Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Financial Statements
Years Ended December 31, 2025 and 2024

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Contents

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Independent Auditor's Report

Board of Trustees and Management
Young Men's Christian Association
of South Palm Beach County, Inc. and Affiliate
Boca Raton, Florida

Opinion

We have audited the consolidated financial statements of Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate (the YMCA), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the YMCA as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the YMCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the YMCA’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the YMCA’s ability to continue as a going concern for a reasonable period of time.

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

BDO USA, P.C.

May 29, 2026

Consolidated Financial Statements

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Statements of Financial Position

December 31,		**2025**		2024
Assets				
Current Assets				
Cash and cash equivalents	$	**1,078,853**	$	990,115
Investments, at fair value		**12,788,810**		10,540,308
Contributions receivable, net		**694,690**		458,853
Membership and program fees receivable, net		**116,995**		178,796
Prepaid expenses		**284,863**		276,002
Total Current Assets		**14,964,211**		12,444,074
Investments - endowments		**1,089,847**		1,020,365
Contribution receivable, net, less current portion		**2,221,800**		276,899
Interest rate swap		**21,885**		62,015
Operating lease right-of-use assets, net		**378,677**		538,658
Property and equipment, net		**12,222,507**		12,739,287
Total Assets	$	**30,898,927**	$	27,081,298
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	$	**826,214**	$	757,108
Deferred revenue		**479,005**		830,404
Current portion of bond payable		**642,791**		624,128
Current portion of operating lease liabilities		**169,498**		152,112
Current portion of finance lease liabilities		**24,992**		64,933
Total Current Liabilities		**2,142,500**		2,428,685
Bonds payable (net of current portion and bond financing costs of $28,801 and $38,165 at December 2025 and 2024, respectively)		**1,256,647**		1,890,074
Operating lease liabilities, net of current portion		**221,041**		390,540
Finance lease liabilities, net of current portion		**17,970**		18,159
Total Liabilities		**3,638,158**		4,727,458
Commitments and Contingencies (Note 19)				
Net Assets				
Without donor restrictions:				
Undesignated		**14,297,301**		13,186,750
Board designated		**3,259,165**		4,000,124
Total Net Assets Without Donor Restrictions		**17,556,466**		17,186,874
With donor restrictions		**9,704,303**		5,166,966
Total Net Assets		**27,260,769**		22,353,840
Total Liabilities and Net Assets	$	**30,898,927**	$	27,081,298

See accompanying notes to consolidated financial statements.

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Statements of Activities

Year ended December 31,

	2025			2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Contributions, net	**$ 584,044**	**$ 4,625,900**	**$ 5,209,944**	$ 1,281,250	$ 793,567	$ 2,074,817
Special events, net of direct costs to donors of $598,238 and $267,877, respectively	**398,731**	**-**	**398,731**	363,754	-	363,754
Government and other grants	**1,196,168**	**-**	**1,196,168**	1,058,977	-	1,058,977
Membership dues, net	**5,517,231**	**-**	**5,517,231**	5,499,058	-	5,499,058
Program and service fees, net	**7,322,069**	**-**	**7,322,069**	6,909,417	-	6,909,417
Investment income, net	**884,335**	**95,119**	**979,454**	504,766	308,150	812,916
Contributed nonfinancial goods	**55,058**	**-**	**55,058**	28,753	-	28,753
Loss on sale of property and equipment	**(171,358)**	**-**	**(171,358)**	-	-	-
Net assets released from restrictions	**183,682**	**(183,682)**	**-**	48,970	(48,970)	-
Total Revenues and Other Support	**15,969,960**	**4,537,337**	**20,507,297**	15,694,945	1,052,747	16,747,692
Expenses						
Program services:						
Membership and program services	**5,458,982**	**-**	**5,458,982**	5,500,988	-	5,500,988
Youth development	**7,762,036**	**-**	**7,762,036**	7,445,849	-	7,445,849
Total Program Services	**13,221,018**	**-**	**13,221,018**	12,946,837	-	12,946,837
Support services:						
Management and general	**1,982,592**	**-**	**1,982,592**	2,194,915	-	2,194,915
Fundraising	**356,628**	**-**	**356,628**	247,949	-	247,949
Total Support Services	**2,339,220**	**-**	**2,339,220**	2,442,864	-	2,442,864
Total Expenses	**15,560,238**	**-**	**15,560,238**	15,389,701	-	15,389,701
Change in Net Assets from Operations	**409,722**	**4,537,337**	**4,947,059**	305,244	1,052,747	1,357,991
Non-Operating Revenue						
Change in fair value of interest rate swap	**(40,130)**	**-**	**(40,130)**	(21,810)	-	(21,810)
Total Non-Operating Changes in Net Assets	**(40,130)**	**-**	**(40,130)**	(21,810)	-	(21,810)
Change in Net Assets	**369,592**	**4,537,337**	**4,906,929**	283,434	1,052,747	1,336,181
Net Assets, beginning of year	**17,186,874**	**5,166,966**	**22,353,840**	16,903,440	4,114,219	21,017,659
Net Assets, end of year	**$ 17,556,466**	**$ 9,704,303**	**$ 27,260,769**	$ 17,186,874	$ 5,166,966	$ 22,353,840

See accompanying notes to consolidated financial statements.

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year ended December 31, 2025

	Program Services			Supporting Services		
	Membership and Program Services	Youth Development	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	$ 2,004,604	$ 4,316,503	$ 6,321,107	$ 905,473	$ 142,178	$ 7,368,758
Employee benefits and payroll taxes	403,873	874,270	1,278,143	236,474	31,717	1,546,334
Professional/contract service	286,970	361,855	648,825	247,542	57,013	953,380
Supplies	252,441	578,476	830,917	33,229	3,356	867,502
Telephone	44,260	31,166	75,426	10,957	5,788	92,171
Postage and shipping	12,810	2,813	15,623	2,567	1,685	19,875
Occupancy	747,182	411,857	1,159,039	122,268	-	1,281,307
Special events	-	-	-	-	598,238	598,238
Equipment repair and maintenance	56,860	15,730	72,590	1,391	-	73,981
Equipment rental	25,047	14,520	39,567	1,726	-	41,293
Media services and publications	132,078	27,610	159,688	1,073	51,192	211,953
Travel and transportation	17,530	244,100	261,630	96,123	748	358,501
Conference and meetings	18,952	71,983	90,935	36,284	1,389	128,608
Dues and subscriptions	3,600	4,332	7,932	32,665	122	40,719
Financing/bank charges	244,216	132,476	376,692	-	7,630	384,322
Liability insurance	387,071	228,723	615,794	36,814	-	652,608
Donated goods	-	-	-	-	53,810	53,810
National YMCA dues	148,236	80,412	228,648	-	-	228,648
Bad debt related to pledges	-	-	-	172,117	-	172,117
Depreciation and amortization	673,252	365,210	1,038,462	45,889	-	1,084,351
Total Expenses	5,458,982	7,762,036	13,221,018	1,982,592	954,866	16,158,476
Less: expenses included within revenues on the consolidated statement of activities	-	-	-	-	(598,238)	(598,238)
Total Expenses per Consolidated Statement of Activities	$ 5,458,982	$ 7,762,036	$ 13,221,018	$ 1,982,592	$ 356,628	$ 15,560,238

See accompanying notes to consolidated financial statements.

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year ended December 31, 2024

	Program Services			Supporting Services		
	Membership and Program Services	Youth Development	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	$ 2,004,346	$ 4,025,932	$ 6,030,278	$ 971,082	$ 146,660	$ 7,148,020
Employee benefits and payroll taxes	502,973	963,250	1,466,223	276,947	41,450	1,784,620
Professional/contract service	235,387	347,439	582,826	218,532	7,552	808,910
Supplies	240,526	540,318	780,844	61,334	213	842,391
Telephone	36,775	25,063	61,838	11,615	4,572	78,025
Postage and shipping	10,330	2,467	12,797	6,431	1,383	20,611
Occupancy	791,338	413,095	1,204,433	112,144	-	1,316,577
Special events	-	-		-	267,877	267,877
Equipment repair and maintenance	59,269	9,757	69,026	4,237	-	73,263
Equipment rental	25,043	12,929	37,972	1,687	-	39,659
Media services and publications	134,936	27,734	162,670	10,625	15,449	188,744
Travel and transportation	12,223	249,499	261,722	84,616	439	346,777
Conference and meetings	19,153	71,566	90,719	60,984	1,293	152,996
Fees, awards, and grants	1,721	888	2,609	5,250	-	7,859
Dues and subscriptions	3,069	2,465	5,534	23,621	185	29,340
Financing/bank charges	255,345	131,823	387,168	-	-	387,168
Liability insurance	373,544	211,198	584,742	36,412	-	621,154
Donated goods	-	-	-	-	28,753	28,753
National YMCA dues	147,446	76,119	223,565	-	-	223,565
Bad debt related to pledges	-	-	-	269,105	-	269,105
Depreciation and amortization	647,564	334,307	981,871	40,293	-	1,022,164
Total Expenses	5,500,988	7,445,849	12,946,837	2,194,915	515,826	15,657,578
Less: expenses included within revenues on the consolidated statement of activities	-	-	-	-	(267,877)	(267,877)
Total Expenses per Consolidated Statement of Activities	$ 5,500,988	$ 7,445,849	$ 12,946,837	$ 2,194,915	$ 247,949	$ 15,389,701

See accompanying notes to consolidated financial statements.

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate

Consolidated Statements of Cash Flows

Year ended December 31,		**2025**		2024
Cash Flows from Operating Activities				
Changes in net assets	$	**4,906,929**	$	1,336,181
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**1,084,351**		1,022,164
Amortization of bond financing cost		**9,364**		7,826
Bad debt related to pledges		**172,117**		269,105
Change in discount on contributions receivable		**228,988**		33,975
Loss on sale of property and equipment		**171,358**		-
Change in fair value of interest rate swap		**40,130**		21,810
Non cash lease expense		**159,981**		113,817
Net realized/unrealized gains on investments		**(979,454)**		(812,916)
Capital campaign contributions		**(3,434,400)**		(297,400)
(Increase) decrease in assets:				
Contributions receivable		**261,807**		(153,398)
Membership and program fees receivable		**61,801**		(23,012)
Prepaid expenses		**(8,861)**		58,802
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses		**69,106**		72,441
Operating lease liabilities		**(152,113)**		(126,698)
Deferred revenue		**(351,399)**		2,625
Net Cash Provided by Operating Activities		**2,239,705**		1,525,322
Cash Flows from Investing Activities				
Purchases of property and equipment		**(718,255)**		(1,116,732)
Proceeds from sale of property and equipment		**22,200**		-
Purchases of investments		**(4,173,269)**		(3,187,221)
Proceeds from sale of investments		**2,834,739**		154,402
Net Cash Used in Investing Activities		**(2,034,585)**		(4,149,551)
Cash Flows from Financing Activities				
Repayments of bonds payable		**(624,128)**		(606,007)
Collection on capital campaign		**590,750**		100,000
Repayments of finance lease obligations		**(83,004)**		(61,849)
Net Cash Used in Financing Activities		**(116,382)**		(567,856)
Net Increase (Decrease) in Cash and Cash Equivalents		**88,738**		(3,192,085)
Cash and Cash Equivalents, beginning of year		**990,115**		4,182,200
Cash and Cash Equivalents, end of year	$	**1,078,853**	$	990,115
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	$	**90,447**	$	120,405
Supplemental Disclosure of Non-Cash Investing Activities				
Right-of-use assets acquired under operating leases	$	**-**	$	204,075
Supplemental Disclosure of Non-Cash Financing Activities				
Right-of-use assets acquired under finance leases	$	**42,874**	$	-

See accompanying notes to consolidated financial statements.

1. Nature of Organization

Young Men's Christian Association of South Palm Beach County, Inc. and Affiliate (the YMCA) is comprised of Young Men's Christian Association of South Palm Beach County, Inc. (the YMCA SPBC) and its affiliate, YMCA Foundation of South Palm Beach County, Inc (the YMCA Foundation).

The YMCA SPBC is a not-for-profit corporation organized under the laws of the State of Florida since 1972. The YMCA SPBC is a cause driven organization that is for youth development, for healthy living and for social responsibility. The YMCA SPBC is a member of the Young Men's Christian Association of the USA, a world-wide organization. Each member of the YMCA of the USA is autonomous.

In 2004, the YMCA Foundation was formed. The YMCA Foundation was established to provide a permanent source of funding, allowing the YMCA SPBC to meet critical community needs now and in the future. Earnings, from the YMCA Foundation, support existing program areas, provide flexibility in developing programs to respond to changing community needs, fund improvements to keep buildings up to code, safe, and welcoming, and provide a safety net in times of crisis or economic uncertainty.

The YMCA serves as a community anchor in Palm Beach County by enriching lives and strengthening community through youth development, healthy living, and social responsibility.

The YMCA provides many programs and services to people of all ages. Some of the programs and services are:

- Summer camp
- Senior health and wellness programs
- Early childhood development program
- Family development programs
- Preschool
- Youth and adult sport leagues
- Social and recreational programs for youth and adult aquatic instruction, water youths and adults with disabilities and drowning prevention
- Diabetes prevention and Livestrong Teen leadership programs

Revenues are derived primarily from program and service fees, membership dues, and contributions.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the YMCA SPBC and the YMCA Foundation, which are under common control. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. The YMCA Foundation was established to provide a permanent source of funding for the YMCA SPBC, allowing the YMCA SPBC to meet critical community needs now and in the future.

The consolidated financial statements of the YMCA have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets and revenues, gains, and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

Net Assets Without Donor Restrictions – This level consists of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions – This level consists of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the YMCA, the environment in which the YMCA operates, and the purposes specified in the YMCA's articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions could be perpetual in nature.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those estimates may be material.

Cash and Cash Equivalents

The YMCA considers all highly liquid investments with a maturity of three months or less when purchased, and all interest-bearing accounts to be cash equivalents.

Investments and Investment Return

Investments are stated at fair value (Notes 4 and 13). Realized and unrealized gains and losses are included in the accompanying consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Realized gains and losses are reported at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are reported for the change in fair value between reporting periods. Interest and dividend income are reported when earned.

Contributions Receivable, Net

All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future years or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same year in which the contribution is received, the YMCA reports the support as net assets without donor restrictions.

Contributions receivable are initially recorded at fair value when received. Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of future collections. Conditional contributions receivable are recognized when the conditions have been substantially met.

The YMCA estimates an allowance for uncollectible pledges based on the creditworthiness of its donors, aging of the individual balances receivable, recent payment history, contractual terms, and other qualitative factors such as the status of the relationship with the donor. Contributions receivable are written off when all collection procedures have been exhausted and the potential for recovery is considered remote.

Membership and Program Fees Receivable, Net

Membership and program fees consist of membership and other program related fees. The YMCA recognizes an allowance for credit losses for accounts receivable carried at amortized cost to present the net amount expected to be collected as of the consolidated statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the receivable (contractual term) which includes consideration of prepayments and based on management's expectation as of the consolidated statement of financial position date.

Receivables are written off when the YMCA determines that such accounts receivable are deemed uncollectible or based on regulatory requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the consolidated statement of financial position date. There was an allowance for credit losses of approximately $107,000 and $100,000 at December 31, 2025 and 2024, respectively.

Property and Equipment, Net

The YMCA capitalizes all expenditures in excess of $3,000 for property and equipment. Property and equipment are recorded at cost if purchased and at their estimated fair value if donated. Property and equipment donations are reported as net assets without donor restrictions unless the donor has restricted the use of the asset for a specific purpose. Contributions of cash, other assets, and unconditional contributions receivable, which are restricted for the purpose of acquiring property and equipment, are reported as net assets with donor restrictions. When there are no explicit donor stipulations about how long those long-lived assets must be maintained, the YMCA reports expirations of donor restrictions when the acquired long-lived assets are placed in service. These expirations of donor restrictions are reported as releases to net assets without donor restrictions.

Property and equipment are depreciated and amortized using the straight-line method over the estimated useful lives of the respective assets as follows:

	Useful Life
Youth learning center	39 years
Buildings and improvements – Boca Raton	5-39 years
Buildings and improvements – Boynton Beach	5-39 years
Sports field	5-15 years
Equipment	2-10 years
Vehicles	3-7 years

Long-Lived Assets

The YMCA reviews its long-lived assets for possible impairment at least annually, and more frequently if circumstances warrant. Impairment is determined to exist when estimated amounts recoverable through future cash flows from operations on an undiscounted basis are less than the long-lived asset carrying values. If a long-lived asset is determined to be impaired, it is written down to its estimated fair value to the extent that the carrying amount exceeds the fair value of the long-lived asset. No write-downs for impairment of long-lived assets were recorded for the years ended December 31, 2025 and 2024.

Leases

Lessee

The YMCA enters into lease arrangements as a lessee primarily for vehicles and equipment. At its inception, the YMCA determines whether an arrangement is or contains a lease, which includes classifying the lease as an operating or finance lease. A lease exists when a contract conveys to the customer the right to control the use of identified property or equipment for a period of time in exchange for consideration. The definition of a lease embodies two conditions: (i) there is an identified asset in the contract that is land or a depreciable asset (i.e., property and equipment), and (ii) the customer has the right to control the use of the identified asset. The YMCA recognizes a right-of-use (ROU) asset and lease liability on the consolidated statements of financial position for all leases with a term longer than 12 months, including renewals options reasonably certain to be exercised. ROU assets represent the YMCA's right to use an underlying asset for the lease term. Lease liabilities represent the YMCA's obligation to make lease payments arising from the lease. ROU assets and liabilities are classified and recognized at the commencement date.

ROU lease liabilities are measured based on the present value of fixed lease payments over the lease term, discounted at the appropriate rate. The YMCA has made an accounting policy to apply a risk-free rate as the discount rate used to measure lease liabilities and ROU assets at commencement of a lease. ROU assets consist of (i) initial measurement of the lease liability; (ii) lease payments made to the lessor at or before the commencement date less any lease incentives received; and (iii) initial direct costs incurred by the YMCA.

The ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Key estimates and judgments included in the initial measurement of ROU assets and liabilities include (I) the discount rate used to discount the unpaid lease payments to present value, (II) lease term, and (III) lease payments.

I. The risk-free discount rate for the lease determined using a period comparable with that of a lease term.
II. The lease term for leases includes the noncancellable period of the lease plus any additional periods covered by either a lessee option to extend (or not to terminate) the lease that the lessee is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.
III. Lease payments included in the measurement of the lease asset or liability comprise the following: (i) fixed payments (including in-substance fixed payments), (ii) variable payments that depend on index or rate based on the index or rate at lease commencement, (iii) the exercise price of a lessee option to purchase the underlying asset if the lessee is reasonably certain to exercise, (iv) payments for penalties for terminating the lease if the lessee is reasonably certain to exercise, and (v) amounts probable of being owed under residual value guarantees.

Variable lease payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate) are included in the measurement of ROU assets and lease liabilities using the index or rate at the commencement date. Variable lease payments that do not depend on an index or a rate are excluded from the measurement of ROU assets and lease liabilities and are recognized in the period in which the event, activity, or circumstance in the lease agreement on which those payments are assessed occur. Variable lease payments related to the YMCA's leases include costs such as property taxes, insurance, and common area maintenance and are recognized in the captions "Equipment rental" and "Travel and transportation" in the consolidated statements of functional expenses in the period in which the obligation for those payments is incurred.

The YMCA monitors events or changes in circumstances that require a reassessment of a lease. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in the captions "Equipment rental" and "Travel and transportation" in the consolidated statements of functional expenses.

Lessor

The YMCA leases office space to a third party to operate two wellness centers; one of these leases was terminated in March 2024. Refer to Note 17 for further details.

The YMCA classifies its leases at inception as operating, direct financing or sales-type leases. A lease is classified as a sales-type lease if at least one of the following criteria is met: (1) the lease transfers ownership of the underlying asset to the lessee, (2) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise, (3) the lease term is for a major part of the remaining economic life of the underlying asset, (4) the present value of the sum of the lease payments equals or exceeds substantially all of the fair value of the underlying assets or (5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. When none of the above criteria is met, a lease is classified as a direct financing lease if both of the following criteria are met: (1) the present value of the of the sum of the lease payments and any residual value guaranteed by the lessee, that is not already reflected in the lease payments, equals or exceeds the fair value of the underlying asset and (2) it is probable that the lessor will collect the lease payments plus any amount necessary to satisfy a residual value guarantee. A lease is classified as an operating lease if it does not qualify as a sales-type or direct financing lease.

Certain lease arrangements contain both lease and non-lease components, primarily for maintenance services related to the leased asset. In such circumstances, the YMCA allocates the consideration in the contract to the lease and non-lease components based on the readily determinable stand-alone selling price for each component.

Key estimates and judgments included in lessor arrangements include (i) the rate implicit in the lease, which is used to determine the present value of unpaid lease payments, (ii) lease term, which includes the noncancellable period of the lease plus any additional periods covered by either a lessee option to extend (or not to terminate) the lease that the lessee is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor, (iii) lease payments which includes fixed payments, variable payments that depend on index or rate based on the index or rate at lease commencement, and the exercise price of a lessee option to purchase the underlying asset, and (iv) the fair value and remaining economic life of the underlying asset, all of which can impact the classification and accounting for the related lease as either operating, direct financing, or sales-type.

Bond Financing Costs, Net

The YMCA amortizes costs incurred in obtaining debt financing over the terms of the debt instruments. Accordingly, costs incurred to obtain the bonds payable, as described in Note 10, are being amortized over the terms of the debt instruments utilizing the effective interest method. The original bond financing costs were approximately $130,000. The balance of the YMCA's unamortized bond financing costs as of December 31, 2025 and 2024 was approximately $29,000 and $38,000, respectively, and is netted against the "Bonds payable" balance on the consolidated statements of financial position. Amortization expense was approximately $9,000 and $8,000 for the years ended December 31, 2025 and 2024, respectively, and is included within the caption "Financing/bank charges" in the accompanying consolidated statements of functional expenses.

Revenue Recognition - Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the YMCA fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The YMCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a 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 consolidated statements of activities as "Net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

Contributed services and the related expenses are recognized at their fair value in the period of use. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and (c) would otherwise have been purchased. Such support is only recognized when the underlying value of the services can be determined on a measurable and objective basis. Many individuals have donated time and services to advance the YMCA's programs and objectives. The value of these services has not been recorded in the accompanying consolidated financial statements because they do not meet the criteria to be recorded in the consolidated financial statements under U.S. GAAP. Contributed assets are recognized as revenue at its fair value on the date of the contribution. During the years ended December 31, 2025 and 2024, the YMCA received donated goods valued at $55,058 and $28,753, respectively, which included items primarily related to fundraising and is included within the caption "Contributed nonfinancial goods" in the consolidated statements of activities (Note 18).

The YMCA receives grants from a number of sources including federal, state, and local governments, private foundations, and other donors. Grant revenue is recognized when the expenses subject to reimbursement by the grantor are incurred, or when the services subject to reimbursement by the grantor have been performed. Grants are evaluated as to whether they qualify as exchange transactions or contributions as defined by U.S. GAAP. Grants that primarily provide commensurate value to the general public are reported as contributions.

Revenue Recognition – Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The YMCA applies *Revenue from Contracts with Customers* (Topic 606) to exchange transactions in which it receives consideration from individuals for membership and other program services offered. Under U.S. GAAP, these arrangements are exchange transactions between the YMCA and the individuals participating in the YMCA's programs.

Membership Dues and Program Services Revenue

The YMCA's revenue from contracts with customers is from performance obligations satisfied over time and from contracts with an initial expected duration of less than one year. Prices are specific to distinct performance obligations and do not consist of multiple transactions.

Revenue related to membership is recognized on a pro-rata basis over the periods to which the fees relate. Members are provided with monthly access to the YMCA's facilities and a variety of services which is accounted for as a single performance obligation. Membership fees are billed monthly, and payment is due prior to the month of membership. Fees collected in advance of the membership period start date are recognized as deferred revenue.

Program and service fees revenue is recognized over time on a pro-rata basis as the program/session is completed and is reported at the amount that reflects the consideration to which the YMCA expects to be entitled in exchange for providing services to their program participants. Program fees are typically due prior to the start of the program and are generally billed per session, usually weekly or monthly, depending on the program. Program fees collected in advance for those sessions not completed at the end of the reporting period are recognized as deferred revenue.

Deferred revenue from contracts was approximately $198,000 and $352,000 at December 31, 2025 and 2024, respectively, and is included in the consolidated statements of financial position within the caption "Deferred revenue." Accounts receivable for revenue from contracts were approximately $117,000 and $179,000 as of December 31, 2025 and 2024, respectively, and are included in the consolidated statements of financial position within the caption "Membership and other program related fees receivable, net."

The YMCA's reciprocal revenue sources, shown in disaggregated form, are as follows:

Year ended December 31,	**2025**	2024
Membership dues, net	**$ 5,517,231**	$ 5,499,058
Preschool, net	**2,159,876**	2,081,246
Summer camp, net	**1,135,123**	960,408
Family life, net	**1,036,568**	1,004,499
Aquatics, net	**1,001,804**	906,270
Sports, net	**940,765**	858,133
Wellness, net	**470,926**	470,502
Other programs, net	**577,007**	628,359
Revenue Subject to ASC 606	**12,839,300**	12,408,475
Revenue Not Subject to ASC 606	**7,627,867**	4,317,407
Total Earned Revenue	**$ 20,467,167**	$ 16,725,882

Special Events Revenue

Topic 606 applies to the portion of the YMCA's special events income that is determined to be an exchange transaction. The YMCA conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the YMCA. The direct costs of the special events which ultimately benefit the donor rather than the YMCA are recorded as exchange transaction revenue and exchange transaction expense and amounted to approximately $598,000 and $268,000 for the years ended December 31, 2025 and 2024, respectively, and are included in the caption "Special events, net" on the consolidated statements of activities.

Derivative Financial Instruments

The YMCA adopted the provision of an accounting standard for utilizing derivative instruments and hedging activities. The standard requires that all derivative financial instruments, such as interest rate swap contracts and foreign exchange contracts, be recognized in the consolidated financial statements and measured at fair value regardless of the purpose or intent for holding them. If the derivative is a hedge, depending on the nature of the hedge, a change in fair value of the derivative will either be offset against the change in the fair value of a hedge asset or liability through earnings.

The YMCA utilizes interest rate swaps to manage interest rate costs and to hedge against risks associated with changing interest rates. The YMCA designates interest rate swaps as hedges of specific debt instruments and accounts for them using the short-cut method, as described in the accounting standard. Interest differentials on interest rate swaps are recognized as adjustments to interest incurred on the related debt instruments (Note 11).

Income Taxes

The YMCA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and Chapter 220.13 of the Florida Statutes. Accordingly, no provision for income taxes has been recorded. In addition, the YMCA has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for either of the years ended December 31, 2025 or 2024.

The YMCA recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances, and information available at the end of the year. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively. There were no uncertain tax positions at December 31, 2025 and 2024.

The YMCA is subject to routine audits by a taxing authority for three years. At December 31, 2025 and 2024, the YMCA was not subject to any examination by a taxing authority.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and by natural classification in the consolidated statements of functional expenses. All program expenses, including salaries and related benefits, that are related to multiple programs are allocated to each program based on the total direct expenses for the program to total direct expenses for all programs.

Deferred Revenue

Deferred revenue consists of membership dues, various programs and rent received in advance on multi-year leases (Note 9). Membership fees are due on a month-to-month basis and can be cancelled at any time by the member. Membership fees received in advance of the scheduled payment terms are recorded as deferred revenue. Additionally, program revenue received in advance of the program function is recorded as deferred revenue.

Refundable Advances

Grant funding received in advance of related conditions being met or collected in advance of services being provided are recorded as refundable advances on the accompanying consolidated statements of financial position within the caption "Deferred revenue." Refundable advances as of December 31, 2025 and 2024 amounted to approximately $281,000 and $461,000, respectively.

Advertising Costs

The YMCA uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2025 and 2024 was approximately $212,000 and $189,000, respectively, and is included within "Media services and publications" in the consolidated statements of functional expenses.

3. Liquidity Management and Availability of Resources

The YMCA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The YMCA holds cash in various interest-bearing bank accounts with well-known financial institutions and has accounts receivable specialists who actively follow up and collect on open accounts receivable balances. Additionally, the YMCA has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of income to programs and operations supported by its endowments while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis.

The YMCA's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows:

December 31,	**2025**	2024
Cash and cash equivalents	**$ 1,078,853**	$ 990,115
Investments, at fair value	**12,788,810**	10,540,308
Contributions receivable, net	**694,690**	458,853
Membership and program fees receivable, net	**116,995**	178,796
Total Financial Assets Available:	**14,679,348**	12,168,072
Less: board restricted net assets	**(3,259,165)**	(4,000,124)
Less: donor restricted net assets	**(6,623,827)**	(4,813,437)
Total Financial Assets Available Within One Year	**$ 4,796,356**	$ 3,354,511

4. Investments, at Fair Value

Investments, at fair value consist of the following:

December 31,		**2025**		2024
Money market funds	$	**4,437,535**	$	7,111,197
Mutual funds		**3,119,170**		2,249,177
Exchanged traded funds		**3,162,571**		1,831,821
Fixed income		**3,113,375**		328,126
Investments held at the Community Foundation of Palm Beach and Martin Counties (Note 13)		**46,006**		40,352
Total	**$**	**13,878,657**	$	11,560,673

Investment income, net consists of the following:

Year ended December 31,		**2025**		2024
Realized and unrealized gains	$	**583,354**	$	432,401
Interest and dividends, net		**443,032**		422,773
Fees		**(46,932)**		(42,258)
Total	**$**	**979,454**	$	812,916

5. Contributions Receivable, Net

Contributions receivable, net consisted of the following at December 31, 2025:

December 31, 2025

		Contribution Receivable		Capital Campaign		Total
Gross pledges receivable	$	1,079,768	$	2,646,250	$	3,726,018
Less: allowance for uncollectible pledges		(172,760)		(366,378)		(539,138)
Less: discount on long-term pledges		(64,017)		(206,373)		(270,390)
Contribution Receivable, Net		842,991		2,073,499		2,916,490
Less: current portion		382,141		312,549		694,690
Contribution Receivable, Net, less current portion	$	460,850	$	1,760,950	$	2,221,800

Contributions receivable, net consisted of the following at December 31, 2024:

December 31, 2024		Contribution Receivable		Capital Campaign		Total
Gross pledges receivable	$	766,446	$	197,400	$	963,846
Less: allowance for doubtful accounts		(181,693)		(5,000)		(186,693)
Less: discount on long-term pledges		(23,007)		(18,394)		(41,401)
Contribution Receivable, Net		561,746		174,006		735,752
Less: current portion		408,647		50,206		458,853
Contribution Receivable, Net, less current portion	$	153,099	$	123,800	$	276,899

Pledges that are due within one year are reported at their net realizable value. Pledges that are due after one year have been discounted using a rate of 4.5% and 5% for the years ended December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024, there was bad debt expense related to unconditional promises to give of approximately $172,000 and $269,000, respectively, and is presented within the caption "Bad debt related to pledges" in the consolidated statements of functional expenses.

During the year ended December 31, 2024, the YMCA began fundraising to renovate the YMCA facilities in Boca Raton and Boynton Beach. Construction is expected to commence in 2026 and is expected to cost approximately $16,000,000. During the years ended December 31, 2025 and 2024, the YMCA raised $3,434,000 and $317,400 toward the capital campaign.

Payments due on contributions receivable are as follows:

Year ended December 31,		**2025**		2024
Less than one year	**$**	**694,690**	$	458,853
One to four years		**2,221,800**		276,899
	$	**2,916,490**	$	735,752

6. Membership and Program Fees Receivable, Net

Membership and program fees receivable, net consisted of the following:

December 31,		**2025**		2024
Membership and other program related fees	**$**	**223,744**	$	278,464
Less: allowance for credit losses		**(106,749)**		(99,668)
	$	**116,995**	$	178,796

Total bad debt expense related to other receivables for the years ended December 31, 2025 and 2024 was approximately $80,000 and $105,000, respectively, and is included within "Membership dues, net", and "Program and service fees, net" on the consolidated statements of activities.

7. Operating Lease Right-Of-Use Assets, Net and Operating Lease Liabilities

The YMCA leases its equipment and office space under operating leases with three-to-five-year initial terms. Most leases include renewal options which can extend the lease term one additional year. The exercise of these renewal options is at the sole discretion of the YMCA, which is not certain as of this time. As such, the YMCA is only amortizing its equipment leases based on the remaining lease term.

The YMCA's operating leases are discounted at various rates ranging from 1.04% to 1.48%.

The following summarizes the line items in the consolidated statements of financial position, which include amounts for operating leases:

Year ended December 31,		**2025**		2024
Assets				
Operating lease right-of-use assets, net	**$**	**378,677**	$	538,658
Total Operating Lease Right-of-Use Assets, Net	**$**	**378,677**	$	538,658
Liabilities				
Current portion of operating lease liabilities	**$**	**169,498**	$	152,112
Operating lease liabilities, less current portion		**221,041**		390,540
Total Operating Lease Liabilities	**$**	**390,539**	$	542,652

The components of operating lease expenses that are included in the captions "Equipment Rental" and "Travel and transportation" in the consolidated statements of functional expenses were as follows:

Year ended December 31,		**2025**		2024
Operating lease cost	**$**	**171,037**	$	120,330
Short term lease cost		**34,488**		-
Total Lease Cost	**$**	**205,525**	$	120,330

The following summarizes the supplemental information related to operating leases:

Year ended December 31,		**2025**		2024
Right-of-use assets obtained in exchange for new operating lease liabilities	**$**	**-**	$	204,075
Operating cash flows from operating leases		**159,981**		113,817
Weighted-average remaining lease term – operating leases		**2.28**		3.27
Weighted-average discount rate - operating leases		**2.32%**		2.34%

The maturities of operating lease liabilities as of December 31, 2025 were as follows:

Year ending December 31,		
2026	$	169,498
2027		171,604
2028		59,230
Total Minimum Operating Lease Payments		400,332
Less: amount representing interest		(9,793)
Present Value of Future Minimum Operating Lease Payments		390,539
Less: current portion		(169,498)
Operating Lease Liabilities, net of the current portion	$	221,041

8. Property and Equipment, Net

Property and equipment, net consisted of the following:

December 31,		**2025**		2024
Land	**$**	**2,516,500**	$	2,516,500
Youth learning center		**307,266**		307,266
Buildings and improvements - Boca Raton		**12,661,108**		12,661,108
Buildings and improvements - Boynton Beach		**7,188,582**		7,147,159
Sports field		**231,380**		231,380
Equipment		**6,638,344**		6,632,521
Vehicles		**362,256**		362,256
Construction in progress		**344,334**		145,904
Equipment under finance leases		**261,839**		218,965
		30,511,609		30,223,059
Less: accumulated depreciation and amortization (including accumulated amortization of approximately $23,000 and $134,000 at December 31, 2025 and 2024 respectively, related to finance leases.)		**(18,289,102)**		(17,483,772)
	$	**12,222,507**	$	12,739,287

Depreciation and amortization expense for the years ended December 31, 2025 and 2024 was approximately $1,084,000 and $1,022,000, respectively (including amortization expense of approximately $32,000 and $68,000, respectively, related to finance leases) (Note 12).

As of December 31, 2025, the YMCA of South Palm Beach County had several ongoing capital projects related to facility improvements. Approximately $268,000 has been incurred to date, primarily for architectural and design costs associated with preparation for permitting. The YMCA expects to incur an additional $2,332,000 to complete construction of the preschool facility, with completion anticipated by September 30, 2026.

9. Deferred Revenue

Deferred revenue consisted of the following:

December 31,		**2025**		2024
Membership dues, program fees and other	**$**	**197,860**	$	352,296
Refundable advances		**281,145**		461,266
Rent (Note 18)		**-**		16,842
	$	**479,005**	$	830,404

10. Bonds Payable, Net

On November 1, 2012, the YMCA entered into an agreement with Palm Beach County, Florida, the issuer and Branch Banking and Trust Company, the purchaser, to borrow $8,805,000 from the issuance of Palm Beach County, Florida Industrial Development Revenue Bonds Series 2012. The bonds accrue interest at the Secured Overnight Financing Rate (SOFR). The interest rate on the bonds as of December 31, 2025 and 2024 was 5.27%. The YMCA fixed the variable interest rate on these bonds payable at 2.91% through an interest rate swap agreement (Note 11). The bonds are secured by the real and personal property of the YMCA. The YMCA must make monthly principal and interest payments. The bonds are due to mature on November 1, 2028.

At December 31, 2025 and 2024, the outstanding balance on the bonds payable was $1,928,239 and $2,552,367, respectively. As of December 31, 2025 and 2024, there was $28,801 and $38,165, respectively, of unamortized deferred loan costs in connection with the bonds payable.

Several loan covenants exist for the YMCA, which are tested annually. Management believes the YMCA was in compliance with all covenants as of December 31, 2025.

Interest expense for the years ended December 31, 2025 and 2024 was approximately $90,000 and $118,000, respectively, and is included within the caption "Financing/bank charges" in the consolidated statements of functional expenses.

At December 31, 2025, approximate annual maturities of indebtedness for each of the next five years and thereafter are approximated as follows:

Year ending December 31,		
2026	$	642,791
2027		662,012
2028		623,436
		1,928,239
Less: current portion		(642,791)
Less: deferred loan costs, net		(28,801)
Long-Term Portion of Bond Payable, Net	$	1,256,647

11. Interest Rate Swap Asset and Liability

On November 2, 2012, the YMCA entered into a derivative financial instrument with a lender to manage the overall borrowing costs associated with its bond payable (Note 10), which matures on November 1, 2028. Credit loss from counterparty non-performance is not anticipated. At December 31, 2025 and 2024, the outstanding notional balance on the bonds payable was $1,928,239 and $2,552,367 respectively, and is subject to a floating interest rate as described in Note 10. The swap is a cash flow hedge, as it has been designated against the bond to reduce the effects of interest rate fluctuations on the bond. Amounts received or paid as a result of the swap agreement are recognized as adjustments to interest expense.

The net effect on the YMCA's operating results is that interest on a portion of the variable rate debt is being hedged based on fixed interest rates. The interest rate swap contract is reflected at fair value in the YMCA's consolidated statements of financial position, and the related gain or loss is recognized as a change in net assets. The fair value of the interest rate swap as of December 31, 2025 and 2024 was $21,885 and $62,015, respectively, which is reflected in the consolidated statements of financial position in the caption "Interest rate swap." The interest rate swap is valued using third-party models that use as their input observable market conditions (Note 13). The change in fair value related to the interest rate swap during the years ended December 31, 2025 and 2024 amounted to $(40,130) and $(21,810), respectively, and is reflected in the consolidated statements of activities within the caption "Change in fair value of interest rate swap."

12. Finance Lease Obligations

The YMCA leases certain equipment under finance leases expiring at various dates through March 2026, and at various rates ranging from 8.15%-8.61%, which is stipulated by the respective lease agreements. Interest expense incurred on the finance leases was approximately $6,000 and $9,000 for the years ended December 31, 2025 and 2024, respectively.

The following summarizes the total lease liabilities in the consolidated statements of financial position, which include amounts for finance leases:

December 31,	**2025**	2024
Liabilities		
Current portion of finance lease liabilities	**$ 24,992**	$ 64,933
Finance lease liabilities, less current portion	**17,970**	18,159
Total Lease Liabilities	**$ 42,962**	$ 83,092

The components of finance lease expenses that are included in the caption "Depreciation and amortization" in the consolidated statement of functional expenses were as follows:

December 31,	**2025**	2024
Amortization of right-of-use assets	**$ 32,014**	$ 66,626
Interest on lease liabilities	**6,144**	9,318
Total Lease Cost	**$ 38,158**	$ 75,944

The following summarizes the supplemental information related to finance leases for the year ended December 31, 2025:

Year ended December 31,	**2025**	2024
Right-of-use assets obtained in exchange for new finance lease liabilities	**$ 42,874**	$ -
Operating cash flows from finance leases	**6,144**	9,318
Financing cash flows from finance leases	**32,014**	66,626
Weighted-average remaining lease term – finance leases	**1.63**	1.11
Weighted-average discount rate - finance leases	**8.29%**	7.97%

The maturities of finance lease liabilities as of December 31, 2025, were as follows:

Year ending December 31,	
2026	$ 32,014
2027	15,271
2028	2,698
Total Minimum Finance Lease Payments	49,983
Less: amount representing interest	(7,021)
Present Value of Future Minimum Finance Lease Payments	42,962
Less: current portion	(24,992)
Finance Lease Liabilities, net of the current portion	$ 17,970

13. Fair Value Measurements

The YMCA adopted a Financial Accounting Standards Board (FASB) accounting standard on fair value measurements. The accounting standard establishes a framework for measuring fair value, expands disclosures about fair value measurements, and provides new income recognition criteria for certain derivative contracts. U.S. GAAP requires that a fair value measurement reflect assumptions market participants would use in pricing an asset or liability.

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for the specific asset or liability at the measurement date (referred to as an exit price).

The accounting standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under the accounting standard are:

Level 1 – This level consists of quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2 – This level consists of inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – This level consists of prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The accounting standard requires the YMCA to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Determination of Fair Value

In determining fair value, the YMCA used market prices of the same or similar instruments whenever such prices are available, even in situations where trading volume may be low when compared with prior periods. A fair value measurement assumes that an asset or liability is exchanged in an orderly transaction between market participants, and accordingly, fair value is not determined based upon a forced liquidation or distressed sale. Where necessary, the YMCA estimates fair value using other market observable data such as prices for synthetic or derivative instruments, market indices, industry ratings or underlying collateral or models employing techniques such as discounted cash flow analyses. The discount rate used will vary among different types of financial instruments, and particularly in the case of liquid markets, is appropriately adjusted to reflect the illiquidity of the markets. The assumptions used in the models, which typically include assumptions for interest rates, credit losses and prepayments, are corroborated by and independently verified against market observable data where possible. Where appropriate, the YMCA may use a combination of these valuation approaches.

The following sections describe the valuation methodologies used by the YMCA to measure classes of financial instruments at fair value and specify the level in the fair value hierarchy where various financial instruments are generally classified. Valuation models, significant inputs to those models, and any significant assumptions are included where appropriate. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These instruments include cash, receivables, and accounts payable and accrued expenses. The carrying amount of the bonds payable, and operating and finance lease obligations approximates fair value because the variable interest rates are based on current rates offered for debt and lease liabilities with similar terms and maturities.

Money Market Funds – These are valued at cost, which approximates fair value.

Equity Securities – Fair value is based on the closing price reported in the active market in which the equity securities are traded.

Mutual Funds – These are valued at the closing price reported in the active market in which the individual securities are traded.

Treasury Bills – These are based upon current rates for similar instruments.

Exchange Traded Funds - Fair value is based on the closing price reported in the active market in which they are traded.

Beneficial Interest in Irrevocable Trusts – Fair value is based on the face value of the insurance policies along with the life expectancy of the donor and discounted cash flows.

Interest Rate Swap – The interest rate swap is valued using third-party models that use as their input observable market conditions. This valuation process considers factors including interest rate yield curves, money market rates, future prices, and long-term yields.

Investments Held at the Community Foundation – Values of the assets invested with the Community Foundation are determined by calculating the YMCA's Net Asset Value (NAV) in the pool. The YMCA has the ability to observe the inputs to the valuation and redeem the investment at NAV upon request; as such, the YMCA's investment is reflected at NAV on the consolidated statements of financial position, using the practical expedient. The investments held at the Community Foundation that are valued at NAV have no unfunded commitments at December 31, 2025 and 2024. Additionally, there are no explicit restrictions on the redemption of such investments. In accordance with Subtopic 820-10, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the YMCA believes its valuation methodologies are appropriate and consistent, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Items Measured at Fair Value on a Recurring Basis

The following tables present the YMCA's financial instruments that are measured at fair value on a recurring basis at December 31, 2025 and 2024, for each fair value hierarchy level:

December 31, 2025

	Level 1	Level 2	Level 3	Fair Value
Money market funds	$ 4,437,535	$ -	$ -	$ 4,437,535
Exchange traded funds	3,162,571	-	-	3,162,571
Fixed income	3,113,375	-	-	3,113,375
Mutual funds	3,119,170	-	-	3,119,170
Total Investments, in the fair value hierarchy	$ 13,832,651	$ -	$ -	13,832,651
Fair value of interest rate swap				21,885
Investments, measured at NAV*				46,006
Total Assets, at fair value				$ 13,900,542

December 31, 2024

		Level 1		Level 2		Level 3		Fair Value
Money market funds	$	7,111,197	$	-	$	-	$	7,111,197
Exchange traded funds		1,831,821		-		-		1,831,821
Fixed income		328,126		-		-		328,126
Mutual funds		2,249,177		-		-		2,249,177
Total Investments, in the fair value hierarchy	$	11,520,321	$	-	$	-		11,520,321
Fair value of interest rate swap								62,015
Investments, measured at NAV*								40,352
Total Assets, at fair value							$	11,622,688

* In accordance with Subtopic 820-10, certain investments that are measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

14. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

Year ended December 31, 2025

		January 1		Additions/ Investment Gains		Releases		December 31
Subject to Expenditure for a Specific Purpose								
Donor restricted contribution for special needs	$	3,465,896	$	411,401	$	(116,867)	$	3,760,430
Donor restricted cash for summer camp		38,329		2,731		(9,000)		32,060
Donor restricted contribution for creative arts initiative		280,014		22,084		-		302,098
Donor restricted contribution for Livestrong		47,162		2,112		(1,378)		47,896
Donor restricted contribution for teen leadership		-		500,097		-		500,097
YMCA comprehensive capital campaign		179,006		3,184,330		-		3,363,336
Total Purpose Restrictions		4,010,407		4,122,755		(127,245)		8,005,917
Subject to Expenditure for a Specific Time Period								
Time restricted pledges		136,194		503,145		(30,800)		608,539
Total Time Restrictions		136,194		503,145		(30,800)		608,539
Endowment								
Subject to endowment spending policy and appropriation		1,020,365		95,119		(25,637)		1,089,847
Total Endowment Restrictions		1,020,365		95,119		(25,637)		1,089,847
Total Net Assets with Donor Restrictions	$	5,166,966	$	4,721,019	$	(183,682)	$	9,704,303

Year ended December 31, 2024

	January 1	Additions/ Investment Gains	Releases	December 31
Subject to Expenditure for a Specific Purpose				
Donor restricted contribution for special needs	$ 3,057,833	$ 441,344	$ (33,281)	$ 3,465,896
Donor restricted cash for summer camp	34,693	12,636	(9,000)	38,329
Donor restricted contribution for creative arts initiative	256,907	23,107	-	280,014
Donor restricted contribution for Livestrong	45,882	1,280	-	47,162
YMCA comprehensive capital campaign	-	179,006	-	179,006
Total Purpose Restrictions	3,395,315	657,373	(42,281)	4,010,407
Subject to Expenditure for a Specific Time Period				
Time restricted pledges	-	136,194	-	136,194
Total Time Restrictions	-	136,194	-	136,194
Endowment				
Subject to endowment spending policy and appropriation	718,904	308,150	(6,689)	1,020,365
Total Endowment Restrictions	718,904	308,150	(6,689)	1,020,365
Total Net Assets with Donor Restrictions	$ 4,114,219	$ 1,101,717	$ (48,970)	$ 5,166,966

15. Endowments

The YMCA's endowments consist of individual funds established for a variety of purposes. The endowments are comprised of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Donor-restricted endowment funds are presented as net assets with donor restrictions and board-designated endowment funds are presented as net assets without donor restrictions. Earnings on endowments with donor restrictions are included in net assets with donor restrictions until appropriated by the Board of Directors in accordance with the spending policy.

One endowment is managed by the YMCA Foundation and contains both donor-restricted funds and board designated funds for the purpose of future endeavors as determined by the board. The other is managed by Community Foundation for Palm Beach and Martin Counties and contains only board-designated funds for the purpose of future endeavors as determined by the board.

The State of Florida has adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). The YMCA has interpreted the FUPMIFA 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 YMCA would classify as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 donor-restricted portion of the endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by FUPMIFA.

The YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund earnings:

1) The duration and preservation of the fund
2) The purposes of the YMCA 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 YMCA
7) The investment policies of the YMCA

Summary of Endowment Net Assets at December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,089,847	$ 1,089,847
Board-designated endowment funds	3,259,165	-	3,259,165
Total Endowment Net Assets	$ 3,259,165	$ 1,089,847	$ 4,349,012

Summary of Endowment Net Assets at December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,020,365	$ 1,020,365
Board-designated endowment funds	4,000,124	-	4,000,124
Total Endowment Net Assets	$ 4,000,124	$ 1,020,365	$ 5,020,489

Changes in Endowment Net Assets for the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	$ 4,000,124	$ 1,020,365	$ 5,020,489
Investment change, net	280,060	95,119	375,179
Amounts appropriated for expenditure	(1,021,019)	(25,637)	(1,046,656)
Endowment Net Assets, end of year	$ 3,259,165	$ 1,089,847	$ 4,349,012

Changes in Endowment Net Assets for the Year Ended December 31, 2024:

		Without Donor Restrictions		With Donor Restrictions		Total
Endowment Net Assets, beginning of year	$	891,438	$	718,904	$	1,610,342
Transfer from cash and cash equivalents		3,021,352		-		3,021,352
Investment change, net		190,334		308,150		498,484
Amounts appropriated for expenditure		(103,000)		(6,689)		(109,689)
Endowment Net Assets, end of year	$	4,000,124	$	1,020,365	$	5,020,489

Return Objectives and Risk Parameters

The YMCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income to programs and operations supported by its endowment while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis. Endowment assets include those assets of donor-restricted funds that the YMCA must hold for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a competitive rate of return while assuming a moderate level of investment risk. The YMCA expects its endowment funds, over time, to provide a rate of return in excess of the original restricted principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

The investment objective is to achieve long-term growth of principal while recognizing the importance of preservation of capital. The YMCA recognizes that varying degrees of investment risk are generally rewarded with concomitant returns over the long-term. For donor funds that are intended for short-term duration, the investment objective is to preserve principal.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The YMCA has a spending policy for all endowment assets of appropriating for distribution each year to be determined by the board and in accordance with donor agreements. The YMCA spending policy is focused on growth of the funds to a specific threshold. Once met, the Board of Directors will begin to appropriate funds. The YMCA Foundation Board approves all spending of the board-designated endowment funds when required to support the operations of the YMCA. The intent is to only use funds from the endowment fund when necessary. Accordingly, over the long-term, the YMCA expects the current spending policy to allow its endowments to grow.

16. Pension Plan

The YMCA participates in the YMCA Retirement Fund, a national program. Participation in the plan is mandatory for all eligible employees. The YMCA contributed 12% of participants gross earnings for each of the years ended December 31, 2025 and 2024. For the years ended December 31, 2025 and 2024, contributions made on behalf of participating employees totaled approximately $506,000 and $491,000, respectively, and is included within the caption "Employee benefits and payroll taxes" on the consolidated statements of functional expenses.

17. Operating Leases - Lessor

On January 22, 1999, the YMCA and Bethesda Memorial Hospital, Inc. (BMH) entered into several agreements whereby they joined in a collaborative effort to extend their commitments to provide fitness and wellness services to the community. As part of these agreements, the YMCA dedicated 3,500 square feet of the YMCA Boynton Facility to physical therapy. BMH leases this space and operates its various rehabilitation programs. The lease agreement for the 3,500 square feet is for a 25-year term, which commenced in December 2000. The YMCA manages and operates these programs and retains all revenues, incurs all expenses and assumes all liabilities associated with such programs. The first five years of the lease term were prepaid by BMH, which totaled $385,000. Rent for the remaining 20 years of the lease term is $1 per year.

The YMCA is recognizing the prepaid rent on the straight-line basis over the 25-year lease term. During the years ended December 31, 2025 and 2024, the YMCA recognized approximately $17,000 and $15,000, respectively, of revenue related to this lease which is reflected within "Program and service fees, net" in the consolidated statements of activities. The remaining unamortized portion, which is reflected within "Deferred revenue" in the consolidated statements of financial position as of December 31, 2025 and 2024 was $0 and approximately $17,000, respectively (Note 9). The lease expired during the year ended December 31, 2025.

On November 14, 2003, the YMCA entered into an agreement with BMH in which the YMCA dedicated 2,616 square feet for BMH to lease and establish a sports and back medicine program within the newly redeveloped Boca Raton facility. The lease agreement for the 2,616 square feet is for a 25-year term, which commenced on June 1, 2006. The total rent for the first five years was $329,995, which BMH paid to the YMCA in five equal installments of $65,999, with the first installment due on the date of commencement of the term and annually thereafter. Rent for the remaining 20 years of the lease term is $1 per year. The YMCA is recognizing the prepaid rent on the straight-line basis over the 25-year lease term. During the year ended December 31, 2024, BMH terminated the lease agreement with the YMCA and is no longer occupying the area at the Boca Raton Facility. Accordingly, the remaining balance in deferred revenue was fully recognized.

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18. Contributions of Nonfinancial Assets

Contributed nonfinancial assets (in-kind donations) are as follows:

	Revenue Recognized				
Nonfinancial Asset	**December 31, 2025**	December 31, 2024	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated Goods Expense - 25th Anniversary Boynton Beach	**$ 16,295**	$ -	100% allocated to supporting services (fundraising)	Without Donor Restrictions	The YMCA received in-kind donations from vendors for advertising and printing. The value of the in-kind donations is based on what the vendors charge the general public.
Advertising and other miscellaneous donations	**38,763**	28,753	100% allocated to supporting services (fundraising)	Without Donor Restrictions	The YMCA received in-kind donations from vendors for advertising and other program and event related costs. The value of the in-kind donations is based on what the vendors charge the general public.
Total	**$ 55,058**	$ 28,753			

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19. Commitments and Contingencies

Potential Litigation

The YMCA is exposed to various claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the YMCA's consolidated financial position or the consolidated results of its activities.

20. Risks and Uncertainties

Concentrations of Credit Risk

The YMCA maintains cash balances at local banks. Accounts at a local institution are insured by the Federal Deposit Insurance Corporation. At December 31, 2025 and 2024, and at certain times during the year, the YMCA had amounts on deposit which were in excess of the federally insured limits. The YMCA is required to maintain all cash at the financial institution that provided the bonds payable (Note 10). The YMCA has not experienced any losses in such accounts.

The YMCA invests in marketable debt and equity securities, which, inherent in the fair market value determination, include the risk factor of credit worthiness for each individual debt and equity security. Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. The YMCA has an investment policy and utilizes management oversight, and periodically reviews its investment portfolios to monitor these risks.

Concentrations of credit risk exist for the YMCA's contributions receivable due to the size of the amounts and the small number of donors. As of December 31, 2025, contributions receivable from two individual donors represented approximately 34% and 32% of total contributions receivable. As of December 31, 2024, contributions receivable from two individual donors represented approximately 30% of total contributions receivable.

Concentrations of credit risk with respect to other receivables are limited due to the large number of members comprising the YMCA's membership base. As of December 31, 2025, and 2024, the YMCA had no significant concentrations of credit risk relating to membership and other program-related fees receivable.

21. Subsequent Events

The YMCA has evaluated subsequent events through May 29, 2026 which is the date the consolidated financial statements were available to be issued.

On May 21, 2026, the YMCA entered into a construction contract to replace the roof at one of its facilities. The total contract value is $933,450. Construction is expected to commence on November 30, 2026.

As of May 2026, the YMCA has incurred approximately $431,000 of costs related to this project, primarily associated with preconstruction activities and the procurement of materials.

The YMCA expects total project costs to approximate $1,100,000, inclusive of the construction contract and other related expenditures. Construction is expected to be completed by January 2027.