

**YOUNG MEN'S CHRISTIAN ASSOCIATION
OF MIDDLE TENNESSEE**

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2025 and 2024

And Report of Independent Auditor

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
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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, 2025 and 2024, 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 May 21, 2026, 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

Charlotte, North Carolina
May 21, 2026

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

DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 11,439	\$ 13,350
Investments	5,638	14,867
Accounts and Grants Receivable:		
Membership and program fees, net	503	681
Grants and contracts	59	1,019
Contributions receivable, net	2,960	2,991
Other receivables	29	-
Prepaid expenses and other assets	811	1,237
Total Current Assets	<u>21,439</u>	<u>34,145</u>
Contributions receivable, less current portion, net	349	582
Investments	21,264	17,835
Interest rate swap asset	-	258
Cash restricted for investment in property and equipment	195	139
Property and equipment, net	135,602	135,857
Operating lease right-of-use assets	733	766
Total Assets	<u><u>\$ 179,582</u></u>	<u><u>\$ 189,582</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 1,177	\$ 4,281
Accrued expenses	4,141	4,480
Deferred membership and program revenues	2,138	1,969
Deferred grant revenue, ARPA Childcare Stabilization Grant	-	471
Current portion of bonds payable	1,441	1,999
Current portion of operating lease liability	294	228
Total Current Liabilities	<u>9,191</u>	<u>13,428</u>
Deferred lease revenue	53	127
Operating lease liability, less current portion	451	548
Long-term bonds payable, less current portion	19,130	28,088
Total Liabilities	<u>28,825</u>	<u>42,191</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	117,747	109,895
Board designated	26,827	31,139
Total Without Donor Restrictions	<u>144,574</u>	<u>141,034</u>
With Donor Restrictions	6,183	6,357
Total Net Assets	<u>150,757</u>	<u>147,391</u>
Total Liabilities and Net Assets	<u><u>\$ 179,582</u></u>	<u><u>\$ 189,582</u></u>

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, 2025
(WITH SUMMARIZED TOTALS FOR YEAR ENDED DECEMBER 31, 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Total</u>	<u>2024 Total</u>
Operating Activities:				
Public Support:				
Contributions	\$ 1,241	\$ 1,824	\$ 3,065	\$ 2,726
Foundation and corporate grants	645	522	1,167	1,142
Special events, net	160	-	160	150
Release from restrictions	2,306	(2,306)	-	-
Total Public Support	<u>4,352</u>	<u>40</u>	<u>4,392</u>	<u>4,018</u>
Revenue:				
Membership fees, net	54,394	-	54,394	49,857
Program fees, net	26,664	-	26,664	24,304
Government grants and contracts	1,799	-	1,799	9,885
Sales to members	745	-	745	635
Other income	3,146	-	3,146	1,757
Total Revenue	<u>86,748</u>	<u>-</u>	<u>86,748</u>	<u>86,438</u>
Total Public Support and Revenue	<u>91,100</u>	<u>40</u>	<u>91,140</u>	<u>90,456</u>
Expenses:				
Program services	80,009	-	80,009	74,055
Administrative	11,319	-	11,319	9,691
Fundraising	1,215	-	1,215	1,659
Total Expenses	<u>92,543</u>	<u>-</u>	<u>92,543</u>	<u>85,405</u>
Change in Net Assets from Operations	<u>(1,443)</u>	<u>40</u>	<u>(1,403)</u>	<u>5,051</u>
Nonoperating Activities:				
Unrealized loss on interest rate swap	(212)	-	(212)	(288)
Interest income	1,624	-	1,624	2,429
Realized and unrealized gain on investments	106	-	106	280
Gain on disposal of property and equipment	20	-	20	464
Contributions for capital assets	-	3,231	3,231	2,275
Release from restrictions	3,445	(3,445)	-	-
Total Nonoperating Activities	<u>4,983</u>	<u>(214)</u>	<u>4,769</u>	<u>5,160</u>
Change in net assets	3,540	(174)	3,366	10,211
Net assets, beginning of year	141,034	6,357	147,391	137,180
Net assets, end of year	<u>\$ 144,574</u>	<u>\$ 6,183</u>	<u>\$ 150,757</u>	<u>\$ 147,391</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities:			
Public Support:			
Contributions	\$ 1,302	\$ 1,424	\$ 2,726
Foundation and corporate grants	473	669	1,142
Special events, net	150	-	150
Release from restrictions	2,435	(2,435)	-
Total Public Support	<u>4,360</u>	<u>(342)</u>	<u>4,018</u>
Revenue:			
Membership fees, net	49,857	-	49,857
Program fees, net	24,304	-	24,304
Government grants and contracts	9,885	-	9,885
Sales to members	635	-	635
Other income	1,757	-	1,757
Total Revenue	<u>86,438</u>	<u>-</u>	<u>86,438</u>
Total Public Support and Revenue	<u>90,798</u>	<u>(342)</u>	<u>90,456</u>
Expenses:			
Program services	74,055	-	74,055
Administrative	9,691	-	9,691
Fundraising	1,659	-	1,659
Total Expenses	<u>85,405</u>	<u>-</u>	<u>85,405</u>
Change in Net Assets from Operations	<u>5,393</u>	<u>(342)</u>	<u>5,051</u>
Nonoperating Activities:			
Unrealized loss on interest rate swap	(288)	-	(288)
Interest income	2,429	-	2,429
Realized and unrealized gain			
on investments	280	-	280
Gain on sale of property and equipment	464	-	464
Contributions for capital assets	-	2,275	2,275
Release from restrictions	1,564	(1,564)	-
Total Nonoperating Activities	<u>4,449</u>	<u>711</u>	<u>5,160</u>
Change in net assets	9,842	369	10,211
Net assets, beginning of year	<u>131,192</u>	<u>5,988</u>	<u>137,180</u>
Net assets, end of year	<u>\$ 141,034</u>	<u>\$ 6,357</u>	<u>\$ 147,391</u>

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, 2025

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Healthy Living	Youth Development	Social Responsibility		Administrative	Fundraising		
Personnel Costs:								
Salaries and wages	\$ 23,469	\$ 13,812	\$ 384	\$ 37,665	\$ 5,363	\$ 596	\$ 5,959	\$ 43,624
Employee benefits	2,058	1,649	75	3,782	949	117	1,066	4,848
Payroll taxes	1,990	1,140	29	3,159	407	42	449	3,608
Total Personnel Costs	27,517	16,601	488	44,606	6,719	755	7,474	52,080
Nonpersonnel Costs:								
Occupancy	8,360	1,405	-	9,765	322	-	322	10,087
Depreciation and amortization	5,044	2,816	99	7,959	134	-	134	8,093
Supplies	2,385	3,310	19	5,714	92	11	103	5,817
Equipment	2,583	130	-	2,713	217	1	218	2,931
Purchased services	1,181	501	40	1,722	663	63	726	2,448
Technology system and services	608	280	71	959	1,073	59	1,132	2,091
Conferences, meetings, and staff development	222	1,373	36	1,631	77	33	110	1,741
Promotion and publication	73	36	-	109	1,318	52	1,370	1,479
Liability and other insurance	780	380	5	1,165	226	-	226	1,391
Financing costs	664	371	13	1,048	15	-	15	1,063
Awards, grants, and assistance	548	268	60	876	-	-	-	876
Travel, meals, and entertainment	39	591	40	670	163	1	164	834
Membership and professional dues	433	159	-	592	69	5	74	666
Miscellaneous	137	73	121	331	190	9	199	530
Bad debt expense	142	-	-	142	-	223	223	365
Postage and shipping	7	-	-	7	41	3	44	51
Total Nonpersonnel Costs	23,206	11,693	504	35,403	4,600	460	5,060	40,463
Total Expenses	\$ 50,723	\$ 28,294	\$ 992	\$ 80,009	\$ 11,319	\$ 1,215	\$ 12,534	\$ 92,543

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			Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Healthy Living	Youth Development	Social Responsibility		Administrative	Fundraising		
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
Equipment	1,085	759	47	1,891	704	83	787	2,678
Purchased services	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
STATEMENTS OF CASH FLOWS (IN THOUSANDS)

YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,366	\$ 10,211
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	8,093	7,119
Gain on disposal of property and equipment	(20)	(464)
Realized and unrealized gain on investments	(106)	(281)
Unrealized loss on interest rate swap agreement	212	288
Net change in operating lease right-of-use assets and liabilities	3	2
Contributions restricted for property and equipment	(3,133)	(1,275)
Changes in operating assets and liabilities:		
Accounts and grants receivable	1,139	(1,223)
Contributions receivable	264	(626)
Other receivables	(29)	822
Prepaid expenses and other	426	(135)
Accounts payable and accrued liabilities	(961)	(1,761)
Deferred membership	169	(312)
Deferred grant revenue	(471)	(8,361)
Deferred lease revenue and other	(74)	(74)
Net cash flows from operating activities	<u>8,878</u>	<u>3,930</u>
Cash flows from investing activities:		
Purchases of property and equipment	(10,546)	(17,271)
Proceeds from sale of property and equipment	244	148
Proceeds from sale of investments, net	6,975	164
Purchases of investments, net	(1,070)	-
Net cash flows from investing activities	<u>(4,397)</u>	<u>(16,959)</u>
Cash flows from financing activities:		
Proceeds received from contributions for property and equipment	3,133	1,275
Proceeds from bonds issued	21,000	-
Payment of financing costs	(70)	-
Proceeds from settlement of interest rate swap agreement	46	-
Principal payments on note payable	(359)	-
Principal payments on bonds payable	(30,086)	(2,026)
Net cash flows from financing activities	<u>(6,336)</u>	<u>(751)</u>
Change in cash and cash equivalents	(1,855)	(13,780)
Cash and cash equivalents, beginning of year	13,489	27,269
Cash and cash equivalents, end of year	<u>\$ 11,634</u>	<u>\$ 13,489</u>
Reconciliation to statements of financial position:		
Cash and cash equivalents, unrestricted	\$ 11,439	\$ 13,350
Cash restricted for investment in property and equipment	195	139
	<u>\$ 11,634</u>	<u>\$ 13,489</u>

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, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Supplemental cash flow disclosures:		
Cash paid for interest	<u>\$ 1,082</u>	<u>\$ 1,243</u>
Noncash investing and financing activities:		
Accounts payable for construction in progress and property and equipment	<u>\$ 209</u>	<u>\$ 2,694</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 233</u>	<u>\$ -</u>

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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.

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, 2025 and 2024 (in thousands) is \$466 and \$386, respectively.

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 barriers stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Barriers include allowable cost incurrence, pragmatic compliance, and reporting requirements. Revenue is recognized as barriers are overcome, primarily as allowable 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, 2025 and 2024, 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 2025 and 2024, contributed services meeting the requirements for recognition in the financial statements was not significant.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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

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, 2025 and 2024 (in thousands) is \$179 and \$203, 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.

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.

Leases – The YMCA leases office space, equipment and vehicles. 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, plant, or equipment for a period of time in exchange for consideration.

Right-of-use ("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 that are factored into the determination of the lease term, if it is reasonably certain that these options would be exercised by the YMCA. Lease assets are amortized over the lease term, unless there is a transfer of title of purchase option reasonably certain of exercise, in which case the asset life is used. Certain of the 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. 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, the YMCA has elected the practical expedient to utilize the risk-free discount rate (3.87% as of December 31, 2025) to calculate lease assets and liabilities.

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, 2025. The YMCA does not have any sublease activities.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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

The YMCA has elected the practical expedient not to recognize leases with terms of 12 months or less on the statements 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, our short-term lease expense for the period does not reflect our ongoing short-term lease commitments. Lease expense for such short-term leases was not material for the years ended December 31, 2025 and 2024.

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 utilized derivative financial instruments to manage its interest rate exposure by reducing the impact of fluctuating interest rates on its debt service requirements. Derivatives were recognized as either assets or liabilities in the statements of financial position at fair value. Changes in the fair value of derivatives were recognized in the statements of activities prior to the bond refinance in September 2025 at which time such instruments were terminated (Note 10).

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.

Debt Issuance Costs – Financing costs associated with long-term debt have been deferred and are being amortized over the term of the debt using the straight-line method which approximates the interest method. Amortization of debt issuance costs is recognized as interest expense in the accompanying statements of activities.

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 2025 and 2024.

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, 2025 or 2024.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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) \$151 and \$140 for the years ended December 31, 2025 and 2024, respectively.

Advertising Costs – Advertising, marketing, and promotional costs incurred totaled \$1,479 and \$1,075 (in thousands) for the years ended December 31, 2025 and 2024, respectively, and are included in promotions and publications on the statements of functional expenses.

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, 2025 and 2024, the YMCA had realized and unrealized gain on investments (in thousands) of \$106 and \$280, respectively, included in the nonoperating activities on the statements of activities.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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

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.

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 2025 or 2024.

Reclassifications – Certain reclassifications have been made to 2024 balances to conform with 2025 presentation.

Subsequent Events – The YMCA has evaluated subsequent events through May 21, 2026, which is the date on which these financial statements are available to be issued.

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, 2025 and 2024, 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) \$503, \$681, and \$368 as of December 31, 2025, December 31, 2024, and January 1, 2024, 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 2—Revenue (continued)

Based on the information available to management, the YMCA has recorded an allowance for credit losses (in thousands) of \$179 and \$203 at December 31, 2025 and 2024, respectively. However, actual write-offs could exceed the recorded allowance for credit losses.

Contract liabilities consisting of deferred membership and program revenues on the accompanying statements of financial position totaled (in thousands) \$2,138 and \$1,969 as of December 31, 2025 and 2024, 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):

	<u>2025</u>	<u>2024</u>
Deferred membership and program revenue, beginning of year	\$ 1,969	\$ 2,281
Revenue recognized that was included in deferred revenue at the beginning of year	(1,969)	(2,281)
Increase in deferred revenue due to cash received during the year	2,138	1,969
Deferred membership and program revenue, end of year	<u>\$ 2,138</u>	<u>\$ 1,969</u>

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, 2025 and 2024, 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:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 11,439	\$ 13,350
Investments	5,638	14,867
Accounts and grants receivable, net	562	1,700
Contributions receivable, net	2,960	2,991
Other receivables	29	-
Cash restricted for investment in property and equipment	195	139
Financial assets, at year-end	<u>20,823</u>	<u>33,047</u>
Less those unavailable for general expenditure within one year, due to:		
Board-designated reserves included in current investments	(5,563)	(13,304)
Net assets restricted for capital improvements	(3,958)	(4,172)
Net assets restricted for specific programs	(491)	(673)
Net assets restricted for future year operations	<u>(1,734)</u>	<u>(1,512)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 9,077</u>	<u>\$ 13,386</u>

YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 4—Contributions receivable

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

	2025	2024
Less than one year	\$ 2,960	\$ 2,991
One year to five years	991	1,098
	<u>3,951</u>	<u>4,089</u>
Less allowance for uncollectible contributions	(466)	(386)
Less discount to net present value	(176)	(130)
	<u>\$ 3,309</u>	<u>\$ 3,573</u>

Contributions receivable are discounted at rates ranging from 0.36% to 5.52%.

Note 5—Fair value measurements

The following tables summarize 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):

	2025			
	Level 1	Level 2	Level 3	Total
U.S. Treasury securities	\$ 26,902	\$ -	\$ -	\$ 26,902
	<u>26,902</u>	<u>-</u>	<u>-</u>	<u>26,902</u>
	2024			
	Level 1	Level 2	Level 3	Total
U.S. Treasury securities	\$ 32,702	\$ -	\$ -	\$ 32,702
Interest rate swap	-	258	-	258
	<u>\$ 32,702</u>	<u>\$ 258</u>	<u>\$ -</u>	<u>\$ 32,960</u>

YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 6—Property and equipment

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

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 17,745	\$ 16,615
Buildings and improvements	184,760	158,481
Equipment and furniture	43,313	41,675
Software	2,446	2,446
Construction in progress	157	22,672
	<u>248,421</u>	<u>241,889</u>
Less accumulated depreciation	<u>(112,819)</u>	<u>(106,032)</u>
	<u>\$ 135,602</u>	<u>\$ 135,857</u>

Construction in progress includes architectural plans, renovations and additions that were underway at several YMCA centers at December 31, 2024. The majority of construction in progress at December 31, 2024 related to the Downtown location which was completed in 2025.

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 and were placed into service and are included in buildings and improvement at December 31, 2025.

Also, in connection with the December 2021 sale transaction, the YMCA entered into a purchase agreement, amended as of August 2025, for a parking garage valued at \$4,427 (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.

Note 7—Deferred revenue – government grants and funding arrangements

During the years prior to December 31, 2023, the YMCA was awarded funding under the COVID-19 ARPA Child Care and Development Block Grant. The YMCA recognized (in thousands) \$6,825 under this grant as eligible costs were incurred, during the year ended December 31, 2024. Such amounts are included in government grants and contracts in the statement of activities for the year ended December 31, 2024. The remaining \$471 (in thousands) was reflected as deferred revenue at December 31, 2024. During the years ended December 31, 2025 and 2024, management refunded (in thousands) \$471 and \$2,328, respectively, to the grantor.

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 was included in grant receivable in the statement of financial position at December 31, 2024 and was received during 2025 along with interest totaling (in thousands) \$120, which is included in interest income on the statement of activities for the year ended December 31, 2025.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 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, 2029. 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) \$53 and \$127 at December 31, 2025 and 2024, respectively, as reflected as deferred lease revenue on the statements of financial position.

Note 9—Line of credit

Prior to the bond refinance during 2025 as discussed in Note 10, the YMCA maintained a line of credit with a financial institution which provided for maximum borrowings of \$15 million through February 26, 2026. The agreement required monthly interest payments calculated at the greater of the daily SOFR rate plus 1.30% per annum or 2.30% (5.61% at December 31, 2024) in addition to a fee of 0.25% of the unused principal balance. The line of credit contained restrictive covenants and was collateralized by a security interest in two YMCA center facilities and a negative pledge of the YMCA's assets.

On September 4, 2025, in conjunction with bond issuance, the YMCA's existing line of credit arrangement was replaced by another that provides for maximum borrowings of \$20 million through September 2030. The agreement requires monthly interest payments at the greater of the daily SOFR rate plus 1.30% per annum or 2.30% (5.17% at December 31, 2025) in addition to a fee of 0.25% of the unused principal balance. The line of credit includes restrictive covenants and collateral requirements as stipulated in the bond purchase agreement (see Note 10.)

Outstanding borrowings on the line of credit totaled \$-0- for each of the years ended at December 31, 2025 and 2024.

Note 10—Bonds payable

During 2012, the YMCA had entered into an agreement with a financial institution that provided 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. 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 contained restrictive covenants and was secured by a negative pledge of the YMCA's real property. The agreement contained a provision to adjust the monthly payment requirement and provide the financial institution with 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.

During 2015, the YMCA had 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 provided for a 10-year term (maturity of November 1, 2025) and an original notional amount of \$46,426 (in thousands). The agreement required the YMCA to make a monthly interest payment equal to a per annum rate of 2.32% times the current notional amount (\$31,363 (in thousands) at December 31, 2024). The financial institution adjusted 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% at December 31, 2024). In conjunction with the bond payable refinance on September 4, 2025, the interest rate swap agreement was terminated and the resulting \$46 (in thousands) received was recorded against unrealized losses for the year. For the years ended December 31, 2025 and 2024, the YMCA had unrealized losses on interest rate swap (in thousands) of \$212 and \$288, respectively, on the statements of activities.

YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 10—Bonds payable (continued)

On September 4, 2025, the YMCA entered into a bond purchase and loan agreement with a financial institution to provide up to \$21 million in financing through a guaranty and credit qualified tax-exempt loan and up to \$20 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 arrangements and provide additional borrowing capacity. The industrial development bond associated with the tax-exempt loan was approved by the Williamson County, Tennessee Industrial Development Board on July 25, 2025. The guaranty and credit agreement contains restrictive covenants and is secured by a negative pledge of certain real property of the YMCA.

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

	<u>2025</u>	<u>2024</u>
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 (5.08% at December 31, 2024).	\$ -	\$ 30,087
2025 Industrial Revenue bonds, face value \$21,000 bearing interest at 3.45% until final maturity date of September 1, 2037. Monthly principal and interest payments of \$178 are required through the maturity date at which time all amounts outstanding under this arrangement will be due.	20,641	-
Less unamortized debt issuance costs	(70)	-
	<u>\$ 20,571</u>	<u>\$ 30,087</u>

Annual principal maturities and required reimbursement payments of bonds payable as of December 31, 2025 are as follows:

<u>Years Ending December 31,</u>	
2026	\$ 1,441
2027	1,492
2028	1,543
2029	1,600
2030	1,657
Thereafter	12,908
	<u>\$ 20,641</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 11—Net assets

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

	<u>2025</u>	<u>2024</u>
Capital improvements	\$ 3,958	\$ 4,172
Grants restricted for specific programs	491	673
Contributions restricted for future year operations	1,734	1,512
	<u>\$ 6,183</u>	<u>\$ 6,357</u>

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:

	<u>2025</u>	<u>2024</u>
Satisfaction of specific purpose restrictions	\$ 211	\$ 493
Satisfaction of time restrictions	5,540	3,506
	<u>\$ 5,751</u>	<u>\$ 3,999</u>

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

	<u>2025</u>	<u>2024</u>
Cash and investment reserves	\$ 13,264	\$ 20,995
Cash and investments set aside for specific purposes	13,563	10,144
	<u>\$ 26,827</u>	<u>\$ 31,139</u>

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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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. As of December 31, 2025 and 2024, cash was held in excess of FDIC insurance limits by (in thousands) \$5,436 and \$-0-, respectively. Additionally, as of December 31, 2025 and 2024, certain of the YMCA’s investment accounts were in excess of Securities Investor Protection Corporation insurance limits by (in thousands) \$30,984 and \$42,062, 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.

During the years ended December 31, 2025 and 2024, one grantor made grants totaling approximately (in thousands) \$1,500 and \$6,859, respectively, comprising approximately 83% and 69%, respectively, of total government grants and contracts as reflected in the statements of activities.

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, 2025 and 2024. 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) \$2,361 and \$2,155 for the years ended December 31, 2025 and 2024, respectively.

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) \$222 and \$559 in 2025 and 2024, 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 years ended December 31, 2025 and 2024, the YMCA Foundation awarded total grants (in thousands) of \$671 and \$550, respectively, of which \$671 and \$550, respectively, was awarded to the YMCA and included in grant revenues.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 15—Related party transactions and related entities (continued)

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

	<u>2025</u>	<u>2024</u>
Total assets	\$ 17,367	\$ 16,279
Total liabilities	684	562
Net assets	<u>\$ 16,683</u>	<u>\$ 15,717</u>
Net assets:		
Without donor restrictions	\$ 14,490	\$ 13,522
With donor restrictions	2,193	2,195
Total net assets	<u>\$ 16,683</u>	<u>\$ 15,717</u>
Total support and revenue, including realized and unrealized gains on investments of \$1,285 in 2025 and \$1,394 in 2024	<u>\$ 1,832</u>	<u>\$ 1,977</u>
Total expenses	<u>\$ 865</u>	<u>\$ 755</u>
Resources held for the benefit of the YMCA	<u>\$ 16,675</u>	<u>\$ 15,709</u>

Note 16—Leases

The YMCA is obligated under several noncancelable operating leases for office space, equipment, and vehicles under various arrangements which are classified as either operating or finance leases, expiring through various dates through 2028. Some of the YMCA's leases include base rental periods coupled with options to renew or terminate the lease, generally at the YMCA's discretion. Certain leases additionally include options to purchase the leased asset. In evaluating the lease term, the YMCA considers whether exercising such options are reasonably assured. To the extent a significant economic incentive exists to exercise an option, that option is included within the lease term.

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

<u>Leases</u>	<u>Balance Sheet Classification</u>	<u>2025</u>	<u>2024</u>
Assets:			
Operating right-of-use assets	Operating lease assets, net	\$ 733	\$ 766
Total lease assets		<u>\$ 733</u>	<u>\$ 766</u>
Liabilities:			
Current:			
Operating lease liabilities	Current portion of operating lease liability	\$ 294	\$ 228
Noncurrent:			
Operating lease liabilities	Operating lease liability, net of current portion	451	548
Total lease liabilities		<u>\$ 745</u>	<u>\$ 776</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 16—Leases (continued)

Future minimum lease payments as of December 31, 2025 is as follows (in thousands):

<u>Maturity Analysis</u>	<u>Operating</u>
2026	\$ 316
2027	290
2028	174
2029	1
2030	-
Total undiscounted cash flows	781
Less present value discount	(36)
Total lease liabilities	<u>\$ 745</u>

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

	<u>2025</u>	<u>2024</u>
Lease expense:		
Operating lease expense	\$ 303	\$ 246
Cash flow information:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 294	\$ 242
Lease assets obtained in exchange for lease liabilities:		
Operating leases	\$ 233	\$ 400
Lease term and discount rate:		
Weighted-average remaining lease term for operating leases	2.54 years	3.45 years
Weighted-average discount rate for operating leases	3.83%	3.73%