

YMCA FOUNDATION OF MIDDLE TENNESSEE

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2023 and 2022

And Report of Independent Auditor

YMCA FOUNDATION OF MIDDLE TENNESSEE
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Report of Independent Auditor

To the Board of Trustees
YMCA Foundation of Middle Tennessee
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of YMCA Foundation of Middle Tennessee (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, 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. 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 Foundation 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 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 the Foundation'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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Cherry Bekaert LLP

Nashville, Tennessee
September 11, 2024

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 14,545	\$ 139,746
Investments	14,566,615	11,862,032
Contributions receivable	22,768	49,489
Cash value of life insurance	414,234	399,472
Total Assets	<u>\$ 15,018,162</u>	<u>\$ 12,450,739</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 12,070	\$ 5,847
Related party liability, due to YMCA	511,796	495,696
Total Liabilities	<u>523,866</u>	<u>501,543</u>
Net Assets:		
Without Donor Restrictions:		
Designated for endowment	9,045,834	7,682,042
Undesignated	3,318,400	3,189,857
Philanthropic fund	7,352	6,591
Total Without Donor Restrictions	<u>12,371,586</u>	<u>10,878,490</u>
With Donor Restrictions	<u>2,122,710</u>	<u>1,070,706</u>
Total Net Assets	<u>14,494,296</u>	<u>11,949,196</u>
Total Liabilities and Net Assets	<u>\$ 15,018,162</u>	<u>\$ 12,450,739</u>

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

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 338,297	\$ 1,052,004	\$ 1,390,301
Realized and unrealized gain	1,699,970	-	1,699,970
Interest and dividend income, net	254,613	-	254,613
Other income	14,762	-	14,762
Total Support and Revenue	<u>2,307,642</u>	<u>1,052,004</u>	<u>3,359,646</u>
Expenses:			
Program Services:			
Grants to various YMCA programs	673,796	-	673,796
Grants to other agencies	632	-	632
Total Program Services	<u>674,428</u>	<u>-</u>	<u>674,428</u>
Supporting Services:			
Management and general	82,247	-	82,247
Fundraising and donor appreciation costs	57,871	-	57,871
Total Supporting Services	<u>140,118</u>	<u>-</u>	<u>140,118</u>
Total Expenses	<u>814,546</u>	<u>-</u>	<u>814,546</u>
Change in net assets	1,493,096	1,052,004	2,545,100
Net assets, beginning of year	<u>10,878,490</u>	<u>1,070,706</u>	<u>11,949,196</u>
Net assets, end of year	<u>\$ 12,371,586</u>	<u>\$ 2,122,710</u>	<u>\$ 14,494,296</u>

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

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Contributions	\$ 642,020	\$ 16,989	\$ 659,009
Realized and unrealized loss	(1,626,387)	-	(1,626,387)
Interest and dividend income, net	175,045	-	175,045
Other income	14,513	-	14,513
Total Support and Revenue	<u>(794,809)</u>	<u>16,989</u>	<u>(777,820)</u>
Expenses:			
Program Services:			
Grants to various YMCA programs	495,696	-	495,696
Grants to other agencies	644	-	644
Total Program Services	<u>496,340</u>	<u>-</u>	<u>496,340</u>
Supporting Services:			
Management and general	51,104	-	51,104
Fundraising and donor appreciation costs	61,522	-	61,522
Total Supporting Services	<u>112,626</u>	<u>-</u>	<u>112,626</u>
Total Expenses	<u>608,966</u>	<u>-</u>	<u>608,966</u>
Change in net assets	(1,403,775)	16,989	(1,386,786)
Net assets, beginning of year	<u>12,282,265</u>	<u>1,053,717</u>	<u>13,335,982</u>
Net assets, end of year	<u>\$ 10,878,490</u>	<u>\$ 1,070,706</u>	<u>\$ 11,949,196</u>

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

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Grants to YMCA Programs</u>	<u>Grants to Other Agencies</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising and Donor Appreciation Costs</u>	<u>Total</u>
Grants and awards	\$ 673,796	\$ 632	\$ 674,428	\$ -	\$ -	\$ 674,428
Personnel	-	-	-	56,188	-	56,188
Professional fees	-	-	-	18,034	30,240	48,274
Miscellaneous	-	-	-	8,025	27,631	35,656
Total Expenses	<u>\$ 673,796</u>	<u>\$ 632</u>	<u>\$ 674,428</u>	<u>\$ 82,247</u>	<u>\$ 57,871</u>	<u>\$ 814,546</u>

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

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Grants to YMCA Programs</u>	<u>Grants to Other Agencies</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising and Donor Appreciation Costs</u>	<u>Total</u>
Grants and awards	\$ 495,696	\$ 644	\$ 496,340	\$ -	\$ -	\$ 496,340
Personnel	-	-	-	37,449	-	37,449
Professional fees	-	-	-	11,050	30,240	41,290
Miscellaneous	-	-	-	2,605	31,282	33,887
Total Expenses	<u>\$ 495,696</u>	<u>\$ 644</u>	<u>\$ 496,340</u>	<u>\$ 51,104</u>	<u>\$ 61,522</u>	<u>\$ 608,966</u>

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

YMCA FOUNDATION OF MIDDLE TENNESSEE
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,545,100	\$ (1,386,786)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized (gain) loss on investments, net	(1,699,970)	1,626,387
Changes in operating assets and liabilities:		
Contributions receivable	26,721	18,211
Cash value of life insurance	(14,762)	(14,335)
Accounts payable	6,223	33
Related party liability, due to YMCA	16,100	22,100
Net cash flows from operating activities	<u>879,412</u>	<u>265,610</u>
Cash flows from investing activities:		
Proceeds from sale of investments	6,104,495	4,090,986
Purchase of investments	<u>(7,109,108)</u>	<u>(4,341,209)</u>
Net cash flows from investing activities	<u>(1,004,613)</u>	<u>(250,223)</u>
Change in cash and cash equivalents	(125,201)	15,387
Cash and cash equivalents, beginning of year	<u>139,746</u>	<u>124,359</u>
Cash and cash equivalents, end of year	<u><u>\$ 14,545</u></u>	<u><u>\$ 139,746</u></u>

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

YMCA FOUNDATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1—Nature of operations and summary of significant accounting policies

General – The YMCA Foundation of Middle Tennessee (the “Foundation”) is a tax-exempt publicly supported charitable organization. The Foundation’s purpose is to manage funds to support the Young Men’s Christian Association of Middle Tennessee (“YMCA”) and its programs. The Foundation is governed by a separate Board of Directors from the YMCA.

Basis of Presentation – The accompanying financial statements present the financial position and changes in net assets of the Foundation on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

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 Foundation. These net assets may be used at the discretion of Foundation’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 Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Foundation had net assets with donor restrictions of a perpetual nature totaling \$942,973 at December 31, 2023 and 2022.

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 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.

Gifts of equipment or materials are reported as unrestricted support 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 cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Cash and Cash Equivalents – Cash and cash equivalents consist principally of checking account balances and cash balances with brokerage firms.

Contributions Receivable – Unconditional promises to give that are expected to be collected within one year are recorded as contributions 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 interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Management expects amounts outstanding to be collected in full and, accordingly, has not recorded an allowance for collectability.

YMCA FOUNDATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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

Investments – Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains and losses are reflected in the statements of activities.

Fair Value Measurements – Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

Following are descriptions of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include common stock holdings, exchange traded funds, real estate investment trusts, and corporate bonds. If quoted market prices are not available, the fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. Securities without readily available market data are classified as Level 3.

Cash Value of Life Insurance – Valuation of insurance policies is provided by the insurance company based on the cash values plus non-guaranteed dividends that may be paid at the time the policy is surrendered. The policies are classified within Level 2 of the valuation hierarchy.

No changes in the valuation methodology were made during 2023 or 2022.

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 Foundation's valuation method is 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 estimate of fair value at the reporting date.

YMCA FOUNDATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1—Nature of operations 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 – Include activities carried out to fulfill the Foundation’s mission, principally to provide grants to the YMCA and other nonprofit organizations in Middle Tennessee.

Management and General – Relates to the overall direction of the Foundation. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the Foundation. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

Fundraising and Donor Appreciation Costs – Include costs of activities directed toward appeals for financial support, including special events and donor appreciation functions. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data including time and effort or reasonable subjective methods determined by management.

Donated Services – Donated services are recognized if they create or enhance non-financial assets or the donated services require specialized skills and are performed by a donor who possesses such skills, and would have been purchased by the Foundation if not provided by the donor. Such donations are recognized at the estimated fair value of the services received as support and expensed in the period the services are performed.

A substantial number of unpaid volunteers have contributed their time to the Foundation’s fundraising and supporting services. The value of this contribution is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

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.

Income Taxes – The Foundation qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for federal income taxes is included in the accompanying financial statements.

The Foundation files a U.S. federal Form 990 and Form 990T for organizations exempt from income tax.

The Foundation follows Financial Accounting Standards Board (“FASB”) 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 Foundation has no tax penalties or interest reported in the accompanying financial statements.

YMCA FOUNDATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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

Board-Designated Endowment –

Investment Return Objective, Risk Parameters, and Strategies – The Foundation has adopted investment and spending policies, approved by the Investment Committee and/or Board of Trustees, to establish asset allocation targets, investment objectives and guidelines, and the degree of investment risk the board deems acceptable. The goal of the investment program is to produce a reasonable return of net income over a reasonable period of time (or appreciation where not inconsistent with the Foundation's need for current income) with due regard to safety of principal in furtherance of the exempt purpose of the Foundation. Allocation targets are primarily equities and fixed income.

Spending Policy – The annual board-designated distribution from the endowment fund is 4.5% of the rolling average of the third quarter market valuation of the Foundation's endowment over the preceding three years.

Designated Fund – The designated portion of net assets without donor restrictions consists of gifts for the benefit of a named YMCA program or center specified by the board. The board provides grants to those respective YMCA programs or centers based on a percentage of the total of such funds held. The board has the authority to modify these designations at its discretion.

Philanthropic Fund – Donors who make gifts to the philanthropic fund have the privilege of making recommendations relating to distributions therefrom to the various YMCA programs or centers and/or other nonprofit agencies. Such recommendations are taken into consideration by the board when grants are decided upon but are advisory only and not binding. Accordingly, philanthropic fund net assets are classified as without donor restrictions.

Adoption of Accounting Pronouncements – In 2016, FASB issued ASC Topic 326, *Financial Instruments – Credit Losses*. This ASC was intended to improve financial reporting by requiring earlier recognition of credit losses on loans and other financial assets carried at amortized cost, which included trade receivables. The Foundation adopted this standard effective January 1, 2023, using the modified retrospective approach. Since the Foundation does not have material receivables subject to ASC Topic 326 as of December 31, 2023, adoption of the new standard did not materially impact the Foundation's financial statements.

Reclassifications – Certain reclassifications of 2022 balances have been made to conform with 2023 presentation.

Subsequent Events – The Foundation evaluated subsequent events through September 11, 2024, which is the date when these financial statements were available to be issued.

Note 2—Cash value of life insurance

Cash value of life insurance totaling \$414,234 and \$399,472 at December 31, 2023 and 2022, respectively, relates to policies donated to and owned by the Foundation. Increases in cash value totaled \$14,762 and \$14,335 in 2023 and 2022, respectively, which is reported as other income on the accompanying statements of activities. Total face value of such policies approximated \$521,000 and \$521,000 as of December 31, 2023 and 2022, respectively.

YMCA FOUNDATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 3—Contribution receivables

Contribution receivables are collectible over the following periods as of December 31:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 22,768	\$ 16,989
1-5 years	-	32,500
	<u>\$ 22,768</u>	<u>\$ 49,489</u>

Note 4—Transactions with YMCA

The Foundation leases its staff from the YMCA and reimburses the YMCA for applicable salaries and related payroll taxes, insurance, and other benefits. For the years ended December 31, 2023 and 2022, approximately \$56,000 and \$37,000, respectively, was expensed in the accompanying statements of activities related to such reimbursements. Additionally, the YMCA provides certain other professional services to the Foundation, which for the years ended December 31, 2023 and 2022, totaled approximately \$30,000. As of December 31, 2023 and 2022, accounts payable included approximately \$12,000 and \$5,800, respectively, owed to the YMCA for such expenses.

For the years ended December 31, 2023 and 2022, the Foundation approved grants totaling \$511,796 and \$495,696, respectively, for the YMCA for various programs. These grants will be paid in the coming year and are reflected in related party liability, due to YMCA at December 31, 2023 and 2022 in the statements of financial position.

During the year ended December 31, 2022, the YMCA made a contribution to the Foundation in the amount of \$500,000. This is included in the board-designated endowment.

Note 5—Endowment

The Foundation's endowment consists of board-designated and donor-restricted net assets held in investment accounts. As required by U.S. GAAP, net assets associated with endowment accounts are classified and reported based upon the existence or absence of donor-imposed restrictions.

Changes in endowment net assets are as follows for the year ended December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 6,739,069	\$ 942,973	\$ 7,682,042
Additions	1,655,959	-	1,655,959
Appropriated for expenditure	(622,894)	-	(622,894)
Investment return	1,273,700	-	1,273,700
Endowment net assets, end of year	<u>\$ 9,045,834</u>	<u>\$ 942,973</u>	<u>\$ 9,988,807</u>

YMCA FOUNDATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 5—Endowment (continued)

Changes in endowment net assets are as follows for the year ended December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 7,554,741	\$ 942,973	\$ 8,497,714
Additions	664,020	-	664,020
Appropriated for expenditure	(329,812)	-	(329,812)
Investment return	(1,149,880)	-	(1,149,880)
Endowment net assets, end of year	<u>\$ 6,739,069</u>	<u>\$ 942,973</u>	<u>\$ 7,682,042</u>

Note 6—Net assets with donor restrictions

Net assets with donor restrictions consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Donor-restricted contribution for camp scholarships	\$ 1,048,000	\$ -
Joe C. Davis endowment for camp maintenance, repairs, and improvements	942,973	942,973
Donor-restricted contribution (including outstanding pledge of \$-0- and \$32,500, respectively)	100,000	100,000
Contributions receivable	20,993	16,989
Pooled income funds	10,744	10,744
Total net assets with donor restrictions	<u>\$ 2,122,710</u>	<u>\$ 1,070,706</u>

YMCA FOUNDATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 7—Fair value measurements

The following table sets forth the Foundation's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Investments:				
Money market funds	\$ 82,960	\$ -	\$ -	\$ 82,960
Equities:				
Common stock:				
Services	1,779,424	-	-	1,779,424
Technology	1,977,708	-	-	1,977,708
Financial	845,600	-	-	845,600
Healthcare	1,064,694	-	-	1,064,694
Industrial goods	1,100,133	-	-	1,100,133
Basic materials	336,084	-	-	336,084
Consumer bonds	984,559	-	-	984,559
Exchange traded funds:				
Small blend	414,040	-	-	414,040
Small cap	216,500	-	-	216,500
Mid cap	659,880	-	-	659,880
International	228,838	-	-	228,838
Ultra short bond	253,100	-	-	253,100
Natural resources	446,384	-	-	446,384
High yield	77,390	-	-	77,390
Emerging markets	263,855	-	-	263,855
Intermediate term	255,781	-	-	255,781
Real estate investment trusts	99,000	-	-	99,000
Fixed income:				
Government bonds	249,535	-	-	249,535
Corporate bonds	3,231,150	-	-	3,231,150
Total investments	<u>\$ 14,566,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,566,615</u>
Cash value of life insurance	<u>\$ -</u>	<u>\$ 414,234</u>	<u>\$ -</u>	<u>\$ 414,234</u>

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Note 7—Fair value measurements (continued)

The following table sets forth the Foundation's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31, 2022:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Investments:				
Money market funds	\$ 88,451	\$ -	\$ -	\$ 88,451
Equities:				
Common stock:				
Services	1,534,241	-	-	1,534,241
Technology	1,586,331	-	-	1,586,331
Financial	768,710	-	-	768,710
Healthcare	873,033	-	-	873,033
Industrial goods	656,296	-	-	656,296
Basic materials	358,920	-	-	358,920
Consumer goods	809,209	-	-	809,209
Exchange traded funds:				
Small blend	357,900	-	-	357,900
Small cap	189,280	-	-	189,280
Mid cap	575,515	-	-	575,515
International	208,302	-	-	208,302
Ultra short bond	251,650	-	-	251,650
Natural resources	291,516	-	-	291,516
High yield	73,630	-	-	73,630
Emerging markets	226,610	-	-	226,610
Intermediate term	249,902	-	-	249,902
Real estate investment trusts	62,675	-	-	62,675
Fixed income:				
Corporate bonds	2,699,861	-	-	2,699,861
Total investments	<u>\$ 11,862,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,862,032</u>
Cash value of life insurance	<u>\$ -</u>	<u>\$ 399,472</u>	<u>\$ -</u>	<u>\$ 399,472</u>

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Note 8—Liquidity and availability of resources

The Foundation has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table represents the Foundation’s financial assets as of December 31, 2023 and 2022, 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 contingency reserve or donors have made restricted contributions. These board designations could be drawn upon if the board approves that action. The Foundation considers general expenditures to be all expenditures related to its ongoing activities of supporting the YMCA and its programs.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 14,545	\$ 139,746
Investments	14,566,615	11,862,032
Contributions receivable	22,768	49,489
Financial assets, at year-end	<u>14,603,928</u>	<u>12,051,267</u>
Less those unavailable for general expenditure within one year, due to:		
Board-designated endowment	(9,045,834)	(6,739,069)
Donor-restricted contributions for camp scholarships	(1,048,000)	-
Donor-restricted endowment for Joe C. Davis camp maintenance, repairs, and improvements	(942,973)	(942,973)
Donor-restricted contributions (including contributions receivable of \$-0- and \$32,500, respectively)	(120,993)	(116,989)
Pooled income funds	<u>(10,744)</u>	<u>(10,744)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,435,384</u>	<u>\$ 4,241,492</u>

Note 9—Concentrations of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of investments. Investments are subject to market risk, the risk inherent in a fluctuating market. The brokers/dealers that are the custodians of the Foundation’s securities are covered by the Securities Investor Protection Corporation, which provides protection to investors in certain circumstances such as fraud or failure of the institution. Coverage is limited to \$500,000, including up to \$250,000 in cash. At December 31, 2023 and 2022, the Foundation’s investment accounts included approximately \$83,000 and \$88,000, respectively, of money market funds recorded as investments in the accompanying statements of financial position. The Foundation’s brokerage firm has additional insurance protection up to \$1,900,000. None of the insurance protections cover market risk.