

**Young Men's Christian Association
of the Capital Area
Baton Rouge, Louisiana
December 31, 2024**

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Independent Auditor's Report

Board of Directors
Young Men's Christian Association of the Capital Area
Baton Rouge, Louisiana

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Young Men's Christian Association of the Capital Area (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Men's Christian Association of the Capital Area as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Young Men's Christian Association of the Capital Area and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head or chief executive officer is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Young Men's Christian Association of the Capital Area's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025, on our consideration of Young Men's Christian Association of the Capital Area's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Young Men's Christian Association of the Capital Area's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Young Men's Christian Association of the Capital Area's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

June 30, 2025

Young Men's Christian Association of the Capital Area
Statement of Financial Position
December 31, 2024
(With summarized comparative totals as of December 31, 2023)

	Assets	
	2024	2023
Assets		
Cash and cash equivalents	\$ 483,191	\$ 151,355
Accounts receivable, net	139,351	170,423
Pledges receivable, net	28,839	9,017
Due from related party	309,110	300,663
Beneficial interest in investments held by others	4,999,829	5,626,891
Prepaid expenses	11,572	20,143
Property and equipment, net	24,840,258	26,019,772
Operating lease right-of-use assets	1,091,355	311,345
Deferred compensation plan	94,738	67,451
Other assets	116,664	110,955
Total assets	<u>\$32,114,907</u>	<u>\$32,788,015</u>
	Liabilities and Net Assets	
Liabilities		
Line of credit	\$ 373,412	\$ 333,412
Notes payable	2,200,270	2,000,000
Bond payable	2,169,112	2,559,209
Finance lease obligations	310,022	496,843
Operating lease liabilities	1,097,244	312,883
Accounts payable	212,685	99,892
Accrued expenses	145,598	123,446
Deferred compensation plan payable	94,738	67,451
Deferred revenue	65,445	87,245
Total liabilities	<u>6,668,526</u>	<u>6,080,381</u>
Net Assets		
Without donor restrictions		
General	19,894,372	20,627,895
Board designated	4,230,234	4,968,461
	<u>24,124,606</u>	<u>25,596,356</u>
With donor restrictions	1,321,775	1,111,278
	<u>25,446,381</u>	<u>26,707,634</u>
Total liabilities and net assets	<u>\$32,114,907</u>	<u>\$32,788,015</u>

The accompanying notes are an integral part of these financial statements.

Young Men's Christian Association of the Capital Area
Statement of Activities
Year Ended December 31, 2024
(With summarized comparative totals for the year ended December 31, 2023)

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023 Total
Public Support and Revenue				
Public support:				
Contributions and grants	\$ 1,259,673	\$ 374,728	\$ 1,634,401	\$ 985,390
Contributions of nonfinancial assets	98,059	-	98,059	32,686
Revenue:				
Membership fees	5,423,134	-	5,423,134	5,747,784
Program fees	2,108,752	-	2,108,752	2,350,910
Sales	21,920	-	21,920	30,976
Special events	107,435	-	107,435	116,698
Released from restrictions	169,440	(169,440)	-	-
Total public support and revenue	<u>9,188,413</u>	<u>205,288</u>	<u>9,393,701</u>	<u>9,264,444</u>
Expenses				
Program services	9,104,829	-	9,104,829	9,415,857
Management and general	2,045,196	-	2,045,196	2,039,822
Fundraising	211,494	-	211,494	210,495
Total expenses	<u>11,361,519</u>	<u>-</u>	<u>11,361,519</u>	<u>11,666,174</u>
Nonoperating Revenue and Expenses				
Net investment income	564,773	5,209	569,982	508,457
Lease income	130,258	-	130,258	107,584
Other income	6,325	-	6,325	42,495
Donation of land	-	-	-	(180,691)
Loss on disposal of property and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,334,624)</u>
Total nonoperating revenue and expenses	<u>701,356</u>	<u>5,209</u>	<u>706,565</u>	<u>(1,856,779)</u>
Change in Net Assets	(1,471,750)	210,497	(1,261,253)	(4,258,509)
Net Assets, beginning of year	<u>25,596,356</u>	<u>1,111,278</u>	<u>26,707,634</u>	<u>30,966,143</u>
Net Assets, end of year	<u>\$24,124,606</u>	<u>\$ 1,321,775</u>	<u>\$25,446,381</u>	<u>\$26,707,634</u>

The accompanying notes are an integral part of these financial statements.

Young Men's Christian Association of the Capital Area
Statement of Functional Expenses
Year Ended December 31, 2024
(With summarized comparative totals for the year ended December 31, 2023)

	Program Services				Management and General	Fundraising	2024 Total	2023 Total
	Youth Development	Healthy Living	Social Responsibility	Total Program Services				
Expenses								
Salaries and wages	\$ 1,288,511	\$1,661,500	\$ 440,806	\$ 3,390,817	\$ 755,983	\$ 151,924	\$ 4,298,724	\$ 4,597,668
Payroll taxes	114,809	148,044	39,277	302,130	67,360	13,537	383,027	408,500
Employee benefits	140,192	180,774	47,960	368,926	82,252	16,530	467,708	443,933
Occupancy	211,486	272,705	72,350	556,541	96,830	-	653,371	749,022
Insurance	306,990	395,855	105,023	807,868	140,557	-	948,425	810,411
Supplies	133,460	172,094	45,658	351,212	61,105	-	412,317	491,537
Dues and subscriptions	62,318	80,359	21,320	163,997	28,533	-	192,530	171,820
Contractual services	173,911	224,253	59,496	457,660	79,626	-	537,286	615,617
Repairs and maintenance	316,233	407,774	108,185	832,192	144,788	-	976,980	1,126,000
Special events	-	-	-	-	-	29,503	29,503	33,988
Printing and publications	61,122	78,815	20,910	160,847	27,985	-	188,832	216,595
Travel and conferences	10,536	13,585	3,604	27,725	110,899	-	138,624	142,044
Rent	102,955	132,759	35,222	270,936	47,139	-	318,075	181,074
Other	-	-	-	-	2,706	-	2,706	2,776
Bad debt expense	8,291	33,165	-	41,456	9,002	-	50,458	83,818
Depreciation and amortization	511,323	659,338	174,926	1,345,587	234,111	-	1,579,698	1,401,594
Interest	10,235	13,198	3,502	26,935	156,320	-	183,255	189,777
Total expenses	\$ 3,452,372	\$4,474,218	\$ 1,178,239	\$ 9,104,829	\$ 2,045,196	\$ 211,494	\$11,361,519	\$ 11,666,174

The accompanying notes are an integral part of these financial statements.

Young Men's Christian Association of the Capital Area
Statement of Cash Flows
Year Ended December 31, 2024
(With summarized comparative totals for the year ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (1,261,253)	\$ (4,258,509)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	1,579,698	1,401,594
Bad debt expense	50,458	83,818
Amortization of operating lease right-of-use assets	186,294	99,083
Loss on disposal of property and equipment	-	2,334,624
Donation of land	-	180,691
Net investment (earnings) loss on cash surrender value of life insurance	(5,209)	7,408
Appreciation in deferred compensation plan	(4,637)	(4,408)
Net realized and unrealized gains on investments	(564,773)	(515,865)
(Increase) Decrease in assets:		
Accounts and pledges receivable	(39,208)	(207,983)
Due from related party	(8,447)	179,802
Prepaid expenses	8,571	95,796
Operating lease right-of-use assets	(40,721)	(11,157)
Other assets	(500)	(10,000)
Increase (Decrease) in liabilities:		
Operating lease liabilities	(141,223)	(86,388)
Accounts payable	112,793	47,984
Accrued expenses	22,152	(24,241)
Deferred compensation plan payable	27,287	29,908
Deferred revenue	<u>(21,800)</u>	<u>(4,798)</u>
 Net cash used in operating activities	 <u>(100,518)</u>	 <u>(662,641)</u>
 Cash Flows from Investing Activities		
Purchase of property and equipment	(400,184)	(493,023)
Proceeds from sale of property and equipment	-	19,420
Contributions to deferred compensation plan	(22,650)	(25,500)
Contributions to beneficial interest in investments held by others	(111,165)	(34,843)
Distribution from beneficial interest	<u>1,303,000</u>	<u>1,095,000</u>
 Net cash provided by investing activities	 <u>769,001</u>	 <u>561,054</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

Young Men's Christian Association of the Capital Area
Statement of Cash Flows
Year Ended December 31, 2024
(With summarized comparative totals for the year ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
Cash Flows from Financing Activities		
Increase in line of credit	\$ 40,000	\$ 333,412
Proceeds from note payable	267,138	-
Principal payments on notes payable	(66,867)	(23,007)
Principal payments on bond payable	(390,097)	(380,990)
Principal payments on finance lease obligations	<u>(186,821)</u>	<u>(180,232)</u>
Net cash used in financing activities	<u>(336,647)</u>	<u>(250,817)</u>
 Net Change in Cash and Cash Equivalents	 331,836	 (352,404)
 Cash and Cash Equivalents, beginning of year	 <u>151,355</u>	 <u>503,759</u>
 Cash and Cash Equivalents, end of year	 <u><u>\$ 483,191</u></u>	 <u><u>\$ 151,355</u></u>
 Supplemental Cash Flow Disclosures		
Cash paid during the year for interest	<u><u>\$ 183,255</u></u>	<u><u>\$ 189,777</u></u>

The accompanying notes are an integral part of these financial statements.

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 1–Nature of Operations

Young Men's Christian Association of the Capital Area (“the YMCA”) is an association of persons united in a common effort to enhance the quality of life - spiritually, mentally, physically and socially - for all people, regardless of the ability to pay, in the Baton Rouge, Louisiana community through the ecumenical application of Christian principles. It is dedicated to strengthening communities through youth development, healthy living, and social responsibility. The major sources of funding are from membership dues, program fees, and financial development efforts, including annual community fundraising, special events, and grants.

Note 2–Summary of Significant Accounting Policies

A. Basis of Accounting and Financial Statement Presentation

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with YMCA’s financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the YMCA and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed stipulations that (a) restrict their use to a specific purpose, which will be satisfied by actions of the YMCA or the passage of time; or (b) require that they be maintained in perpetuity by the YMCA; generally, the donor of these assets permits the YMCA to use all or part of the income earned, including capital appreciation, or related investments for purposes with or without donor restrictions. At December 31, 2024, the YMCA had net assets totaling \$1,321,775 with donor restrictions.

B. Measure of Operations

In its statement of activities, the YMCA defines “operations” as all revenue and expenses that are an integral part of its programs and supporting activities. Nonoperating activity consists primarily of investment returns above the amounts designated for operation, lease income, gains and losses from asset dispositions, debt forgiveness, and other nonoperating expenses.

C. Use of Estimates

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

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the YMCA considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 2—Summary of Significant Accounting Policies (Continued)

E. Accounts Receivable

Accounts receivable are presented at face value, net of allowance for credit losses. The YMCA maintains an allowance that reflects an estimate of the expected credit losses. The YMCA's allowance is estimated using a loss rate model based on aging and delinquency. The estimated loss rate is based on the YMCA's historical experience with specific members, an understanding of the current economic conditions and the YMCA's own judgments as to the likelihood of ultimate payment based upon available data. The actual rate of future credit losses, however, may not be similar to past experience. The estimate of credit losses could change based on changing circumstances, including changes in the economy or in the circumstances of individual customers. Accordingly, the YMCA may be required to increase or decrease its allowance. As of December 31, 2024 and 2023, the allowance for credit losses for accounts receivable was \$3,280 and \$14,500, respectively.

F. Pledges Receivable

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is received. Conditional promises to give are not included as support until such time as the conditions are substantially met.

G. Property and Equipment

Property and equipment are stated at cost. Donated assets are recorded at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Expenditures for major repairs and improvements that extend the useful lives of property and equipment are capitalized at cost. Expenditures for maintenance and minor repairs are charged to expense as incurred. The estimated useful lives for property and equipment categories are as follows: buildings and components (5-39 years), pools (20 years), equipment (3-5 years), automobiles (5 years), and furniture and fixtures (3-7 years).

H. Beneficial Interest in Investments Held by Others

The YMCA holds a beneficial interest in investments held by others ("investments") for which the YMCA is specified as the beneficiary. The investments are comprised of donor-restricted and board-designated endowment funds and are stated at fair value or estimated fair value. Variance power was not granted to the recipient association. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets with donor restrictions in the reporting period in which the income and gains (losses) are recognized.

I. Deferred Revenue

Membership dues and program fees that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which the revenue is earned.

J. Income Taxes

YMCA is a nonprofit organization exempt from income taxes under provisions of the Internal Revenue Code Section 501(c)(3); therefore, no provision has been made for income taxes.

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 2—Summary of Significant Accounting Policies (Continued)

J. Income Taxes (Continued)

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the YMCA were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

K. Revenue Recognition

The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership dues, program services fees, and sales of supplies.

Membership dues are recognized ratably over the period of membership, which varies based on when members join or leave the YMCA. Unearned membership revenue is reflected as deferred revenue on the statement of financial position. Members are provided with monthly access to the YMCA locations and a variety of services, and revenue is recognized monthly as the services are provided. Management has adopted the practical expedient whereby costs to obtain membership contracts are not capitalized as the average length of a membership contract is less than one year. Discounted fees on memberships are recognized during the year in which the discount is actually taken and service provided. Membership joining fees are recognized in the period when the new member joins.

Program service fees and pool administrative fees are 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 include fitness classes, childcare, day camps, swim lessons, and various other programs operating at the YMCA locations or schools. Performance obligations are generally providing a service at a point in time. Revenue is recognized at the time the services are provided to the program participants. Unearned program fees are reflected as deferred revenue on the statement of financial position.

Sales of supplies include one-time sales of various items at the YMCA locations. Revenue is recognized at the point in time of the sale as no subsequent performance obligations exist.

Because the YMCA's performance obligations relate to contracts with a duration of less than one year, the YMCA has elected to apply the optional exemption provided in FASB-ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components. Transaction prices are specific to a distinct performance obligation and do not consist of multiple transactions.

L. Contributions

The YMCA reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 2—Summary of Significant Accounting Policies (Continued)

M. Grants

The YMCA receives grant funding from various non-governmental entities to provide a variety of program services to the public based on specific requirements included in the agreements. Such grants are nonreciprocal transactions and include conditions stipulated by the entity and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. Cash received on grants prior to incurring allowable expenses are recorded as deferred revenue.

N. Contributed Nonfinancial Assets

Contributed nonfinancial assets, which include the donated use of buildings over their estimated useful life in below market leases, are recorded at the respective fair values of the goods or services received at the date of the donation. Contributed nonfinancial assets are reported in the statement of activities apart from contributions and grants. See Note 16 for disclosure related to the contribution of nonfinancial assets in 2024.

O. Advertising

Advertising costs (included in printing and publications) are expensed when incurred and amounted to \$188,832 for the year ended December 31, 2024.

P. Leases

Under ASC Topic 842, *Leases*, the YMCA determines if an arrangement is a lease at inception primarily based on the determination of the party responsible for directing the use of an underlying asset within a contract. Thereafter, the YMCA performs an analysis to classify the lease as either an operating lease or a finance lease. Operating lease right-of-use assets represent the YMCA's right to use an underlying asset for the lease term, and lease liabilities represent the YMCA's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of committed lease payments, the YMCA uses its implicit rate in the lease as the discount rate when readily determinable; if the implicit rate is not available, the YMCA uses its incremental borrowing rate based on the information available at the lease commencement date which includes corporate debt financings of companies of similar size and credit rating over a loan term approximating the remaining term of each lease. If leases include payments of operating expenses that are dependent and may be revised based on the landlord's estimate, these variable payments are excluded from the lease payments used to determine the operating lease right-of-use asset and liability. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the YMCA will exercise such options. Lease expense is recognized on a straight-line basis over the expected lease term.

The YMCA elected to not apply the recognition of Topic 842 to short-term leases with terms of 12 months or less which do not include an option to purchase the underlying asset nor to leases with total lease amounts less than \$20,000. These lease payments are recognized as operating expenses on a straight-line basis over the lease term. The YMCA elected to account for lease and non-lease components as a single lease component.

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 2—Summary of Significant Accounting Policies (Continued)

Q. Fair Value Measurements

YMCA follows FASB-ASC 820, *Fair Value Measurements*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants at the measurement date. FASB-ASC 820 establishes a hierarchical framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment.

YMCA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. YMCA determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level I: Quoted prices (unadjusted) in active markets which are accessible at the measurement date.
- Level II: Prices based on observable inputs corroborated by market data but no quoted active markets.
- Level III: Prices based on unobservable inputs, including situations where there is little, if any, market activity for the assets or liabilities. The inputs used in the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investments.

R. Liquidity Management

As of December 31, 2024, the following financial assets could be made readily available within one year of the date of the statement of financial position to meet general expenditures. As part of its liquidity management, YMCA has a policy to structure its financial assets to be available as general expenditures and obligations become due.

Cash and cash equivalents	\$ 483,191
Accounts receivable, net	139,351
Pledges receivable, net	28,839
Beneficial interest in investments held by others	4,999,829
Less, those unavailable for general expenditures within one year, due to:	
Restricted investments	(891,659)
Restricted contributions	(430,116)
Net pledges receivable greater than one year	<u>(6,997)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,322,438</u>

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 2—Summary of Significant Accounting Policies (Continued)

S. Functional Expenses

The costs of providing various programs and other activities of the YMCA have been summarized on a functional basis in the statement of functional expenses. Salary and other personnel costs that are not directly coded to programmatic activities are allocated based on time certifications and the best estimate of employees. All other operating costs are allocated using various allocation methodologies, including allocations based on square footage of each facility.

Note 3—Pledges Receivable

The YMCA's pledges represent contributions for facilities and equipment and to support the ongoing operations of the YMCA. Outstanding pledge contributions from various entities and individuals were discounted using an interest rate of 4.50% based on imputed interest rates applicable to the year in which the promise was received, which were as follows at December 31, 2024:

Pledges due:	
In less than one year:	\$ 21,842
In one to five years	-
In more than five years	<u>15,900</u>
	37,742
Less: unamortized discount	<u>(8,903)</u>
 Total pledges receivable, net	 <u><u>\$ 28,839</u></u>

Note 4—Property and Equipment

The following is a breakdown of property and equipment as of December 31, 2024:

Buildings and parking lots	\$36,101,411
Land	3,264,261
Swimming pools	1,129,923
Transportation equipment	26,626
Exercise equipment	2,676,590
Furniture and fixtures	552,408
Tennis court complex	2,692,287
Construction in progress	<u>10,100</u>
	46,453,606
Less: accumulated depreciation and amortization	<u>(21,613,348)</u>
 Total property and equipment, net	 <u><u>\$24,840,258</u></u>

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 5—Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following as of December 31, 2024:

Purpose or time restricted:	
Various programs	\$ 430,116
Endowment	<u>122,064</u>
	552,180
Perpetual in nature:	
Endowment	<u>769,595</u>
Total net assets with donor restrictions	<u>\$ 1,321,775</u>

Note 6—Board-Designated and Donor-Restricted Endowments

The YMCA has board-designated and donor-restricted endowment funds established for the principal purpose to receive and administer funds for various cultural and educational purposes and organizations in the greater Baton Rouge community. As required by accounting principles generally accepted in the United States of America, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors of the YMCA has interpreted the State's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as maintaining 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 classifies the original value of the gifts to the endowment and the value of subsequent gifts to the endowment as net assets with donor restrictions because those net assets are time restricted until the Board appropriates such amounts for expenditure. Most of these net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The YMCA would consider the endowment fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instruments.

The YMCA has interpreted UPMIFA to permit spending from underwater endowment funds in accordance with prudent measures required under the law. The endowment fund is not currently underwater.

The principal objective of the endowment fund investments is to achieve a long-term investment return, within a reasonable level of volatility, significant enough to pay all annual overhead expenses. The long-term total return is more important than the short-term results or market value volatility. The endowment fund assets are comprised of a diverse portfolio of stocks, bonds, CDs, mutual funds, closed end funds, exchange traded funds, notes, separately managed accounts, hedge funds, alternatives, annuities, cash equivalents, and other investments that may reflect varying rates of returns. The overall rate of return objective for the portfolio is a reasonable rate consistent with the risk levels established by the Board of Directors. The return objective for the total funds, measured over 3 to 5 years, is the return of appropriate investment benchmarks recommended by the investment consultant to the Finance Committee and approved by the Board of Directors.

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 6—Board-Designated and Donor-Restricted Endowments (Continued)

The composition of endowment funds by type of fund as of December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 4,230,234	\$ -	\$ 4,230,234
Donor-restricted endowment funds	<u>-</u>	<u>891,659</u>	<u>891,659</u>
Total endowment funds	<u>\$ 4,230,234</u>	<u>\$ 891,659</u>	<u>\$ 5,121,893</u>

The following represents activity in the endowment funds for the year ended December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, 12/31/23	\$ 4,968,461	\$ 776,285	\$ 5,744,746
Net appreciation	564,773	-	564,773
Transfer out	(1,303,000)	(1,000)	(1,304,000)
Contributions	-	111,165	111,165
Other income	<u>-</u>	<u>5,209</u>	<u>5,209</u>
Endowment net assets, 12/31/24	<u>\$ 4,230,234</u>	<u>\$ 891,659</u>	<u>\$ 5,121,893</u>

In 2024, investment expense of \$45,319 was included in net investment income.

Note 7—Deferred Compensation Plan

In 2021, the YMCA established a nonqualified deferred compensation plan under Section 457(b) of the Internal Revenue Code for the CEO, to which the YMCA contributes 10% of the CEO's salary up to the maximum contribution allowed under IRC Section 457. The YMCA also established a nonqualified deferred compensation plan under Section 457(f) of the Internal Revenue Code for the CEO, to which the YMCA contributes 10% of the CEO's salary less what was paid on the Section 457(b) plan. The CEO is entitled to all benefits accrued under the plans up to his termination of participation in the plans. The YMCA made total contributions of \$22,650 to the deferred compensation plans for the year ended December 31, 2024. Assets designated for this plan consist of money market funds.

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 8—Line of Credit

The YMCA has a \$500,000 secured line of credit available. There was an outstanding balance of \$373,412 as of December 31, 2024. The line bears interest at 8.50% and is collateralized by securities.

Note 9—Notes Payable

The YMCA has an EIDL loan dated June 23, 2020 with the U.S. Small Business Administration with an outstanding balance of \$1,955,228 as of December 31, 2024, bearing interest at 2.75% and maturing in June 2050. The loan is payable in monthly interest only payments beginning January 2023 and monthly installments of principal and interest beginning January 2024. The loan is collateralized by substantially all of the YMCA's assets.

The YMCA also has a note payable to a financial institution with an outstanding balance of \$245,042 as of December 31, 2024, bearing interest at 8.00%, maturing in June 2029, collateralized by fitness and pool equipment.

Following are the future maturities of notes payable for each of the next five years and thereafter:

2025	\$ 97,451
2026	102,815
2027	108,550
2028	114,670
2029	88,114
Thereafter	<u>1,688,670</u>
	<u>\$ 2,200,270</u>

Note 10—Bond Payable

The YMCA has a bond payable to Red River Bank with an outstanding balance of \$2,169,112 as of December 31, 2024. The bond is secured by the revenue of the YMCA and due in monthly principal and interest payments of \$37,201, bearing interest at 2.365%. The bond matures on March 1, 2030.

Following are the future maturities of the bond payable for each of the next five years and thereafter:

2025	\$ 399,424
2026	408,973
2027	418,751
2028	428,762
2029	439,013
Thereafter	<u>74,189</u>
	<u>\$ 2,169,112</u>

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 11—Leases

The YMCA has the following finance lease obligations as of December 31, 2024:

The YMCA leased \$39,391 of exercise equipment under a noncancellable finance lease, bearing an imputed interest rate of 7.01%, and expiring in November 2025.	\$ 7,557
The YMCA leased \$190,832 of exercise equipment under a noncancellable finance lease, bearing an imputed interest rate of 6.69%, and expiring in January 2026.	43,425
The YMCA leased \$232,812 of exercise equipment under a noncancellable finance lease, bearing an imputed interest rate of 6.41%, and expiring in December 2025.	75,930
The YMCA leased \$277,928 of exercise equipment under a noncancellable finance lease, bearing an imputed interest rate of 6.32%, and expiring in December 2027.	172,660
The YMCA leased \$23,184 of exercise equipment under a noncancelable finance lease, bearing an imputed interest rate of 7.01%, and expiring in June 2026.	<u>10,450</u>
	<u><u>\$ 310,022</u></u>

The YMCA has non-cancellable operating leases, primarily for a branch building and an administration office, that expire at various dates over the next 12 years. The YMCA is responsible for utilities, maintenance, insurance, and property taxes under the leases.

The lease agreements include an option to renew or terminate at the YMCA's discretion. The lease terms do not include periods covered by this option as it is not reasonably certain that the YMCA will renew. The YMCA's lease agreements do not contain any material residual value guarantees or restrictive covenants. The total operating lease expense for the year ended December 31, 2024 was as follows:

Operating lease cost:	
Operating lease cost:	\$ 186,294
Impairment of operating lease ROU assets	<u>-</u>
Total operating lease cost	<u>186,294</u>
Finance lease cost:	
Amortization of ROU assets	189,934
Interest on lease liabilities	<u>25,506</u>
Total finance lease cost	<u>215,440</u>
Total lease cost	<u><u>\$ 401,734</u></u>

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 11—Leases (Continued)

Amortization of ROU assets is included in depreciation and amortization, and interest on lease liabilities is included in interest expense on the statement of functional expenses.

Amounts reported in the accompanying statement of financial position as of December 31, 2024 for the operating leases was as follows:

Operating lease right-of-use assets	<u>\$ 1,091,355</u>
Operating lease liabilities	<u>\$ 1,097,244</u>

Amounts reported in the accompanying statement of financial position as of December 31, 2024 for finance leases are included in the table below. The finance lease ROU assets are recorded within property and equipment (net) on the statement of financial position.

Finance lease ROU assets	\$ 764,147
Accumulated amortization	<u>(493,234)</u>
Finance lease ROU assets, net	<u>\$ 270,913</u>
Finance lease liabilities	<u>\$ 310,022</u>

Supplemental cash flow information and non-cash activity related to the leases for the year ended December 31, 2024 was as follows:

Cash paid for amounts included in the measurement of lease liabilities and ROU assets:	
Operating cash flow from operating leases	\$ (181,944)
Financing cash flow from finance leases	(186,821)
ROU assets obtained in exchange for lease obligations:	
Operating leases	925,584
Finance leases	-
Reductions to ROU assets resulting from reductions to lease obligations:	
Operating leases	-
Finance leases	-

Amounts disclosed for ROU assets obtained in exchange for lease obligations include amounts added to the carrying amount of ROU assets resulting from lease modifications and reassessments.

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 11—Leases (Continued)

Weighted average remaining lease terms and discount rates for operating and finance leases as of December 31, 2024 were as follows:

Weighted average remaining lease term (years):	
Operating leases	6.16
Finance leases	2.05
Weighted average discount rate:	
Operating leases	4.50%
Finance leases	6.44%

Maturities of lease liabilities as of December 31, 2024 are as follows:

	Operating Leases	Finance Leases
2025	\$ 233,784	\$ 201,317
2026	238,707	69,424
2027	241,190	59,564
2028	241,190	-
2029	92,785	-
Thereafter	<u>209,000</u>	<u>-</u>
Total undiscounted lease payments	1,256,656	330,305
Less: imputed interest	<u>(159,412)</u>	<u>(20,283)</u>
Total lease liabilities	<u><u>\$ 1,097,244</u></u>	<u><u>\$ 310,022</u></u>

For the year ended December 31, 2024, short-term lease expense and long-term lease expense for total lease amounts for leases less than \$20,000 amounted to \$33,722 and is included in rent on the statement of functional expenses.

Note 12—Retirement Plans

The YMCA 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 IRC of 1986, as amended and The YMCA Retirement Fund 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 throughout 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 a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 12—Retirement Plans (Continued)

In accordance with the agreement, the YMCA contributes 12% of salary for all eligible employees who meet certain age and length of service requirements. Contributions to the Retirement Plan totaled \$300,763 for the year ended December 31, 2024.

Participant contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution in this plan.

Note 13—Fair Value Measurements

Assets measured at fair value on a recurring basis at December 31, 2024 are comprised of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in investments				
held by others	\$ -	\$ 4,999,829	\$ -	\$ 4,999,829
Deferred compensation plan	<u>94,738</u>	<u>-</u>	<u>-</u>	<u>94,738</u>
	<u>\$ 94,738</u>	<u>\$ 4,999,829</u>	<u>\$ -</u>	<u>\$ 5,094,567</u>

Generally, for all investments, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. For certain investments, fair value is determined by the present value of future cash inflows.

Note 14—Related Party Transactions

During the year ended December 31, 2024, the YMCA incurred insurance expense of \$948,425 with a company owned by a Board member.

The YMCA paid dues to the YMCA of the USA totaling \$167,417 for the year ended December 31, 2024.

At December 31, 2024, the YMCA had \$309,110 receivable from a company with the same management.

Note 15—Concentrations

The YMCA derives approximately 58% of its revenue from memberships to its fitness centers. These centers are all located within the metropolitan area of Baton Rouge, Louisiana.

At various times during the year, cash on deposit with one banking institution exceeded the amount insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash, to minimize this potential risk.

Note 16—Contingent Liability

The YMCA is a guarantor on a \$13,109,000 loan with a related party for the construction of the A.C. Lewis Branch. As of 12/31/24, the loan had a balance of \$6,267,644, with \$6,841,356 remaining to be funded.

Young Men's Christian Association of the Capital Area
Notes to Financial Statements
December 31, 2024

Note 17—A.C. Lewis Branch Operations

The YMCA completed the demolition of the A.C. Lewis branch building in September 2023. Upon completion of the demolition, the related land was donated to an unrelated not-for-profit organization.

Concurrently in September 2023, the YMCA signed a short-term operating lease agreement to continue its A.C. Lewis branch operations with payment terms set at \$1 per month. The fair market value of the lease from January 2024 through December 2024 is estimated to be \$98,059. As such, the YMCA recognized a contributed nonfinancial asset of \$98,059 for the year ended December 31, 2024 for the use of building facilities. The expense of the contributed nonfinancial asset is included in rent on the statement of functional expenses.

Note 18—Subsequent Events

The YMCA has evaluated all subsequent events through June 30, 2025, the date the financial statements were available to be issued. As a result, the YMCA noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information

**Young Men's Christian Association of the Capital Area
Schedule of Compensation, Benefits and Other
Payments to Agency Head or Chief Executive Officer
Year Ended December 31, 2024**

**Agency Head Name: Christian Engle, President and CEO
January 1, 2024 through November 8, 2024**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

**Agency Head Name: Josh Landry, Interim CEO
November 9, 2024 through December 31, 2024**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

The above tables represent compensation paid to the past CEO and the interim CEO from public funds received by the YMCA. Christian Engle and Josh Landry did not receive any compensation from public funds for the year ended December 31, 2024.



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

The Board of Directors
Young Men's Christian Association of the Capital Area
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Young Men's Christian Association of the Capital Area (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hawthorn, Waymouth & Carroll, LLP.

June 30, 2025

**Young Men's Christian Association of the Capital Area
Schedule of Current Year Audit Findings
Year Ended December 31, 2024**

Part I. Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements and related note disclosures of Young Men's Christian Association of the Capital Area as of and for the year ended December 31, 2024.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

**Young Men's Christian Association of the Capital Area
Schedule of Prior Year Findings
Year Ended December 31, 2024**

Part I. Findings Related to an Audit of Financial Statements

No findings were noted.

Part II. Management Letter

No management letter was issued for the year ended December 31, 2023.