

YOUNG MEN'S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2024 AND 2023**

YOUNG MEN’S CHRISTIAN ASSOCIATION OF RAPID CITY, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	3-4
<i>Financial Statements:</i>	
Statements of Financial Position	6
Statement of Activities with Memorandum Totals for December 31, 2023	7
Statement of Cash Flows with Memorandum Totals for December 31, 2023	8-9
Statement of Functional Expenses with Memorandum Totals for December 31, 2023	10
Notes to Financial Statements	11-27



810 Quincy Street
P.O. Box 3140, Rapid City, South Dakota 57709
Telephone (605) 342-5630 • e-mail: info@ktllp.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Men's Christian Association of Rapid City, Inc.
Rapid City, South Dakota

Opinion

We have audited the accompanying financial statements of Young Men's Christian Association of Rapid City, Inc. (the Organization) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2024, 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 Organization as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the year ended December 31, 2024, 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the 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 Organization's ability to continue as a going concern within one year after the date that the financial statements were 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 there 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 a 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 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 Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



KETEL THORSTENSON, LLP
Certified Public Accountants

August 28, 2025

FINANCIAL STATEMENTS

Young Men's Christian Association of Rapid City, Inc.
Statements of Financial Position
December 31, 2024 and December 31, 2023

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2023 Totals
ASSETS					
Cash and Cash Equivalents	\$ 66,821	\$ 58,491	\$ -	\$ 125,312	\$ 535,204
Accounts Receivable, Net	94,482	-	-	94,482	95,387
Grants Receivable	48,871	-	-	48,871	75,604
Prepaid Expenses	108,969	-	-	108,969	48,461
Promises to Give, Net	9,306	-	-	9,306	25,152
Right-of-Use Leased Assets	165,729	-	-	165,729	27,170
Property and Equipment, Net	14,033,147	-	-	14,033,147	14,534,294
Investments	-	1,046,529	290,687	1,337,216	1,376,493
Beneficial Interest in Assets Held By Others	-	97,769	-	97,769	89,130
TOTAL ASSETS	\$ 14,527,325	\$ 1,202,789	\$ 290,687	\$ 16,020,801	\$ 16,806,895
LIABILITIES AND NET ASSETS					
Liabilities:					
Line of Credit	\$ 250,000	\$ -	\$ -	\$ 250,000	\$ -
Accounts Payable	126,502	-	-	126,502	160,545
Accrued Personnel Costs	276,697	-	-	276,697	288,039
Other Liabilities	1,764	-	-	1,764	1,744
Unearned Fees and Dues	109,916	-	-	109,916	94,895
Lease Liability	165,729	-	-	165,729	29,180
Long-term Liability	50,000	-	-	50,000	50,000
Total Liabilities	980,608	-	-	980,608	624,403
Net Assets:					
Without Donor Restrictions:					
Net Investment in					
Property and Equipment	14,033,147	-	-	14,033,147	14,534,294
Undesignated	(511,444)	-	-	(511,444)	(130,032)
Board-designated	25,014	-	-	25,014	91,224
Total Without Donor Restrictions	13,546,717	-	-	13,546,717	14,495,486
With Donor Restrictions:					
Restricted by Purpose or Time	-	1,202,789	-	1,202,789	1,396,319
Restricted in Perpetuity	-	-	290,687	290,687	290,687
Total with Donor Restrictions	-	1,202,789	290,687	1,493,476	1,687,006
Total Net Assets	13,546,717	1,202,789	290,687	15,040,193	16,182,492
TOTAL LIABILITIES AND NET ASSETS	\$ 14,527,325	\$ 1,202,789	\$ 290,687	\$ 16,020,801	\$ 16,806,895

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Activities
For the Year Ended December 31, 2024
With Memorandum Totals for the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2023 Memorandum Totals
SUPPORT, REVENUES, AND GAINS					
Child Care	\$ 3,496,314	\$ -	\$ -	\$ 3,496,314	\$ 3,751,508
Membership Dues	2,593,733	-	-	2,593,733	2,489,189
Grants and Donations	612,499	992,756	-	1,605,255	1,765,920
Sponsorship Donations	348,126	-	-	348,126	335,933
Management Fees	178,597	-	-	178,597	283,200
Program Services	239,551	-	-	239,551	216,954
Food Service	213,324	-	-	213,324	167,139
Vending Sales	40,813	-	-	40,813	44,263
Department Fundraisers	40,146	-	-	40,146	89,854
Use of Facilities	29,619	-	-	29,619	17,150
Bequests, Memorials, and Other	1,596	-	-	1,596	2,410
Miscellaneous Income	22,416	-	-	22,416	33,173
Gain (Loss) on Disposal of Property and Equipment	(165,950)	-	-	(165,950)	183,093
Net Assets Released from Restrictions	1,309,898	(1,309,898)	-	-	-
Total Support, Revenues, and Gains	8,960,682	(317,142)	-	8,643,540	9,379,786
EXPENSES					
Program Services	8,713,400	-	-	8,713,400	9,164,386
Management and General	929,768	-	-	929,768	756,502
Fundraising	266,283	-	-	266,283	248,860
Total Expenses	9,909,451	-	-	9,909,451	10,169,748
OTHER REVENUE					
Net Investment Return - Endowment	-	123,612	-	123,612	188,658
CHANGE IN NET ASSETS	(948,769)	(193,530)	-	(1,142,299)	(601,304)
NET ASSETS - BEGINNING OF YEAR	14,495,486	1,396,319	290,687	16,182,492	16,783,796
NET ASSETS - END OF YEAR	\$ 13,546,717	\$ 1,202,789	\$ 290,687	\$ 15,040,193	\$ 16,182,492

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2024
With Memorandum Totals for the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2023 Memorandum Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (948,769)	\$ (193,530)	\$ -	\$ (1,142,299)	\$ (601,304)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:					
Depreciation & Amortization	520,196	-	-	520,196	550,908
Net (Gain) Loss on Disposal of Property and Equipment	165,950	-	-	165,950	(183,093)
Net Gain on Investments	-	(127,993)	-	(127,993)	(188,707)
Donations for the Purchase of Capital Assets	-	-	-	-	(5,000)
Change in Value of Beneficial Interest in Assets Held by Others	-	(9,639)	-	(9,639)	(13,208)
(Increase) Decrease in:					
Promises to Give	(1,139)	16,985	-	15,846	13,414
Accounts and Grants Receivable	27,638	-	-	27,638	(1,725)
Prepaid Expenses	(60,508)	-	-	(60,508)	(2,389)
Increase (Decrease) in:					
Accounts Payable	(34,043)	-	-	(34,043)	(108,182)
Accrued Personnel Costs	(11,342)	-	-	(11,342)	(51,706)
Other Liabilities	20	-	-	20	(1,064)
Lease Liability/ ROU Asset - Net	(2,010)	-	-	(2,010)	(969)
Unearned Fees and Dues	15,021	-	-	15,021	(15,809)
Net Cash Used by Operating Activities	<u>(328,986)</u>	<u>(314,177)</u>	<u>-</u>	<u>(643,163)</u>	<u>(608,834)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(188,866)	-	-	(188,866)	(670,443)
Insurance Proceeds	3,867	-	-	3,867	189,271
Distribution from Beneficial Interest in Assets Held by Others	-	1,000	-	1,000	1,000
Purchases of Investments	-	-	-	-	(114,177)
Sales of Investments	-	167,270	-	167,270	175,642
Net Cash Provided (Used) by Investing Activities	<u>(184,999)</u>	<u>168,270</u>	<u>-</u>	<u>(16,729)</u>	<u>(418,707)</u>

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2024
With Memorandum Totals for the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions - By Purpose or Time	With Donor Restrictions - in Perpetuity	Totals	2023 Memorandum Totals
CASH FLOWS FROM FINANCING ACTIVITIES					
Donations for the Purchase of Capital Assets	-	-	-	-	5,000
Issuance of Long-term Debt	-	-	-	-	50,000
Borrowing on Line of Credit	250,000	-	-	250,000	-
Net Cash Provided by Financing Activities	250,000	-	-	250,000	55,000
NET DECREASE IN CASH AND EQUIVALENTS	(263,985)	(145,907)	-	(409,892)	(972,541)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	330,806	204,398	-	535,204	1,507,745
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 66,821</u>	<u>\$ 58,491</u>	<u>\$ -</u>	<u>\$ 125,312</u>	<u>\$ 535,204</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash Paid for Interest	<u>\$ 8,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,927</u>	<u>\$ -</u>
Cash Paid for Leases	<u>\$ 29,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,760</u>	<u>\$ -</u>
Lease Liabilities Arising from Obtaining Right-of-use Leased Assets	<u>\$ 165,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,729</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2024
With Memorandum Totals for the Year Ended December 31, 2023

	Program Services			Total	Management and General	Fundraising	Total	2023 Memorandum Totals
	Healthy Living	Social Responsibility	Youth Development	Program Services				
Salaries	\$ 1,237,646	\$ 1,089,128	\$ 2,623,810	\$ 4,950,584	\$ 546,884	\$ 113,303	\$ 5,610,771	\$ 5,602,813
Employee Benefits	176,408	155,239	373,985	705,632	77,950	16,150	799,732	766,099
Payroll Taxes	90,992	80,073	192,901	363,966	40,207	8,330	412,503	415,682
Total Payroll and Related Expenses	1,505,046	1,324,440	3,190,696	6,020,182	665,041	137,783	6,823,006	6,784,594
Supplies	156,452	137,677	331,677	625,806	-	72,895	698,701	888,961
Occupancy	151,240	133,091	320,630	604,961	18,710	-	623,671	586,692
Depreciation	126,148	111,010	267,432	504,590	15,606	-	520,196	550,908
Repairs and Maintenance	95,554	84,088	202,575	382,217	11,821	-	394,038	477,667
Technology	59,169	52,069	125,439	236,677	25,888	30,993	293,558	251,911
Office Expenses	50,836	44,736	107,772	203,344	37,971	1,899	243,214	253,425
Y-USA Fair Share Support	17,871	15,726	37,885	71,482	57,186	14,296	142,964	134,492
Professional Fees	-	-	-	-	89,399	-	89,399	89,116
Travel	12,807	11,270	27,151	51,228	6,397	7,659	65,284	119,511
Interest	1,953	1,718	4,140	7,811	1,116	-	8,927	-
Conferences and Training	1,276	1,122	2,704	5,102	633	758	6,493	32,471
Total Expenses	\$ 2,178,352	\$ 1,916,947	\$ 4,618,101	\$ 8,713,400	\$ 929,768	\$ 266,283	\$ 9,909,451	\$ 10,169,748

The accompanying notes are an integral part of this statement.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 1 - NATURE OF OPERATIONS

The Young Men's Christian Association of Rapid City, Inc. (the YMCA) is a nonprofit organization dedicated to strengthening the communities in which it serves by promoting youth development, healthy living, and social responsibility. The YMCA is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being, and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families, and communities to be healthy, confident, connected, and secure.

Program Activities:

Youth Development - The YMCA is committed to nurturing the potential of every child and teen. The YMCA believes all kids deserve the opportunity to discover who they are and what they can achieve. The YMCA helps young people cultivate values, skills, and relationships that lead to positive behaviors, better health, and educational achievement. YMCA programs, such as afterschool care, childcare, day camp, youth sports, teen leadership, and aquatics, offer a range of experiences that enrich cognitive, social, physical, and emotional growth.

Healthy Living - The YMCA is a leading voice on health and well-being. The YMCA brings families closer together, encourages good health, and fosters connections through fitness, sports, fun, and shared interests. As a result, people in the community are receiving the support, guidance, and resources they need to achieve greater health in spirit, mind, and body. This is particularly important as the nation struggles with an obesity crisis, families struggle with work/life balance, and individuals search for personal fulfillment. Examples of such programs are diabetes prevention, Parkinson's wellness, group exercise, arthritis relief, and cardio/strength fitness.

Social Responsibility - The YMCA believes in giving back and supporting its neighbors. YMCA programs, such as teen mom mentorship and childcare, summer learning loss prevention, food programs, and outreach, are examples of how the YMCA delivers training, resources, and support that empower people to affect change, bridge gaps, and overcome obstacles. YMCA members, participants, and volunteers engage in activities that strengthen the community and pave the way for future generations to thrive.

The YMCA's program is accessible, affordable, and open to all faiths, backgrounds, abilities, and income levels. The YMCA provides financial assistance to people who otherwise may not have been able to afford to participate.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the YMCA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The YMCA records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a capital reserve.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. For those amounts initially deemed conditional, a simultaneous release policy is followed, whereby restrictions that expire in the same period in which the contributions are recognized are reported as net assets without donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. When both net assets with donor restrictions and without donor restrictions are available for use, it is the YMCA's policy to use net assets with donor restrictions first and then net assets without donor restrictions as needed.

Cash and Cash Equivalents

For financial statement purposes, the YMCA considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash allocated to the investment portfolio as part of the YMCA's investment strategy is reported as investments.

Investments

Investments are reported at fair value and are based primarily on quoted market prices or estimated fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Realized gains and losses are determined on a specific identity basis.

Contributions and Promises to Give

The YMCA receives contributions and grants to support operating activities, endowments, and capital projects. These contributions can be from individuals, granting agencies, foundations, corporations, or trusts. The YMCA records promises to give, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. The YMCA discounts multi-year pledges that are expected to be collected after one year using a risk-adjusted discount rate. Multi-year pledges are recorded at fair value at the date of the pledge.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 camps, family programs, programs for seniors, and immigration and health and welfare-related programs. Such YMCA's government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. The YMCA received cost-reimbursable grant awards of \$231,981 and \$244,082 that had not been recognized at December 31, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred.

Accounts Receivable

Accounts receivable consists of receivables from program registrants and federal grant programs. Any receivable not paid within thirty days is considered past due and services are terminated if delinquent accounts are not brought current within sixty days. Accounts receivable, net of allowances for expected credit losses, were \$94,482 and \$95,387, as of December 31, 2024 and 2023, respectively. Grants receivable represent amounts that have been billed under grant agreements but were not collected as of the date of the financial statements. All grants receivable represent amounts owed by government agencies and are considered fully collectible. Grants receivable were \$48,871 and \$75,604, as of December 31, 2024 and 2023, respectively.

Accounts receivable are related to membership and program fees and are recorded at estimated fair value at the time of origination and are reflected in the statements of financial position, net of allowances for expected credit losses. The allowance for credit losses is estimated based on a monthly review of account balances, including the age of the balance, historical collection experience, current economic conditions, reasonable and supportable forecasts regarding future events, and other factors deemed relevant by management. Management believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as membership and program receivables are constant.

Management writes off receivables when there is information indicating that a customer is facing financial difficulty and reasonable collection efforts have been used. If any recoveries are made from accounts previously written off, they are recognized in income or as an offset to credit loss expense in the year of recovery, in accordance with the YMCA's accounting policy election. The allowance for expected credit losses at December 31, 2024 and 2023 was \$1,470 and \$4,162, respectively. There were no write-offs of receivables for the years ended December 31, 2024 and 2023.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including childcare, membership, program services, and food services. Because the YMCA's performance obligations relate to contracts with a duration of less than one year, the YMCA has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

Membership Dues and Program Fees - Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, childcare, education, and recreation activities and programs. Members join for varying lengths of time and may cancel with 30 days' notice. Members generally pay a one-time joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to free classes, programs, and activities, and discounts to fee-based programs. The YMCA offers a variety of programs including family, childcare, day camp, teen, scholastic, fitness, aquatics, and health services. Fee-based programs are available to the public. Program fees for short-duration programs of two months or less, such as aquatics classes, are typically paid in advance at the time of registration. Program fees for longer-duration programs, such as fee-based childcare, are usually paid bi-weekly in advance. Cancellation provisions vary by program, but most transactions are cancellable with 15 to 30 days' notice. Refunds may be available for services not provided. Financial assistance is available to members and program participants. Such financial assistance is reflected as a reduction of gross membership dues and program fees.

Membership dues and program fees, including childcare, are recognized ratably over the period the membership or program service is provided on a straight-line basis in an amount that reflects the consideration the YMCA expects to be entitled to in exchange for those services. All of the YMCA's revenue from contracts with customers is from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Membership joining fees are ratably recognized over a one-year period from the membership start date if paid upfront. Membership dues and program fees paid to the YMCA in advance represent contract liabilities and are recorded as unearned fees and dues. Amounts billed but unpaid are contract assets and recorded as accounts receivable. The following table provides information about significant changes in the contract assets and liabilities for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Accounts Receivable, Net, Beginning of Year	\$ 95,387	\$ 92,963
Accounts Receivable, Net, End of Year	\$ 94,482	\$ 95,387
	<u>2024</u>	<u>2023</u>
Unearned Program Fees and Dues, Beginning of Year	\$ 94,895	\$ 110,704
Revenue Recognized that Was Included in Unearned Program Fees and Membership Dues at Beginning of Year	(94,895)	(110,704)
Increase in Unearned Program Fees and Dues, Due to Cash Received During the Year	<u>109,916</u>	<u>94,895</u>
Unearned Program Fees and Dues, End of Year	<u>\$ 109,916</u>	<u>\$ 94,895</u>

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The YMCA offers food service in its cafeteria for the convenience of members. Revenue is recognized at the point of sale.

The YMCA manages the Liberty Center, an exercise and community facility in Box Elder, South Dakota, on behalf of the South Dakota Ellsworth Development Authority (SDEDA). The YMCA is responsible for registering members, providing programming, and operating the facility. The YMCA remits membership dues and invoices for costs of operations each month. The YMCA recognizes the excess of operations costs over membership revenue plus a \$6,000 per month administration fee and the Liberty Center's portion of YUSA Fair Share as management fee revenue. Revenues are recorded monthly after services have been provided to members and program participants. It is expected that as membership grows, the Liberty Center will be self-sustaining.

In-kind Contributions

The YMCA recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. The YMCA did not report any contributed services for the years ended December 31, 2024 and 2023, respectively. The YMCA receives services from many volunteers who give significant amounts of their time to the programs of the YMCA. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services. Contributions of assets other than cash are recorded at estimated fair value.

Property and Equipment

The YMCA capitalizes all expenditures for property and equipment in excess of \$2,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of the donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	20 - 80 years
Land Improvements	10 - 15 years
Machinery and Equipment	5 - 15 years
Vehicles	5 - 10 years
Right-of-Use Leased Assets	5 - 10 years

Leases

The YMCA management determines if an arrangement is or contains a lease at inception. An election has been made for all asset classes to treat any non-lease components, such as maintenance, as a part of the lease contract. Leases are included in right-of-use (ROU) leased assets and lease liabilities in the statement of financial position. ROU leased assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU leased assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. No finance leases exist. The YMCA does not report ROU leased assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-lived Assets

The carrying value of the YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that 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 that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value. The YMCA has determined that no long-lived assets are impaired.

Federal Income Taxes

Taxes are recognized in the financial statements when it is more likely than not that the position will be sustained upon examination by the taxing authorities.

The YMCA is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The YMCA is not liable for income taxes if it operates within the confines of its exempt status. However, the YMCA may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the YMCA could be changed if taxing authorities make adjustments to the tax-exempt purpose of the YMCA, or if the taxing authorities determine activities are subject to unrelated business income.

As of December 31, 2024 and 2023, the YMCA had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The YMCA's income tax filings are subject to audit by various taxing authorities. The YMCA is no longer subject to federal and state income tax examination by taxing authorities for years before 2021. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law, and new authoritative rulings. The YMCA believes its estimates are appropriate based on current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense. There were no penalties and interest assessed by taxing authorities during the years ended December 31, 2024 and 2023.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Expenses are charged directly to program, management and general, or fundraising based on specific identification of expenses. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the YMCA.

Liquidity

Assets and liabilities are presented in the order of liquidity in the statement of financial position. Any further restrictions are disclosed in the notes to the financial statements.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

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

Sales Tax

The State of South Dakota and the cities in which the YMCA operates impose a sales tax on the YMCA's sales of merchandise. However, the YMCA is sales tax exempt on membership fees and program fees. The YMCA collects sales tax related to merchandise sales from customers and remits the entire amount to the State. The YMCA's accounting policy is to net sales tax collected and remitted to the State against revenues.

Property Tax

The YMCA is exempt from property taxes. Accordingly, there is no provision for property taxes included in these financial statements.

Balances for the Year Ended December 31, 2023

The Statement of Activities, Statement of Cash Flows, and Statement of Functional Expenses for the year ended December 31, 2023 are captioned "Memorandum Only." Such information is presented only to facilitate financial analysis. This data does not present these statements in the amount of detail required by accounting principles generally accepted in the United States of America. The complete December 31, 2023 Statement of Activities, Statement of Cash Flows, and Statement of Functional Expenses were included in the prior year's report but are not presented here because of space limitations and to avoid cumbersome and confusing formats.

NOTE 3 - CAPITAL CAMPAIGN FUND AND PROMISES TO GIVE

The YMCA has a continual fundraising campaign to increase the endowment and to sponsor memberships. Contributions to the endowment will be maintained in accordance with the YMCA endowment policy (see Note 12) with earnings on donations being used to support the programs of the YMCA. Contributions to the separate Shaping our Future campaign are allocated per the donors' wishes to one or all of the following three categories: capital projects, sponsorship, and endowment. Management continually evaluates the collectability of promises to give. Management records an allowance for uncollectible promises to give upon evaluation of individual donor payment history and the likelihood of payment. Because the YMCA has a long history with many of the current donors to the Shaping Our Future Campaign, management has determined that no allowance for uncollectible promises to give is necessary at this time.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 3 - CAPITAL CAMPAIGN FUND AND PROMISES TO GIVE (CONTINUED)

Unconditional promises to give at December 31 are as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Receivable in Less Than One Year	\$ 9,306	\$ -	\$ 9,306
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Receivable in Less Than One Year	\$ 8,167	\$ 16,015	\$ 24,182
Receivable in One to Five Years	-	1,000	1,000
Discount on Pledges Receivable	-	(30)	(30)
Total Unconditional Promises to Give	\$ 8,167	\$ 16,985	\$ 25,152

Unconditional pledges receivable due in more than one year are discounted based on the creditworthiness of donors, which was 3.25% as of December 31, 2024 and 2023. Promises to give at December 31, 2024 do not include any major concentrations. Promises to give at December 31, 2023 include \$15,000 due from three donors.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2024	2023
Nondepreciable Items:		
Land	\$ 1,449,249	\$ 1,449,249
Construction in Progress	153,845	133,986
Depreciable Items:		
Buildings and Improvements	18,776,965	19,023,350
Land Improvements	18,471	18,471
Machinery and Equipment	1,294,979	1,258,386
Vehicles	526,964	526,964
	<u>22,220,473</u>	<u>22,410,406</u>
Less: Accumulated Depreciation	<u>8,187,326</u>	<u>7,876,112</u>
Net Property and Equipment	<u>\$ 14,033,147</u>	<u>\$ 14,534,294</u>

As of December 31, 2024 and 2023, construction in progress represented equipment and design costs related to a kitchen remodel project. Equipment was purchased for the project with grant funds. There are no future commitments for this project as of December 31, 2024. Additional funding needs to be secured for the project to be completed. The project is expected to begin in late 2025 with the equipment being installed at that time.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 5 - INVESTMENTS

Investments consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Cash	\$ 22,060	\$ 85,690
Certificates of Deposit	227,159	223,165
Mutual Funds	415,955	440,806
Equities	671,925	626,647
Bonds	117	185
	<u>\$ 1,337,216</u>	<u>\$ 1,376,493</u>

Net investment return includes interest, dividends, realized and unrealized gains and losses, and investment fees. The investment return is classified in the Statement of Activities as net assets with donor restrictions, except for that portion relating to general operating accounts.

NOTE 6 - REVOLVING LINE OF CREDIT

The YMCA has a revolving line of credit for the amount of \$250,000. The line of credit is due on demand and does not require annual renewals. The line of credit requires monthly interest payments at the bank's prime rate and is unsecured. As of December 31, 2024, \$250,000 was drawn on the line of credit. There was no outstanding balance on the line of credit as of December 31, 2023.

NOTE 7 - LEASES

The YMCA evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) leased assets represent the YMCA's right to use underlying assets for the lease term, and the lease liabilities represent the YMCA's obligation to make lease payments arising from these leases. The ROU leased assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The YMCA has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate, when the implicit rate is not readily available, to discount future lease payments.

	<u>2024</u>	<u>2023</u>
Right-of-use Leased Assets	\$ 165,729	\$ 27,170
Lease Obligation	\$ 165,729	\$ 29,180
Weighted Average Discount Rate	7.50%	3.60%
Weighted Average Term	60 months	12 months

The YMCA's operating leases consist primarily of copier machines. The lease was initiated in 2019 and continues for 60 months. The YMCA entered into a new lease agreement effective October 2024 for new copier equipment for 60 months. For the year ended December 31, 2024 and 2023, total operating lease cost was \$27,279 and \$29,758, respectively.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 7 – LEASES (CONTINUED)

Future maturities of lease liabilities are presented in the following table, for the year ending December 31, 2024:

	<u>2024</u>	<u>2023</u>
2024	\$ -	\$ 29,180
2025	39,851	-
2026	39,851	-
2027	39,850	-
2028	39,850	-
2029	39,850	-
Total Lease Payments	<u>199,252</u>	<u>29,180</u>
Less: Present Value Discount	<u>(33,523)</u>	<u>-</u>
Total Lease Obligations	<u>\$ 165,729</u>	<u>\$ 29,180</u>

NOTE 8 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is assets without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2024</u>	<u>2023</u>
Financial Assets Available for Use:		
Cash and Cash Equivalents	\$ 66,821	\$ 330,806
Accounts and Grants Receivable	143,353	170,991
Pledges Due in One Year	9,306	8,167
Endowment Spending-rate Appropriations	<u>65,000</u>	<u>65,000</u>
	<u>\$ 284,480</u>	<u>\$ 574,964</u>

The YMCA's assets available for use consist of cash and cash equivalents, accounts and grants receivable, promises to give expected to be collected currently, and appropriations of endowment funds for expenditures expected to be made during the next fiscal year. The YMCA is dependent on membership dues and program revenues to fund current expenditures.

YMCA endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted until appropriated for expenditure.

The YMCA has a board-designated capital reserve in the amount of \$25,014 that is included in financial assets available for use. The use of these funds to support operations would require Board action. The YMCA could also seek additional support from donors or debt borrowings in the event of unanticipated liquidity needs.

NOTE 9 - BOARD-DESIGNATED NET ASSETS

Board-designated net assets are maintained in the YMCA's operating bank account. Receipts and disbursements are designated by the Board of Directors to their specific activity within net assets without donor restrictions and consist of the capital reserve at December 31, 2024 and 2023. Transfers from the reserve are made to fund capital expenditures as approved by the Board of Directors.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions by purpose or time consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Donations for Special Purpose:		
Assets Held by BH Area Community		
Foundation for Youth Sponsorships	\$ 97,769	\$ 89,130
Meals Program	58,491	-
Childcare	-	84,680
Rapid City Equipment	-	62,440
Edgemont YMCA	-	34,132
Custer Equipment	-	9,791
Sports and Wellness Programs	-	6,673
Custer Elementary School Project	-	6,478
Parkinson's Disease Exercise Program	-	204
	<u>156,260</u>	<u>293,528</u>
Shaping Our Future	-	14,015
Endowment - Earnings Available for Appropriations	1,046,529	1,088,776
	<u>\$ 1,202,789</u>	<u>\$ 1,396,319</u>

Net assets with donor restrictions in the amount of \$1,309,898 and \$979,111 were released from restriction during the years ended December 31, 2024 and 2023, respectively, as a result of donor stipulations being met.

Net assets with donor restrictions in perpetuity represent donor contributions to an endowment fund (see Note 12). The principal of these funds will remain in perpetuity, while the income earned will be used at the Board's discretion. Earnings on these funds are considered donor-restricted until the Board appropriates the funds for expenditure.

NOTE 11 - PENSION AND RETIREMENT PLAN

The YMCA participates in the YMCA Retirement Fund Retirement Plan, which is a defined-contribution, money-purchase church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended. The Plan is sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the state of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The Plan is operated as a church pension plan. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan has no unfunded benefit obligation.

Pension benefits for substantially all employees meeting certain eligibility requirements are provided through participation in the National YMCA Retirement Fund, a multi-employer defined contribution pension plan. The YMCA makes contributions to the plan each year equal to 12% of eligible participants' compensation. Contributions to the plan were \$343,083 and \$311,098 for the years ended December 31, 2024 and 2023, respectively.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 12 - ENDOWMENT FUNDS

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date for all donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the YMCA classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions by purpose or time until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by state law.

Changes in endowment net assets for the years ended December 31 are as follows:

	2024		
	With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Total
Endowment Net Assets, Beginning	\$ 1,088,776	\$ 290,687	\$ 1,379,463
Contributions to Endowment	225	-	225
Net Investment Return	113,973	-	113,973
Amounts Appropriated for Expenditure	(156,445)	-	(156,445)
Endowment Net Assets, Ending	<u>\$ 1,046,529</u>	<u>\$ 290,687</u>	<u>\$ 1,337,216</u>
	2023		
	With Donor Restrictions - by Purpose or Time	With Donor Restrictions - in Perpetuity	Total
Endowment Net Assets, Beginning	\$ 961,034	\$ 290,687	\$ 1,251,721
Contributions to Endowment	3,600	-	3,600
Net Investment Return	176,665	-	176,665
Amounts Appropriated for Expenditure	(52,523)	-	(52,523)
Endowment Net Assets, Ending	<u>\$ 1,088,776</u>	<u>\$ 290,687</u>	<u>\$ 1,379,463</u>

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 12 - ENDOWMENT FUNDS (CONTINUED)

The YMCA has adopted investment and spending policies for endowment net assets that attempt to provide a predictable stream of funding to programs supported by its endowment. As such, all investment earnings, including realized and unrealized gains, related to funds restricted in perpetuity are allocated to net assets with donor restrictions by purpose or time until appropriated for expenditure. The YMCA's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through the diversification of asset classes. The current long-term return objective is to return three percent over the consumer price index/inflation rate. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the YMCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The YMCA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the YMCA and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the YMCA
- The investment policies of the YMCA

The beneficial interest in assets held by others is also held as an endowment-type asset, though the YMCA does not have control over the investment strategies or spending policies. See Note 16 for more information.

NOTE 13 - FAIR VALUE MEASUREMENTS

The YMCA classifies assets and liabilities measured at fair market value within a hierarchy based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect estimates about market data. The three-level fair value hierarchy is defined as follows:

Level I - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the YMCA has the ability to access as of the measurement date. The type of investments that would generally be included in Level I include listed equities, derivatives, and mutual funds.

Level II - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Investments that are generally included in this category include corporate loans and less liquid and restricted equity securities.

Level III - Significant unobservable inputs that reflect the YMCA's assumptions about the assumptions that market participants would use in pricing an asset or liability.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)

Management uses the net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partner's capital, as a practical expedient to estimate the fair values of private credit, which does not have a readily determinable fair value. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The YMCA's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. There have been no changes to the valuation techniques.

The following table presents the assets measured at fair value on a recurring basis, except those measured at cost by using NAV per share as a practical expedient, as of December 31:

	2024	
	Level I	Total
Cash	\$ 22,060	\$ 22,060
Certificates of Deposit	227,159	227,159
Mutual Funds:		
Diversified Emerging Market	63,426	63,426
High Yield	21,996	21,996
Intermediate Core	192,162	192,162
Mid-Cap Growth	40,746	40,746
Small Blend	42,463	42,463
Ultrashort Bond	55,162	55,162
Equities (by Sector):		
Exchange Traded Funds	148,630	148,630
Basic Materials	25,330	25,330
Communication Services	37,251	37,251
Consumer Cyclical	44,828	44,828
Consumer Defensive	41,551	41,551
Energy	11,263	11,263
Financial Services	90,386	90,386
Healthcare	67,527	67,527
Industrials	70,311	70,311
Real Estate	4,943	4,943
Technology	115,301	115,301
Utilities	14,604	14,604
Bond Funds	117	117
	<u>\$ 1,337,216</u>	<u>\$ 1,337,216</u>

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)

	2023	
	Level I	Total
Cash	\$ 85,690	\$ 85,690
Certificates of Deposit	223,165	223,165
Mutual Funds:		
Diversified Emerging Market	59,080	59,080
High Yield	41,889	41,889
Intermediate Core	232,132	232,132
Mid-Cap Growth	42,542	42,542
Small Blend	33,558	33,558
Ultrashort Bond	31,605	31,605
Equities (by Sector):		
Exchange Traded Funds	185,722	185,722
Basic Materials	23,192	23,192
Communication Services	18,574	18,574
Consumer Cyclical	37,922	37,922
Consumer Defensive	43,622	43,622
Energy	12,392	12,392
Financial Services	69,280	69,280
Healthcare	62,420	62,420
Industrials	60,282	60,282
Real Estate	5,401	5,401
Technology	90,243	90,243
Utilities	17,597	17,597
Bond Funds	185	185
	<u>\$ 1,376,493</u>	<u>\$ 1,376,493</u>

The following are descriptions of the valuation methods and assumptions used by the YMCA to estimate fair values of certain financial instruments:

Money Market and Certificates of Deposit: Fair values of money market funds and certificates of deposit are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable. Certificates of deposit are held by investment brokers and can be liquidated on demand without penalty.

Mutual Funds, Exchange Traded Funds, Bond Funds, and Other Equities: Funds are primarily invested in equity securities. The fair value is readily marketable and determined by obtaining quoted prices on nationally recognized exchanges.

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
December 31, 2024:				
Beneficial Interest in Assets Held by Others	\$ 97,769	\$ -	Quarterly	Quarterly
December 31, 2023:				
Beneficial Interest in Assets Held by Others	\$ 89,130	\$ -	Quarterly	Quarterly

Beneficial Interest in Assets Held by Others: Funds are held by the Black Hills Area Community Foundation (as further detailed in note 16). These assets are not readily redeemable. Distributions are received quarterly based on a formula.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the Statements of Financial Position.

NOTE 14 - CONCENTRATIONS

At times during the years ended December 31, 2024 and 2023, the YMCA had amounts on deposit at certain financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation (FDIC). The YMCA has not experienced any losses in such accounts. The YMCA monitors the financial stability of financial institutions regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.

NOTE 15 - FINANCIAL ASSISTANCE PROVIDED

The YMCA provides financial assistance, through contributions and other fundraising, to help defray the costs of membership and program and other fees for individuals with needs. Membership dues are recorded net of such assistance in the accompanying statements of activities. Such amounts were as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Membership Dues	\$ 2,791,642	\$ 2,693,273
Less: Financial Assistance Provided	<u>(197,909)</u>	<u>(204,084)</u>
Membership Dues, Net	<u>\$ 2,593,733</u>	<u>\$ 2,489,189</u>

Young Men's Christian Association of Rapid City, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

NOTE 16 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

During the year ended December 31, 2021, the YMCA established an endowment fund that is perpetual in nature under the Black Hills Area Community Foundation's (BHACF) challenge grant fund and named itself as the beneficiary. The YMCA granted variance power to BHACF, which allows BHACF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the BHACF Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The YMCA has unconditional rights to distributions from assets held by BHACF. BHACF makes annual distributions based on the rolling 16-quarter average of investments held on behalf of the YMCA at a percentage determined by BHACF's Board of Directors. The assets held by BHACF are reported as with donor restrictions as the intent is for these assets to be used to fund annual youth sponsorships. Changes in the balances of the assets held by others were as follows:

	2024	2023
Balance, Beginning	\$ 89,130	\$ 76,922
Contributions	-	1,215
Investment Return, Net	9,639	11,993
Distributions and Fees	<u>(1,000)</u>	<u>(1,000)</u>
Balance, Ending	<u>\$ 97,769</u>	<u>\$ 89,130</u>

NOTE 17 - LONG-TERM LIABILITIES

During the year ended December 31, 2023, the YMCA was awarded a loan of \$50,000 from a local economic development agency. The loan is due within 60 months and does not accrue interest. If the YMCA remains open and transacts business as a childcare center in Rapid City, SD for 60 months from the date of approval (May 2, 2023), the loan will be forgiven. Should the YMCA cease to operate as a childcare center, the loan and accrued interest at a rate of 10% are due immediately. The YMCA management intends to continue childcare center operations and believes this loan will be forgiven.

NOTE 18 - RELATED PARTIES

The YMCA pays dues to the YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2024 and 2023 were \$142,964 and \$134,492, respectively.

NOTE 19 - SUBSEQUENT EVENTS

The YMCA had previously submitted amended payroll tax returns to the Internal Revenue Service to claim the Employee Retention Credit (ERC) for approximately \$1.7 million related to the first three quarters of 2021. The ERC was a fully refundable payroll tax credit available to small businesses experiencing a significant decline in revenues or subject to government-forced shutdown of operations between March 12, 2020 and September 30, 2021. In August 2025, the YMCA received \$159,186.15 in ERC refunds. The remaining amount has not been recorded as a receivable due to uncertainties as to collectability. All amounts received are subject to a 15% fee payable to ERC Specialties, LLC for their assistance in filing for the credit. The ERC filings remain open for potential examination by the Internal Revenue Service for three years from the date the amended returns were filed. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

Subsequent events were evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.