YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2024 and 2023

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Directors
Young Men's Christian Association of Middle Tennessee
Nashville, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Young Men's Christian Association of Middle Tennessee (the "YMCA") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the YMCA as of December 31, 2024 and 2023, 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 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 the YMCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the YMCA's ability to continue as a going concern within one year after the date 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 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2025, on our consideration of the YMCA'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 YMCA'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 the YMCA's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Nashville, Tennessee
June 23, 2025

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION (IN THOUSANDS)

DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 13,350	$ 27,069
Investments	14,867	15,039
Accounts and Grants Receivable:		
Membership and program fees, net	681	368
Grants and contracts	1,019	110
Contributions receivable, net	2,991	2,777
Other receivables	-	822
Prepaid expenses and other assets	1,237	1,102
Total Current Assets	34,145	47,287
Contributions receivable, less current portion, net	582	170
Investments	17,835	17,546
Interest rate swap asset	258	546
Cash restricted for investment in property and equipment	139	200
Property and equipment, net	135,857	123,393
Operating lease right-of-use assets	766	588
Total Assets	$ 189,582	$ 189,730
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 4,281	$ 3,750
Accrued expenses	4,480	4,778
Deferred membership and program revenues	1,969	2,281
Deferred grant revenue, ARPA Childcare Stabilization Grant	471	8,832
Current portion of bonds payable	1,999	2,027
Current portion of operating lease liability	228	170
Total Current Liabilities	13,428	21,838
Deferred lease revenue	127	201
Operating lease liability, less current portion	548	424
Long-term bonds payable, less current portion	28,088	30,087
Total Liabilities	42,191	52,550
Net Assets:		
Without Donor Restrictions:		
Undesignated	109,895	78,394
Board designated	31,139	52,798
Total Without Donor Restrictions	141,034	131,192
With Donor Restrictions	6,357	5,988
Total Net Assets	147,391	137,180
Total Liabilities and Net Assets	$ 189,582	$ 189,730

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL DATA FOR YEAR ENDED DECEMBER 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Operating Activities:				
Public Support:				
Contributions	$ 1,302	$ 1,424	$ 2,726	$ 2,596
Foundation and corporate grants	473	669	1,142	1,189
Special events, net	150	-	150	62
Release from restrictions	2,435	(2,435)	-	-
Total Public Support	4,360	(342)	4,018	3,847
Revenue:				
Membership fees, net	49,857	-	49,857	46,183
Program fees, net	24,304	-	24,304	21,749
Government grants and contracts	9,885	-	9,885	12,190
Sales to members	635	-	635	672
Other income	1,757	-	1,757	1,196
Total Revenue	86,438	-	86,438	81,990
Total Public Support and Revenue	90,798	(342)	90,456	85,837
Expenses:				
Program services	74,055	-	74,055	73,189
Administrative	9,691	-	9,691	10,168
Fundraising	1,659	-	1,659	1,525
Total Expenses	85,405	-	85,405	84,882
Change in Net Assets from Operations	5,393	(342)	5,051	955
Nonoperating Activities:				
Unrealized loss on interest rate swap	(288)	-	(288)	(260)
Interest income	2,429	-	2,429	1,705
Realized and unrealized gain on investments	280	-	280	491
Gain on disposal of property and equipment	464	-	464	8,342
Contributions for capital assets	-	2,275	2,275	2,047
Release from restrictions	1,564	(1,564)	-	-
Total Nonoperating Activities	4,449	711	5,160	12,325
Change in net assets	9,842	369	10,211	13,280
Net assets, beginning of year	131,192	5,988	137,180	123,900
Net assets, end of year	$ 141,034	$ 6,357	$ 147,391	$ 137,180

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Operating Activities:			
Public Support:			
Contributions	$ 901	$ 1,695	$ 2,596
Foundation and corporate grants	861	328	1,189
Special events, net	62	-	62
Release from restrictions	1,912	(1,912)	-
Total Public Support	3,736	111	3,847
Revenue:			
Membership fees, net	46,183	-	46,183
Program fees, net	21,749	-	21,749
Government grants and contracts	12,190	-	12,190
Sales to members	672	-	672
Other income	1,196	-	1,196
Total Revenue	81,990	-	81,990
Total Public Support and Revenue	85,726	111	85,837
Expenses:			
Program services	73,189	-	73,189
Administrative	10,168	-	10,168
Fundraising	1,525	-	1,525
Total Expenses	84,882	-	84,882
Change in Net Assets from Operations	844	111	955
Nonoperating Activities:			
Unrealized loss on interest rate swap	(260)	-	(260)
Interest income	1,705	-	1,705
Realized and unrealized gain on investments	491	-	491
Gain on sale of property and equipment	8,342	-	8,342
Contributions for capital assets	-	2,047	2,047
Release from restrictions	3,844	(3,844)	-
Total Nonoperating Activities	14,122	(1,797)	12,325
Change in net assets	14,966	(1,686)	13,280
Net assets, beginning of year	116,226	7,674	123,900
Net assets, end of year	$ 131,192	$ 5,988	$ 137,180

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2024

	Program Services				Supporting Services			
	Healthy Living	Youth Development	Social Responsibility	Total Program Services	Administrative	Fundraising	Total Supporting Services	Total Expenses
Personnel Costs:								
Salaries and wages	$ 21,483	$ 13,652	$ 372	$ 35,507	$ 4,324	$ 832	$ 5,156	$ 40,663
Employee benefits	1,934	1,624	67	3,625	937	150	1,087	4,712
Payroll taxes	1,834	1,132	28	2,994	359	58	417	3,411
Total Personnel Costs	25,251	16,408	467	42,126	5,620	1,040	6,660	48,786
Nonpersonnel Costs:								
Occupancy	7,858	1,480	-	9,338	245	-	245	9,583
Depreciation and amortization	4,381	2,564	78	7,023	96	-	96	7,119
Supplies	2,241	2,422	38	4,701	36	82	118	4,819
Purchased services	1,085	759	47	1,891	704	83	787	2,678
Equipment	1,945	202	-	2,147	411	-	411	2,558
Technology system and services	604	273	6	883	1,075	61	1,136	2,019
Conferences, meetings, and staff development	200	1,300	44	1,544	53	26	79	1,623
Financing costs	776	454	14	1,244	-	-	-	1,244
Promotion and publication	56	22	-	78	995	2	997	1,075
Liability and other insurance	613	303	4	920	181	-	181	1,101
Travel, meals, and entertainment	42	282	36	360	176	3	179	539
Awards, grants, and assistance	477	239	20	736	-	-	-	736
Membership and professional dues	430	169	-	599	10	4	14	613
Bad debt expense	155	-	-	155	-	345	345	500
Miscellaneous	89	142	66	297	40	13	53	350
Postage and shipping	12	1	-	13	49	-	49	62
Total Nonpersonnel Costs	20,964	10,612	353	31,929	4,071	619	4,690	36,619
Total Expenses	$ 46,215	$ 27,020	$ 820	$ 74,055	$ 9,691	$ 1,659	$ 11,350	$ 85,405

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2023

	Program Services				Supporting Services			
	Healthy Living	Youth Development	Social Responsibility	Total Program Services	Administrative	Fundraising	Total Supporting Services	Total Expenses
Personnel Costs:								
Salaries and wages	$ 20,590	$ 14,425	$ 328	$ 35,343	$ 4,916	$ 934	$ 5,850	$ 41,193
Employee benefits	1,874	1,710	60	3,644	858	164	1,022	4,666
Payroll taxes	1,735	1,164	24	2,923	271	65	336	3,259
Total Personnel Costs	24,199	17,299	412	41,910	6,045	1,163	7,208	49,118
Nonpersonnel Costs:								
Occupancy	7,820	1,468	-	9,288	238	-	238	9,526
Depreciation and amortization	4,161	2,593	68	6,822	77	-	77	6,899
Supplies	2,133	2,206	12	4,351	39	96	135	4,486
Equipment	1,964	384	6	2,354	476	2	478	2,832
Purchased services	971	784	32	1,787	671	63	734	2,521
Technology system and services	626	292	6	924	993	54	1,047	1,971
Conferences, meetings, and staff development	163	1,079	41	1,283	75	24	99	1,382
Financing costs	802	500	13	1,315	-	-	-	1,315
Promotion and publication	58	28	-	86	1,082	2	1,084	1,170
Liability and other insurance	624	240	28	892	147	-	147	1,039
Travel, meals, and entertainment	45	376	46	467	160	3	163	630
Awards, grants, and assistance	376	191	25	592	-	-	-	592
Membership and professional dues	340	152	-	492	16	3	19	511
Bad debt expense	347	1	-	348	-	100	100	448
Miscellaneous	91	145	34	270	112	15	127	397
Postage and shipping	7	1	-	8	37	-	37	45
Total Nonpersonnel Costs	20,528	10,440	311	31,279	4,123	362	4,485	35,764
Total Expenses	$ 44,727	$ 27,739	$ 723	$ 73,189	$ 10,168	$ 1,525	$ 11,693	$ 84,882

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENTS OF CASH FLOWS (IN THOUSANDS)

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 10,211	$ 13,280
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	7,119	6,898
Gain on disposal of property and equipment	(464)	(8,359)
Realized and unrealized gain on investments	(281)	(491)
Loss on interest rate swap agreement	288	260
Net change in lease right-of-use assets and liabilities	2	1
Changes in:		
Accounts and grants receivable	(1,223)	153
Contributions receivable	(1,901)	(1,813)
Other receivables	822	(822)
Prepaid expenses and other	(135)	291
Accounts payable and accrued liabilities	(1,761)	(28)
Deferred membership	(312)	393
Deferred grant revenue	(8,361)	(1,502)
Deferred lease revenue and other	(74)	(774)
Net cash flows from operating activities	3,930	7,487
Cash flows from investing activities:		
Purchases of property and equipment	(17,271)	(20,670)
Proceeds from sale of property and equipment	148	16,000
Proceeds from sale of investments, net	164	-
Purchases of investments, net	-	(6,915)
Net cash flows from investing activities	(16,959)	(11,585)
Cash flows from financing activities:		
Proceeds received from contributions for property and equipment	1,275	3,716
Principal payments on note payable	-	(15,500)
Principal payments on bonds payable	(2,026)	(1,955)
Net cash flows from financing activities	(751)	(13,739)
Change in cash and cash equivalents	(13,780)	(17,837)
Cash and cash equivalents, beginning of year	27,269	45,106
Cash and cash equivalents, end of year	$ 13,489	$ 27,269
Reconciliation to statements of financial position:		
Cash and cash equivalents, unrestricted	$ 13,350	$ 27,069
Cash restricted for investment in property and equipment	139	200
	$ 13,489	$ 27,269

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
STATEMENTS OF CASH FLOWS (IN THOUSANDS) (CONTINUED)

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Supplemental cash flow disclosures:		
Cash paid for interest	$ 1,243	$ 1,315
Noncash investing and financing activities:		
Accounts payable for construction in progress and property and equipment	$ 2,694	$ 698

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

Note 1—General and summary of significant accounting policies

General – The Young Men's Christian Association of Middle Tennessee (the "YMCA") is a worldwide charitable fellowship united by a common loyalty to Jesus Christ for the purpose of helping people grow in spirit, mind, and body. As the region's leading nonprofit dedicated to strengthening community, the YMCA works side by side with neighbors to make sure everyone, regardless of age, income, or background, has the opportunity to learn, grow, and thrive. With 12 family wellness centers and over 90 program locations, the YMCA exists to nurture the potential of children and teens, improve the region's health and well-being, and to provide opportunities to give back and support neighbors.

Program Activities – The accompanying financial statements include the following program activities:

Healthy Living – The YMCA is a leading voice on health and well-being. We bring families closer together, encourage good health and foster connections through fitness, sports, fun, and shared interests. As a result, people in our community are receiving the support, guidance, and resources they need to achieve greater health in spirit, mind, and body. This is particularly important as our nation struggles with an obesity crisis, families struggle with work/life balance, and individuals search for personal fulfillment.

Youth Development – The YMCA is committed to nurturing the potential of every child and teen. We believe that all kids deserve the opportunity to discover who they are and what they can achieve. That is why we help young people cultivate the values, skills, and relationships that lead to positive behaviors, better health, and educational achievement. Our YMCA programs offer a range of experiences that enrich cognitive, social, physical, and emotional growth.

Social Responsibility – The YMCA believes in giving back and supporting our neighbors. We have been listening and responding to our community's most critical social needs. YMCA programs are examples of how we deliver training, resources, and support that empower our neighbors to effect change, bridge gaps, and overcome obstacles. We engage YMCA members, participants, and volunteers in activities that strengthen our community and pave the way for future generations to thrive.

Basis of Presentation – The accompanying financial statements present the financial position and operations of the corporate office and all YMCA centers on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant transactions and balances between and among the corporate office and the centers have been eliminated in combination.

Resources are classified as with or without donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the YMCA. These net assets may be used at the discretion of YMCA's management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the YMCA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions and Support – Contributions received are recorded as increases in net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions received are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met.

Note 1—General and summary of significant accounting policies (continued)

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as increases to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value. Any gifts of equipment or materials are reported as increases to net assets without donor restrictions unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as increases to net assets with donor restrictions. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Government Grants and Contracts – The YMCA receives grant and contract funding from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing, and other requirements. These program services range from childcare after school programs, day camp, family programs, programs for seniors, and health and welfare related programs. The YMCA's government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred.

Cash received on government grants and contracts prior to incurring allowable expenses are recorded as deferred revenue.

Government grants and contracts receivable are recorded in grants and contracts receivable. All other contributions are recorded in contributions receivable. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted. At December 31, 2024 and 2023, all such grant and contracts receivable are deemed to be fully collectible.

Donated Services – Many individuals volunteer their time and perform a variety of tasks for or on behalf of the YMCA. During 2024 and 2023, contributed services meeting the requirements for recognition in the financial statements was not significant.

Cash and Cash Equivalents – The YMCA considers liquid investments with original maturities of three months or less to be cash and cash equivalents. Cash allocated to the investment portfolio as part of the YMCA's investment strategy is reported as investments.

Accounts Receivable – Accounts receivable related to membership and programmatic fees are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. The allowance for doubtful accounts for accounts receivable at December 31, 2024 and 2023 (in thousands) is $203 and $195, respectively.

Note 1—General and summary of significant accounting policies (continued)

Contributions Receivable – Unconditional promises to give that are expected to be collected within one year are recorded as pledges receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using an appropriate discount rate commensurate with the rate on U.S. government bonds whose maturities correspond to the maturities of the contributions and management's estimate of credit risk for each contribution. Amortization of the discount is recognized using the interest method over the term of the gift and is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

The allowance for uncollectible contributions is provided based on management's estimate of uncollectible contributions receivable and historical trends. The allowance for doubtful accounts for contributions receivable at December 31, 2024 and 2023 (in thousands) is $386 and $315, respectively.

Prepaid Expenses and Other Assets – Prepaid expenses includes insurance, certain marketing and promotional costs pertaining to future campaigns, and are paid in advance and charged to operating expense when the expenses or campaign occurs.

Advertising, marketing, and promotional costs incurred totaled $1,075 and $1,170 (in thousands) for the years ended December 31, 2024 and 2023, respectively, and are included in promotions and publications on the statements of functional expense.

Property and Equipment – Land, building, equipment, furniture, and software are reported at cost at the date of purchase or at estimated fair value at date of gift to the YMCA. The YMCA's policy is to capitalize purchases with a cost (in thousands) of $5 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets ranging from 2 to 20 years for equipment and furniture; 5 to 7 years for software; 15 to 20 years for land improvements; and 40 years for buildings and building improvements.

Interest costs are capitalized in connection with construction of qualifying assets. Capitalization begins when expenditures for qualifying assets are made, activities necessary to prepare the asset for its intended use are in progress, and interest cost is being incurred. Capitalization ends when the asset is ready for its intended use. Capitalized interest cost is depreciated the same as the associated qualifying asset.

Right of Use Assets and Lease Liabilities – Right of use ("ROU") assets represent the YMCA's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the YMCA's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the YMCA's incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the YMCA will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. Finance lease expense is recognized as amortization of the right to use asset and interest expense. As permitted by ASC 842, leases with an initial term of 12 months or less ("short-term leases") are not recorded on the accompanying statements of financial position.

The YMCA has lease agreements with lease and non-lease components, which are accounted for as a single lease component under the practical expedient provisions of the standard. For the qualifying short-term leases, the YMCA elected the short-term lease recognition exemption in which the YMCA will not recognize ROU assets or lease liabilities, including the ROU assets or lease liabilities for existing short-term leases of those assets upon adoption.

Note 1—General and summary of significant accounting policies (continued)

Variable lease payments consist primarily of common area maintenance, utilities, and taxes, which are not included in the recognition of ROU assets and related lease liabilities. Variable lease payments and short-term lease expenses were immaterial to the YMCA's financial statements for the years ended December 31, 2024 and 2023. The YMCA lease agreements do not contain material restrictive covenants.

Impairment of Long-lived Assets – The carrying value of the YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest the assets may be impaired or the remaining useful, depreciable life may need to be changed. The YMCA considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value.

Derivatives – The YMCA utilizes derivative financial instruments to manage its interest rate exposure by reducing the impact of fluctuating interest rates on its debt service requirements. Derivatives are recognized as either assets or liabilities in the statements of financial position at fair value. Changes in the fair value of derivatives are recognized currently in the statements of activities.

Deferred Revenues – Deferred revenue consists of membership dues, unearned revenue from a lease, advance operational and maintenance costs received from a lessee, and grant funds received not yet earned.

Income from membership dues is deferred initially and recognized over the periods to which dues relate.

Deferred lease revenue is recognized into income on the straight-line method over the term of the lease.

Grant funds received prior to expenditure are recorded initially as deferred revenue. Revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

Income Taxes – The YMCA qualifies as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The YMCA files U.S. federal Form 990 for organizations exempt from income tax and Form 990-T, an exempt organization business income tax return. In addition, the YMCA files a Tennessee franchise and excise tax return. The YMCA pays tax on unrelated business income from certain activities. These activities and the related tax were insignificant in 2024 and 2023.

The YMCA follows the Financial Accounting Standards Board Accounting Standards Codification ("ASC") guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The YMCA has no tax penalties or interest reported in the accompanying financial statements. There is no accrual for uncertain tax positions at December 31, 2024 or 2023.

Note 1—General and summary of significant accounting policies (continued)

Program and Supporting Services – The following program and supporting services are included in the accompanying financial statements:

Program Services – Includes activities carried out to fulfill the YMCA's mission to provide nurturing and healthy development of children, teens, adults, seniors, families, and communities, and to provide opportunities to give back and support neighbors.

Supporting Services – Administrative expenses relate to the overall direction of an organization. These expenses are not identifiable with a particular program or event or with fundraising but are indispensable to the conduct of those activities and are essential to an organization. Fundraising expenses include the costs of activities directed toward appeals for financial support including annual giving campaigns and grants. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

As part of its fundraising efforts, the YMCA holds periodic special events. Direct expenses related to special events are included within special event revenue in the accompanying statements of activities and totaled (in thousands) $140 and $129 for the years ended December 31, 2024 and 2023, respectively.

Allocation of Functional Expenses – The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, interest, occupancy, salaries and wages, and conferences, meetings, and staff development, which are allocated on a basis of estimated usage, time, and effort.

Use of Estimates – The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements – The YMCA classifies its financial assets and liabilities based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market but for which observable market inputs are readily available; inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies), and Level 3 (securities valued based on significant unobservable inputs).

An assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. Following are descriptions of the valuation methodologies used for financial assets and liabilities:

U.S. Treasury securities are measured at fair value on a recurring basis utilizing Level 1 inputs. Independent third party pricing sources are used to price all security positions for which a readily determinable market price is available. At December 31, 2024 and 2023, the YMCA had realized and unrealized gain on investments (in thousands) of $280 and $491, respectively, included in the nonoperating activities on the statements of activities.

Interest rate swaps are measured at fair value on a recurring basis utilizing Level 2 inputs. The YMCA obtains bank quotations to value its interest rate swaps. For purposes of potential valuation adjustments to its derivative positions, the YMCA evaluates the credit risk of its counterparties as well as that of the YMCA. At December 31, 2024 and 2023, the YMCA had unrealized loss on interest rate swap (in thousands) of $286 and $260, respectively, on the statements of activities.

Note 1—General and summary of significant accounting policies (continued)

The methods 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 methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the valuation methodologies during 2024 or 2023.

Reclassifications – Certain 2023 amounts have been reclassified to conform with 2024 presentation. These reclassifications had no effect on the reported results of operations.

Subsequent Events – The YMCA has evaluated subsequent events through June 23, 2025, which is the date on which these financial statements are available to be issued. (See Note 10.)

Note 2—Revenue

The YMCA follows Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* which requires an entity to recognize revenue when the YMCA transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Member Fees and Program Fees – The YMCA receives revenue from member fees, which are based on the number of people in the household. Membership in the YMCA entitles members to enjoy the use of YMCA facilities and to participate in YMCA programs. Program fees are charged for both members and non-members to participate in various programming including camping, aquatics, childcare, fitness and wellness, sports, and special events. Members and program participants may apply to pay reduced rates, which are offered on a sliding scale based on household income. Membership and program fees are recognized when the performance obligation is met. Such fees received in advance are recorded as deferred membership and other revenues.

Disaggregation of Revenue – The statements of activities depict the disaggregation of revenues by revenue stream for the years ended December 31, 2024 and 2023, and are consistent with how the YMCA evaluates financial performance.

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities.

Contract assets consisting of accounts receivable were (in thousands) $681, $368, and $342 as of December 31, 2024, December 31, 2023, and January 1, 2023, respectively, and are included on the statements of financial position. Accounts receivable include amounts billed and currently due from members of which the YMCA has an unconditional right to receive. The amounts due are stated at their estimated net realizable value. The YMCA extends credit to its members and does not require collateral. The YMCA reduces the carrying amount of accounts receivable by an allowance for credit losses that reflects the YMCA's best estimate of the amounts that will not be collected. The allowance for credit losses is based on the YMCA's assessment of the collectability of member accounts receivable. In accordance with ASC Topic 326, *Financial Instruments – Credit Losses*, the YMCA makes estimates relating to the collectability of accounts receivable and records an allowance for estimated losses expected from the inability of its members to make required payments. The YMCA establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a member's ability to pay, and creditworthiness of significant members. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Accounts receivable are written off when there is no reasonable expectation of recovery. Based on the information available to management, the YMCA has recorded an allowance for credit losses (in thousands) of $203 and $195 at December 31, 2024 and 2023, respectively. However, actual write-offs could exceed the recorded allowance for credit losses.

Note 2—Revenue (continued)

Contract liabilities consisting of deferred membership and program revenues on the accompanying statements of financial position totaled (in thousands) $1,969 and $2,281 as of December 31, 2024 and 2023, respectively. Deferred revenue represents income from membership dues and program fees. Deferred lease revenue represents income from a third party contract described in Note 8. These are deferred when received and amortized over the terms of the membership or contract period.

The following table provides information about significant changes in the contract liabilities for the years ended December 31 (in thousands):

	2024	2023
Deferred membership and program revenue, beginning of year	$ 2,281	$ 1,888
Revenue recognized that was included in deferred revenue at the beginning of year	(2,281)	(1,888)
Increase in deferred revenue due to cash received during the year	1,969	2,281
Deferred membership and program revenue, end of year	$ 1,969	$ 2,281

Note 3—Liquidity and availability of resources

The YMCA has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The YMCA maintains a line of credit with a financial institution that is drawn upon as needed (see Note 9).

The following table represents the YMCA's financial assets (in thousands) as of December 31, 2024 and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the governing board has set aside the funds for a specific reserve or donors have restricted certain donations. These board designations could be drawn upon if the board approves that action. The YMCA considers general expenditures to be all expenditures related to its ongoing activities of achieving its mission of helping people grow in spirit, mind, and body:

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 13,350	$ 27,069
Investments	14,867	15,039
Accounts and grants receivable, net	1,700	478
Contributions receivable, net	2,991	2,777
Cash restricted for investment in property and equipment	139	200
Financial assets, at year-end	33,047	45,563
Less those unavailable for general expenditure within one year, due to:		
Board-designated reserves	(13,304)	(35,253)
Net assets restricted for capital improvements	(4,172)	(3,462)
Net assets restricted for specific programs	(673)	(540)
Net assets restricted for future year operations	(1,512)	(1,985)
Financial assets available to meet general expenditures within one year	$ 13,386	$ 4,323

Note 4—Contributions receivable

Contributions receivable consisted of the following as of December 31 (in thousands):

	2024	2023
Less than one year	$ 2,991	$ 2,777
One year to five years	1,098	577
	4,089	3,354
Less allowance for uncollectible contributions	(386)	(315)
Less discount to net present value	(130)	(92)
	$ 3,573	$ 2,947

Contributions receivable are discounted at rates ranging from 0.36% to 4.89%.

Note 5—Fair value measurements

The following table summarizes the YMCA's major categories of assets measured at fair value on a recurring basis in the statement of financial position, by the ASC 820 valuation hierarchy (as described in Note 1), as of December 31 (in thousands):

	2024			
	Level 1	Level 2	Level 3	Total
U.S. Treasury securities	$ 32,702	$ -	$ -	$ 32,702
Interest rate swap	-	258	-	258
	$ 32,702	$ 258	$ -	$ 32,960

	2023			
	Level 1	Level 2	Level 3	Total
U.S. Treasury securities	$ 32,585	$ -	$ -	$ 32,585
Interest rate swap	-	546	-	546
	$ 32,585	$ 546	$ -	$ 33,131

Note 6—Property and equipment

Property and equipment consisted of the following as of December 31 (in thousands):

	2024	2023
Land and land improvements	$ 16,615	$ 16,559
Buildings and improvements	158,481	156,812
Equipment and furniture	41,675	41,643
Software	2,446	2,446
Construction in progress	22,672	7,894
	241,889	225,354
Less accumulated depreciation	(106,032)	(101,961)
	$ 135,857	$ 123,393

Construction in progress includes architectural plans, renovations and additions that were underway at several YMCA centers at December 31, 2024 and 2023. The majority of construction in progress at December 31, 2024 and 2023 relates to the Downtown location.

In December 2021, the YMCA entered into an agreement to sell and redevelop a portion of the Downtown YMCA property at 1010 Church Street, Nashville, Tennessee. In connection with the sale transaction, the YMCA entered into a development agreement with the purchaser to construct a new 53,000-square foot family wellness facility that will be integrated into its existing portion of the facility constructed in 2008. Costs of this project are included in construction in progress at December 31, 2024. Also in connection with the December 2021 sale transaction, the YMCA entered into a purchase agreement for a parking garage valued at $4,100 (in thousands). The garage is part of a larger development project and construction of the project is in its initial phase. The garage acquisition has not yet been completed as of June 23, 2025.

In March 2021, the YMCA entered into an agreement to sell the Maryland Farms Property at 5101 Maryland Way, Brentwood, Tennessee. The purchase and sale agreement closed on May 25, 2023 and the YMCA recognized a gain on that sale of approximately $9 million which is reflected in the statements of activities for the year ended December 31, 2023.

Note 7—Deferred revenue – government grants and funding arrangements

During the years ended December 31, 2024 and 2023, the YMCA was awarded (in thousands) $-0- and $8,880, respectively, in funding under the COVID-19 ARPA Child Care and Development Block Grant. The YMCA has recognized (in thousands) $6,825 and $10,382, respectively, under this grant as eligible costs have been incurred, as of December 31, 2024 and 2023. Such amounts are included in government grants and contracts in the statements of activities for the years ended December 31, 2024 and 2023. The remaining $471 and $8,832 (in thousands) is reflected as deferred revenue at December 31, 2024 and 2023, respectively. During 2024, management refunded (in thousands) $2,328 to the grantor and anticipates refunding to the grantor the remaining amounts reflected in deferred revenue in 2025.

The Coronavirus Aid, Relief, and Economic Security Act contained the Employee Retention Credit ("ERC"), a refundable payroll tax credit available to employers that experienced hardship in their operations due to the coronavirus (COVID-19) outbreak. The YMCA qualified for (in thousands) $751 of ERC for various quarters during the year ended December 31, 2020. Such amounts are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The YMCA selected ASC 958-605 as the applicable standard for accounting for ERC and has overcome the barriers to receiving these funds. Such amounts are included in government grants and contract revenue in the accompanying 2024 statement of activities. This amount has not yet been received and is included in grant receivable in the statement of financial position at December 31, 2024.

Note 8—Deferred lease revenue

The YMCA maintains a joint occupancy agreement with a nonprofit organization for facility use and maintenance. Under the terms of the joint occupancy agreement, the nonprofit organization has the right to occupy certain space at the Bellevue Family YMCA and J.L. Turner Center for Lifelong Learning until February 28, 2026. The initial agreement required an advance payment (in thousands) of $2,000 of which $1,486 was prepaid rent for the entire initial lease term, and $513 was a prepayment for estimated operational costs and maintenance for approximately 15 years. The remaining unamortized balance of deferred lease revenue for the Bellevue facility totaled (in thousands) $127 and $201 at December 31, 2024 and 2023, respectively, as reflected as deferred lease revenue on the statements of financial position.

Note 9—Line of credit

The YMCA maintains a line of credit with a financial institution. The line of credit provides for maximum borrowings of $15 million through February 26, 2026. The agreement requires monthly interest payments calculated at the greater of the daily SOFR rate plus 1.30% per annum or 2.30% (5.61% and 6.61% at December 31, 2024 and 2023, respectively) in addition to a fee of 0.25% of the unused principal balance.

Outstanding borrowings on the line of credit totaled $-0- for each of the years ended at December 31, 2024 and 2023. The line of credit contains restrictive covenants and is collateralized by a security interest in two YMCA center facilities and a negative pledge of the YMCA's assets.

Note 10—Bonds payable

On July 1, 2012, the YMCA entered into an agreement with a financial institution to provide up to $57 million in financing through a guaranty and credit qualified tax-exempt loan and up to $15 million in financing (see line of credit discussed in Note 9) through a taxable debt facility. These debt instruments served to refinance substantially all existing debt and provide additional borrowing capacity. The industrial development bond associated with the tax-exempt loan was approved by the Davidson County Industrial Development Board on May 8, 2012. The guaranty and credit agreement contains restrictive covenants and is secured by a negative pledge of the YMCA's real property. The agreement contains a provision to adjust the monthly payment requirement and provide the financial institution the option to call the bonds, with a 90-day notice, on October 1, 2025, October 1, 2030, and October 1, 2035. Effective April 2025, the lender waived its option to call the bonds on October 1, 2025.

Bonds payable consisted of the following at December 31 (in thousands):

	2024	2023
Bonds Payable		
2012 Industrial Revenue bonds, face value $57,000 final maturity date of June 1, 2037. Payments toward principal repayment are due monthly. Interest is determined monthly based on SOFR plus a margin. Rates at December 31, 2024 and 2023 were 5.08% and 6.61%, respectively.	$ 30,087	$ 32,114
	$ 30,087	$ 32,114

Note 10—Bonds payable (continued)

Effective November 1, 2015, the YMCA entered into a fixed-for-floating interest rate swap agreement with a financial institution in order to lessen exposure to fluctuating interest rates on the bonds. The agreement provides for a 10-year term (maturity of November 1, 2025) and an original notional amount of $46,426 (in thousands). The agreement requires the YMCA to make a monthly interest payment equal to a per annum rate of 2.32% times the current notional amount ($31,363 and $32,113 (in thousands) at December 31, 2024 and 2023, respectively), and the financial institution adjusts monthly interest due from (or payable) to the YMCA based on the difference between the fixed rate and the floating rate for the period (2.30% and 3.06% at December 31, 2024 and 2023, respectively).

Annual principal maturities and required reimbursement payments of bonds payable as of December 31, 2024 are as follows:

Years Ending December 31,	
2025	$ 1,999
2026	2,079
2027	2,159
2028	2,242
2029	2,328
Thereafter	19,280
	$ 30,087

Note 11—Net assets

Net assets with donor restrictions consist principally of contributions restricted for the following at December 31 (in thousands):

	2024	2023
Capital improvements	$ 4,172	$ 3,462
Grants restricted for specific programs	673	540
Contributions restricted for future year operations	1,512	1,986
	$ 6,357	$ 5,988

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors were as follows during the years ended December 31:

	2024	2023
Satisfaction of specific purpose restrictions	$ 493	$ 1,963
Satisfaction of time restrictions	3,506	3,793
	$ 3,999	$ 5,756

Note 11—Net assets (continued)

Net assets with board designations for specific purposes are as follows at December 31 (in thousands):

	2024	2023
Earmarked funds	$ 2,408	$ 310
Facility capital reinvestment reserve	3,320	4,769
Debt service reserve	13,271	12,547
Investments and cash set aside for specific purposes	12,140	35,172
	$ 31,139	$ 52,798

Note 12—Commitments and contingencies

The YMCA has received certain federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to the grantors.

Periodically, the YMCA is involved in legal proceedings, claims, and litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the outcome of such legal proceedings, claims, and litigation should not have a material effect on the financial statements.

Note 13—Concentrations

Concentrations of Credit Risk – The YMCA maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. During 2023, the YMCA began utilizing IntraFi Cash Services provided by its primary financial institution in order to divide deposits into depository accounts in amounts under $250 (in thousands), making such eligible for FDIC insurance. As of December 31, 2024 and 2023, certain of the YMCA's cash equivalents held in investment accounts were in excess of Securities Investor Protection Corporation (SIPC) insurance limits by $9,360 and $21,330, respectively.

The YMCA utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Note 14—Employee benefit plans

The YMCA participates in a defined contribution, individual account, and money purchase retirement plan which is administered by the Young Men's Christian Association Retirement Fund (a separate corporation) (the "Retirement Fund"). This plan is for the benefit of all eligible professional and nonprofessional staff of duly organized and reorganized YMCAs throughout the United States.

Contributions to the plan by employees and employer YMCAs are based on a percentage of the participating employees' salaries. Employer contribution rates were 10% for both the years ended December 31, 2024 and 2023. Total contributions to the plan by the YMCA, which are included in employee benefits in the accompanying statements of functional expenses amounted to (in thousands) $2,155 and $2,160 for the years ended December 31, 2024 and 2023, respectively.

Note 14—Employee benefit plans (continued)

The Retirement Fund is operated as a church pension plan and is a nonprofit, tax-exempt New York State corporation. As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations.

Note 15—Related party transactions and related entities

The YMCA purchases insurance, contracts for marketing services, law services, construction services, and architectural services from entities in which certain board members are affiliated. The total of such expenditures approximated (in thousands) $559 and $322 in 2024 and 2023, respectively.

The YMCA Foundation of Middle Tennessee (the "YMCA Foundation") was formed to establish a sustaining means of support, using its income primarily for the benefit of the YMCA. The YMCA has representation on the YMCA Foundation's Board of Directors but does not have a majority voting interest. The YMCA Foundation receives donor-designated funds and also makes grants to other nonprofit organizations. For the year ended December 31, 2024, the YMCA Foundation awarded total grants (in thousands) of $550 ($674 in 2023), of which $550 ($673 in 2023) was awarded to the YMCA and included in grant revenues.

A condensed summary of financial information of the YMCA Foundation as of and for the years ended December 31 follows (in thousands):

	2024	2023
Total assets	$ 16,279	$ 15,018
Total liabilities	562	523
Net assets	$ 15,717	$ 14,495
Net assets:		
Without donor restrictions	$ 13,522	$ 12,372
With donor restrictions	2,195	2,123
Total net assets	$ 15,717	$ 14,495
Total support and revenue, including realized and unrealized gains on investments of $1,394 in 2024 and $1,700 in 2023, respectively	$ 1,977	$ 3,360
Total expenses	$ 755	$ 815
Resources held for the benefit of the YMCA	$ 15,709	$ 14,487

Note 16—Leases

The YMCA is obligated under several noncancelable operating leases for office space, equipment, and vehicles that expire at various dates through 2028. The YMCA determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration. The YMCA has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on relative stand-alone prices.

The ROU assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses are factored into the determination of the lease term if it is reasonably certain these options would be exercised by the YMCA. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain of YMCA's lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the YMCA uses the implicit rate when it is readily determinable. As most of the YMCA's leases do not provide an implicit rate, management uses the risk-free discount rate based on the information available at lease commencement to determine the present value of lease payments.

The YMCA's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The YMCA does not have leases where it is involved with the construction or design of an underlying asset. The YMCA has no material obligation for leases signed but not yet commenced as of December 31, 2024. The YMCA does not have any material sublease activities.

Practical Expedients Elected:

- The YMCA elected the three transition practical expedients that permit an entity to: (a) not reassess whether expired or existing contracts contain leases, (b) not reassess lease classification for existing or expired leases, and (c) not consider whether previously capitalized initial direct costs would be appropriate under the new standard.

- The YMCA has elected the practical expedient not to recognize leases with terms of 12 months or less on the statement of financial position and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, the YMCA's short-term lease expense for the period reflects the YMCA's ongoing short-term lease commitments. Lease expense for such short-term leases was not material for the years ended December 31, 2024 and 2023.

- The YMCA has elected to utilize the risk-free discount rate to calculate lease assets and liabilities.

- The YMCA has elected to account for lease and non-lease components as a single component.

Note 16—Leases (continued)

Classification of ROU assets and lease liabilities as of December 31 are as follows (in thousands):

Leases	Balance Sheet Classification	2024	2023
Assets:			
Operating right-of-use assets	Operating lease assets, net	$ 766	$ 588
Total lease assets		$ 766	$ 588
Liabilities:			
Current:			
Operating lease liabilities	Current portion of operating lease liability	$ 228	$ 170
Noncurrent:			
Operating lease liabilities	Operating lease liability, net of current portion	548	424
Total lease liabilities		$ 776	$ 594

Future minimum lease payments as of December 31, 2024 is as follows (in thousands):

Maturity Analysis	Operating
2025	$ 253
2026	233
2027	204
2028	137
2029	1
Total undiscounted cash flows	828
Less present value discount	(52)
Total lease liabilities	$ 776

Required supplemental information relating to the YMCA's leases for the year ended December 31 is as follows:

	2024	2023
Lease expense:		
Operating lease expense	$ 246	$ 402
Cash flow information:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	$ 242	$ 395
Lease assets obtained in exchange for lease liabilities:		
Operating leases	$ 400	$ 416
Lease term and discount rate:		
Weighted-average remaining lease term for operating leases	3.45 years	4.07 years
Weighted-average discount rate for operating leases	3.73%	3.57%