictions	With Donor Restrictions	Total
2025:			
Endowment net assets,			
Beginning of year	$ 226,596	$ 212,312	$ 438,908
Total investment return	44,551	2,821	47,372
Endowment net assets, End of year	$ 271,147	$ 215,133	$ 486,280
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

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, 2025 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.

14. 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.

15. 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.

16. 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 $819,546 and $686,757 in 2025 and 2024, respectively, of which $87,715 and $94,447 was payable at December 31, 2025 and 2024, 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.

17. 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.

18. RELATED PARTY TRANSACTIONS

During 2025 and 2024, the Organization paid $445,267 and $367,507, respectively, to one company for marketing services. A member of the Board of Directors is an executive officer of this company.