THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE TRIANGLE AREA, INC.

FINANCIAL STATEMENTS AND
COMPLIANCE REPORTING

As of and for the Year Ended December 31, 2025

And Reports of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE TRIANGLE AREA, INC.

OFFICERS

<u>Gregg Sandreuter</u>
Chief Volunteer Officer

<u>Amy Baker</u>
Immediate Past
Chief Volunteer Officer

<u>Gayle Lanier</u>
Vice President

<u>Chris Woody</u>
Secretary

<u>Trey Rabon</u>
Treasurer

PROFESSIONAL ADMINISTRATIVE STAFF

<u>Bruce Ham</u>
President and Chief
Executive Officer

<u>Tony Campione</u>
Chief Operating Officer

<u>Brian Keel</u>
Chief Financial Officer

<u>Lisa Humphreys</u>
Chief People Officer

<u>Brad Davis</u>
Chief Philanthropy Officer

<u>Dr. Lisa Scott</u>
Chief Partnership
and Impact Officer

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Report of Independent Auditor

To the Board of Directors
The Young Men's Christian Association of the Triangle Area, Inc.
Raleigh, North Carolina

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of The Young Men's Christian Association of the Triangle Area, Inc. (a North Carolina nonprofit organization) ("YMCA"), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the YMCA as of December 31, 2025, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 the 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 YMCA's ability to continue as a going concern within one year of 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 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 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* and to satisfy NC GS Section 143C-6-23 and 09 NCAC 03M requirements, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 18, 2026, on our consideration of YMCA's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 our audit performed in accordance with *Government Auditing Standards* in considering YMCA's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
May 18, 2026

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE TRIANGLE AREA, INC.
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

ASSETS	
Cash and cash equivalents	$ 18,015,171
Accounts receivable, net	23,213,735
Pledges receivable, net (Note 2)	7,504,575
Investments, at fair value (Note 3)	23,049,632
Prepaid expenses	2,962,922
Property, plant, and equipment, net (Note 5)	213,131,877
Land held for resale	35,000
Operating lease right-of-use assets (Note 12)	3,455,120
Finance lease right-of-use assets (Note 12)	3,414,069
Net investment in lease (Note 18)	16,119,804
Other assets	3,353,880
Interest rate swap contracts (Note 9)	1,536,230
Total Assets	$ 315,792,015
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued expenses	$ 6,809,505
Deferred revenue	34,111,336
Lease prepayments	16,119,804
Operating lease liabilities (Note 12)	4,193,077
Finance lease liabilities (Note 12)	3,453,702
Notes payable (Note 8)	12,889,313
Bonds payable (Note 8)	29,891,246
Total Liabilities	107,467,983
Net Assets:	
Without Donor Restrictions:	
Undesignated	156,034,720
Board designated	12,696,042
	168,730,762
With Donor Restrictions (Note 10)	39,593,270
Total Net Assets	208,324,032
Total Liabilities and Net Assets	$ 315,792,015

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

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE TRIANGLE AREA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Program and camping fees, net	$ 60,091,530	$ -	$ 60,091,530
Membership dues and joining fees, net	43,816,954	-	43,816,954
In-kind contributions	252,667	786,219	1,038,886
Contributions, net of bad debt expense	3,454,210	13,668,476	17,122,686
Grants	5,054,403	-	5,054,403
Gain on disposal of property, plant, and equipment	210,535	-	210,535
Investment return, net	803,052	1,816,108	2,619,160
Other income, net of cost of goods sold	2,818,816	-	2,818,816
	116,502,167	16,270,803	132,772,970
Net assets released from donor restrictions (Note 11)	14,502,400	(14,502,400)	-
Total Public Support and Revenue	131,004,567	1,768,403	132,772,970
Expenses:			
Program services	91,974,684	-	91,974,684
Administrative services	23,675,193	-	23,675,193
Fundraising	4,011,594	-	4,011,594
Total Expenses	119,661,471	-	119,661,471
Change in net assets before change in interest rate swap contracts	11,343,096	1,768,403	13,111,499
Other Income (Expense):			
Gain on debt forgiveness (Note 8)	6,286,500	-	6,286,500
Change in market value of interest rate swap contracts (Note 9)	(799,523)	-	(799,523)
Other Income, Net	5,486,977	-	5,486,977
Change in net assets	16,830,073	1,768,403	18,598,476
Net assets, beginning of year	151,900,689	37,824,867	189,725,556
Net assets, end of year	$ 168,730,762	$ 39,593,270	$ 208,324,032

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

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE TRIANGLE AREA, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

	Program Services						
	Youth Programs	Adult Programs	Resident Camps	Total Programs	Administrative Services	Fundraising	Total
Salaries	$ 24,320,245	$ 13,130,922	$ 4,015,824	$ 41,466,991	$ 10,827,565	$ 1,873,419	$ 54,167,975
Employee benefits	2,528,877	1,561,726	480,921	4,571,524	2,248,138	401,867	7,221,529
Payroll taxes	1,873,919	1,003,615	276,885	3,154,419	785,236	136,121	4,075,776
Total Payroll	28,723,041	15,696,263	4,773,630	49,192,934	13,860,939	2,411,407	65,465,280
Professional fees and contracts	818,622	608,125	1,883,957	3,310,704	3,335,745	438,915	7,085,364
Supplies	4,104,298	1,186,361	1,197,423	6,488,082	354,008	12,909	6,854,999
Telephone	407,802	294,493	126,824	829,119	216,614	27,614	1,073,347
Postage	17,186	12,411	5,249	34,846	32,756	3,987	71,589
Occupancy	8,545,942	3,883,699	1,860,531	14,290,172	784,528	28,686	15,103,386
Equipment lease and maintenance	233,734	116,460	707,644	1,057,838	230,677	7,837	1,296,352
Promotion and printing	91,085	39,686	264,286	395,057	174,814	474,285	1,044,156
Travel	944,380	28,177	263,676	1,236,233	149,019	12,981	1,398,233
Conferences and meetings	36,712	12,048	86,566	135,326	321,697	4,834	461,857
Food	269,108	180,742	2,646,207	3,096,057	186,862	76,204	3,359,123
Dues	8,140	6,762	17,413	32,315	840,902	21,295	894,512
Insurance	841,712	515,885	1,460,364	2,817,961	459,395	662	3,278,018
Interest	583,730	475,880	172,037	1,231,647	369,271	38,774	1,639,692
Miscellaneous	858	30,234	-	31,092	159,253	3,746	194,091
Total Other Expenses	16,903,309	7,390,963	10,692,177	34,986,449	7,615,541	1,152,729	43,754,719
Total expenses before depreciation and amortization	45,626,350	23,087,226	15,465,807	84,179,383	21,476,480	3,564,136	109,219,999
Depreciation and amortization	3,842,865	2,806,249	1,146,187	7,795,301	2,198,713	447,458	10,441,472
Total Expenses	$ 49,469,215	$ 25,893,475	$ 16,611,994	$ 91,974,684	$ 23,675,193	$ 4,011,594	$ 119,661,471

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE TRIANGLE AREA, INC.
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities:	
Change in net assets	$ 18,598,476
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	9,868,361
Gain on debt forgiveness	(6,286,500)
Amortization of debt issuance costs included in interest expense	46,873
Provision for credit losses and bad debt expense	358,579
Noncash lease expense	175,037
Amortization of investment in lease	370,570
Unrealized loss on charitable trusts	24,897
Unrealized gains on investments	(540,041)
Realized gains on sale of investments	(1,129,120)
Gain on sale of property, plant, and equipment	(210,535)
Change in interest rate swap contracts	799,523
Contributions received for capital campaign	(6,276,219)
Contributions restricted for endowments	(652,957)
Noncash donation of property, land, and equipment	(251,115)
Noncash donation of contributed use of building	(773,091)
Net changes in operating assets and liabilities:	
Accounts receivable	(2,632,783)
Pledges receivable	(2,352,790)
Prepaid expenses	(319,246)
Other assets	(1,383,437)
Accounts payable and accrued expenses	(4,648,711)
Deferred revenue	(1,098,071)
Lease prepayments	(370,570)
Net cash flows from operating activities	1,317,130
Cash flows from investing activities:	
Purchase of property, plant, and equipment	(14,355,607)
Proceeds of from sale of property, plant, and equipment	312,446
Purchase of investments	(16,557,042)
Proceeds from sale of investments	15,947,810
Net cash flows from investing activities	(14,652,393)

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

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE TRIANGLE AREA, INC.
STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED DECEMBER 31, 2025

Cash flows from financing activities:	
Principal payments on finance lease	$ (520,450)
Borrowing on notes payable	5,069,363
Principal payments on notes payable	(303,418)
Principal payments on bonds payable	(3,550,403)
Payments of debt issuance costs	(4,000)
Contributions restricted for capital campaign	6,276,219
Contributions restricted for endowments	652,957
Net cash flows from financing activities	7,620,268
Net change in cash and cash equivalents	(5,714,995)
Cash and cash equivalents, beginning of year	23,730,166
Cash and cash equivalents, end of year	$ 18,015,171
Supplemental cash flow information:	
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 1,476,508
Cash paid for interest, including capitalized interest of $148,369	$ 1,786,135
Noncash flow investing and financing activities:	
Donation of contributed use of building	$ 773,091
Donation of equipment	$ 1,115
Donation of land	$ 250,000
Donation of food	$ 1,552
Noncash flow financing activities:	
Gain on debt forgiveness	$ 6,286,500

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

Note 1—Nature of activities and summary accounting policies

Mission and Nature of Activities – The Young Men's Christian Association of the Triangle Area, Inc. (the "YMCA") is an association of volunteers, members, and staff incorporated in 1911 for the purpose of putting Christian principles into practice through programs that build healthy spirit, mind, and body for all. The YMCA is comprised of 20 branches, three resident camps, and administrative offices. Members and participants primarily come from Wake, Durham, Orange, Johnston, Lee, Pamlico, Chatham, and surrounding counties.

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

> *Net Assets Without Donor Restrictions* – Net assets without donor restrictions are not subject to donor-imposed stipulations. All net assets without donor restrictions, including board designated funds, may be used by YMCA for general operations as determined by management or 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 the actions of YMCA or by the passage of time. Other donor's restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity.

Estimates – The preparation of the 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.

Tax Exempt Status – The YMCA is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the IRC and qualifies for the 50% of adjusted gross income charitable contributions deduction for individual donors. The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*, requires the YMCA to estimate the likelihood that a potential income tax liability, including penalties and interest, exists for any income tax position taken on a return that has a more likely than not chance that the position would fail under a federal or state revenue audit. This estimated liability is known as an uncertain tax position. The YMCA has evaluated their income tax positions and has determined they have no uncertain tax positions that should be accounted for under ASC 740. The YMCA is not currently under examination by the Internal Revenue Service ("IRS") or the state of North Carolina.

Cash and Cash Equivalents – For purposes of the statement of cash flows, cash and cash equivalents represent cash in bank demand accounts and short-term highly liquid investments with original maturities of three months or less.

Accounts Receivable – Accounts receivable are generally uncollateralized client obligations net of allowance for credit losses. The allowance for credit losses is based on YMCA's assessment of the collectability of customer accounts receivable. In accordance with ASC Topic 326, *Financial Instruments - Credit Losses*, YMCA makes ongoing estimates relating to the collectability of accounts receivable and records an allowance for estimated losses expected from the inability of its customers to make required payments. The YMCA establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and reasonable and supportable forecasts of future macroeconomic conditions. 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. As of December 31, 2025, gross accounts receivable was $23,213,735. Gross accounts receivable as of January 1, 2025 totaled $21,022,806.

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

The changes in the allowance for credit losses for the year ended December 31, 2025 are as follows:

Allowance for credit losses, December 31, 2024	$	209,451
Provison for credit losses		441,854
Write-offs		(313,015)
Allowance for credit losses, December 31, 2025	$	338,290

Pledges Receivable – Pledges made to YMCA are recorded as receivables in the year the pledge was made. Pledges to give are reported in the statement of financial position net of unamortized discounts and an allowance for uncollectible pledges. Pledges that are expected to be collected in future years are recorded at the present value of estimated, future cash flows using a discount rate based on management's assessment of many factors, including when the receivable is expected to be collected, past collection experience, and its policies concerning the enforcement of pledges. Amortization of the discount is recorded as an increase or decrease in contribution revenue. An allowance for uncollectible accounts is determined by management based on past collection history. During the year ended December 31, 2025, YMCA made recoveries of previously written off pledges of $36,492. As of December 31, 2025, the allowance for uncollectible pledges was $829,164. The change in the allowance for uncollectible pledges was $83,275 during the year ended December 31, 2025.There were no write-offs for the year ended December 31, 2025.

Investments – Investments in equity and debt securities are recorded at fair value based on closing market prices or bid quotations in accordance with professional standards. The resulting unrealized gain or loss is reported in investment return, net in the statement of activities and changes in net assets.

Prepaid Expenses – Prepaid expenses consist of routine business expenses paid in advance.

Property, Plant, and Equipment – Property, plant, and equipment that are purchased are valued at historical cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	5-40 years
Buildings	1-40 years
Vehicles and boats	3-10 years
Furnishings and equipment	3-39 years

Construction in Progress – Amounts represent the accumulated cost of a project that has not yet been placed into service. When the project is complete and placed into service, the cost is removed from this account and recorded as a long-term asset. During the year ended December 31, 2025, the capitalization threshold used by the YMCA was $2,500.

Impairment of Property, Plant, and Equipment – YMCA reviews property, plant, and equipment for impairment whenever events or changes in circumstances indicate the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the asset. During the year ended December 31, 2025, there were no events or changes in circumstances indicating an impairment analysis was needed.

Revenue Recognition from Exchange Transactions – YMCA has multiple revenue streams that are accounted for as exchange transactions including membership dues and joining fees and program and camping and fees.

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

YMCA bills members in advance of camp and programs being held within the next year as well as for memberships in advance of service dates. These amounts represent services that have been invoiced to the member but not yet provided and are reported as a portion of deferred revenue on the statement of financial position. As of December 31, 2025, YMCA had $29,550,338, in deferred revenue related to memberships and program fees billed in advance. As of January 1, 2025, YMCA had deferred revenue of $27,981,778 related to memberships and program fees billed in advance.

Membership Dues and Joining Fees – A significant amount of YMCA's revenue is generated from the use of the facilities by its members. YMCA bills members on a monthly basis for use of YMCA facilities. Revenue is recognized on a pro rata basis over the period covered by the billing which is typically a calendar month. Member dues and other charges billed or collected in advance are deferred and recorded as revenue in the period to which they relate. Joining fees are earned in the month billed to the customer because they are nonrefundable. Financial assistance is available to members.

Program and Camping Fees – YMCA offers a variety of programs including family, childcare, day camp, overnight camp, teen, fitness, aquatics, health, and well-being. Fee-based programs are available to the general public. Program fees for short duration programs, such as aquatics classes, are typically paid in advance at the time of registration but revenue is recorded when the performance obligation is met. Program fees for longer duration programs, such as fee-based childcare, are usually paid monthly in advance. Cancellation provisions vary by program, but most transactions are cancellable with 30 days' notice. Refunds may be available for services not provided. Financial assistance is available to camp and program participants.

The nature of YMCA's operations gives rise to variable consideration. Discounts assessed on membership dues, joining fees, and programs and camping fees could cause the amount of consideration to be variable. Variable consideration is estimated and included in the transaction price. Estimated amounts are included in the transaction price to the extent it is probable a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are based upon historical experience and known trends.

Deferred Rent Revenue – YMCA has deferred rent revenue of $3,526,440 as of December 31, 2025. Deferred rent revenue as of January 1, 2025 totaled $4,053,116.

Contribution Support – YMCA receives contributions to support operating activities, endowments, and capital projects. These contributions can be from individuals, foundations, corporations, trusts, or government agencies. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. YMCA records pledges receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise to give was received.

Grant Revenue – YMCA receives grants from corporations, foundations, and city, state, and federal agencies to provide a variety of program services to the public based on contract requirements, including eligibility, procurement, reimbursement, curriculum, staffing, and other requirements. These program services range from childcare after school programs, day camp, family programs, and health and welfare related programs. These grants from government agencies can be conditional in nature and are recorded as revenue when the conditions on which they depend have been substantially met, which is generally when the related allowable expenditures are incurred over the period the service is provided. As of December 31, 2025, YMCA had $1,034,558 in deferred revenue related to unspent grant funding. Deferred revenue related to unspent grant funding as of January 1, 2025 totaled $3,174,513.

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

Donor-restricted pledges are reported as increases in net assets with donor restrictions. When a restriction has been satisfied, the net assets with donor restrictions are released to net assets without donor restrictions. If a donor imposes a restriction on a contribution and the restrictions are met in the same fiscal year, YMCA may report all such contributions as net assets without donor restrictions.

In-Kind Contributions – Donations of property, equipment, supplies, space, or materials are recorded as support at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, YMCA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Contributed Use of Building – On December 16, 2025, the YMCA entered into a lease for the use of space in Durham, North Carolina for the purpose of its non-profit operations and programming. The term of the lease is for five years, with an annual expense of $1 and expires on December 16, 2030. Management estimated the value of the contribution to be $773,091. The YMCA will amortize the related expense on a straight-line basis over the term of the lease. No amortization expense was recorded during the year ended December 31, 2025, and therefore the contributed use of building had a value of $773,091 as of December 31, 2025 and is included with prepaid expenses on the statement of financial position.

Donated Property, Plant, and Equipment – Donated property during the year ended December 31, 2025, included land and equipment totaling $251,115 and was assigned a fair value based on information provided by third parties and independent agencies. These donations were used to support the Operating Fund. During the year ended December 31, 2025, the YMCA also received donated supplies of $1,552, which were used to support programming. During the year ended December 31, 2025, donated property of $13,128 related to land YMCA is able to use through a donation rather than paying rent and was used to support the Operating Fund. This is assigned a fair value based on actual rental rates that would be paid for the space if not donated by the local town that allows for space use. As of December 31, 2025, donated in-kind contributions of $13,128 were restricted by the donor.

Statement of Functional Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited and expenses are presented by the natural classification detail of expenses by function. YMCA allocates functional expenses based on program delivery and space utilized for the various programs. Program expenses directly incurred to support program delivery, as well as indirect costs allocated by applying program expense percentages, are allocated to the program. YMCA captures administrative and fundraising costs through dedicated cost centers assigned to those functions, as well as indirectly by applying program expense percentages.

Concentrations – YMCA places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation permanently increased coverage to $250,000 for substantially all depository accounts. During the year, YMCA from time to time may have had amounts on deposit in excess of the insured limits. At December 31, 2025, YMCA exceeded the federally insured limit by approximately $16,021,000.

Advertising – Advertising costs are expensed as incurred and totaled $798,059 for the year ended December 31, 2025. The advertising costs are included in promotion and printing on the statement of functional expenses.

Note 2—Pledges receivable, net

As of December 31, 2025, the present value of pledges receivable, net of allowance for uncollectible accounts are due as follows:

Receivable in less than one year	$ 3,941,477
Receivable in one to five years	5,004,513
Receivable in more than five years	42,576
	8,988,566
Less present value discount	(654,827)
	8,333,739
Less allowance for uncollectible accounts	(829,164)
Pledges receivable, net	$ 7,504,575

To reflect the value of its long-term pledges in today's dollars, YMCA used a discount rate of 2.79% as of December 31, 2025. The pledges are made, predominately, for branch-specific scholarships and outreach programs, capital improvements, and an endowment for underserved children.

Note 3—Investments

Investments reported at fair value consisted of the following as of December 31, 2025:

	Cost	Fair Value
Equity securities	$ 19,998,233	$ 19,565,253
Fixed income securities	3,375,131	3,380,378
Long-term certificates of deposit	100,000	104,001
	$ 23,473,364	$ 23,049,632

Fair value is determined by market quotations at year-end. At December 31, 2025, the net reported basis value of all K-1s received is ($2,637).

The following table summarizes net investment return and its classification in the statement of activities and changes in net assets for the year ended December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	$ 610,650	$ 474,807	$ 1,085,457
Investment fees and expenses	(15,475)	(95,086)	(110,561)
Realized and unrealized gains	207,877	1,436,387	1,644,264
	$ 803,052	$ 1,816,108	$ 2,619,160

Note 4—Fair value measurements

YMCA applies U.S. GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements. U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

> *Level 1* – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that YMCA has the ability to access at the measurement date.
>
> *Level 2* – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
>
> *Level 3* – Inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy, within which a fair measurement in its entirety falls, is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following are descriptions of the valuation methodologies used for assets measured at fair value:

> *Equity Securities and Fixed Income Securities* – Value is based on quoted market prices, when available. Such investments consist primarily of investments in mutual funds. These financial instruments are classified as Level 1 in the fair value hierarchy.
>
> *Long-Term Certificates of Deposit* – These investments are generally certificates of deposit valued using $1 for the unit value. The custodian establishes the market and quotes the price, daily, that is available to market participants. This valuation method is a market approach. As such, these funds are classified within Level 2 of the valuation hierarchy.
>
> *Investment in Partnership* – Limited partnership interest have historically been valued at the net asset value (NAV) provided to the limited partner by the general partner. Because the inputs are not observable, these assets are classified as Level 3 of the valuation hierarchy.
>
> *Interest Rate Swap Contracts* – Valuation of these derivative assets involves comparing the swap contract's fixed rate to a market-determined rate, calculating the difference as an annuity, and discounting the annuity back to the present value using relevant discount factors. Because the inputs can be compared to information in the market, these assets are classified as Level 2 on the valuation hierarchy.

Note 4—Fair value measurements (continued)

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2025:

	Level 1	Level 2	Level 3	Total
Investments, at fair value:				
Large cap equities	$ 19,430,965	$ -	$ -	$ 19,430,965
Mid cap equities	103,106	-	-	103,106
Small cap equities	16,541	-	-	16,541
International equities	17,278	-	-	17,278
Fixed income	3,380,378	-	-	3,380,378
Long-term certificates of deposit	-	104,001	-	104,001
Investment in partnerships	-	-	(2,637)	(2,637)
Total investments, at fair value	22,948,268	104,001	(2,637)	23,049,632
Interest rate swap contracts	-	1,536,230	-	1,536,230
	$ 22,948,268	$ 1,640,231	$ (2,637)	$ 24,585,862

There has been no activity related to Level 3 assets during the year ended December 31, 2025.

Note 5—Property, plant, and equipment, net

Property, plant, and equipment and related accumulated depreciation at December 31, 2025, consisted of the following:

Land and land improvements	$ 64,674,563
Buildings	232,601,703
Vehicles and boats	5,652,511
Furnishings and equipment	20,073,747
Construction-in-progress	1,685,076
	324,687,600
Less accumulated depreciation	(111,555,723)
	$ 213,131,877

Depreciation expense for the year ended December 31, 2025 was $9,868,361.

Note 6—Defined contribution plan

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 IRC of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in Section 403(b)(9) of the code. Both Plans are sponsored by The Young Men's Christian Association Retirement Fund ("Fund"). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the state of New York (1922) and is organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the retirement plan and tax-deferred savings plan have no unfunded benefit obligations.

Note 6—Defined contribution plan (continued)

In accordance with the agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by YMCA. Contributions charged to retirement costs for fiscal year ended December 31, 2025 totaled $3,268,363. Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the Fund. There is no matching employer contribution in this plan.

Note 7—Line of credit

YMCA has a line of credit with Truist Bank in the amount of $6.0 million at an interest rate of index rate plus 1.25% per annum. The line of credit matures in August 2026. At December 31, 2025, only $5.2 million is available to be drawn on due to the outstanding letter of credit. There was no outstanding balance on the line of credit as of December 31, 2025.

Note 8—Debt obligations

Bonds Payable

On May 1, 2017, YMCA entered into a Bond Purchase and Loan Agreement with the North Carolina Capital Facilities Finance Agency (the "Agency") in which the Agency committed to make loans to YMCA from the proceeds of its Bonds in the principal amounts of $12,725,000 and not to exceed $22,000,000 for the Series 2017B, and Series 2017C, respectively. The funds were provided from the proceeds of the Agency's issuance of $12,725,000 Revenue Refunding Bonds (YMCA of the Triangle) Series 2017B (the "2017B Bond") and not to exceed $22,000,000 Revenue Bonds (YMCA of the Triangle) Series 2017C (the "2017C Bond") (collectively referred to as the "2017 Bonds" which were purchased by Truist Bank). YMCA used the proceeds of the 2017B Bonds to prepay the 2006 Bonds and the 2017C Bonds to pay or reimburse itself for the costs of certain projects and pay certain expenses incurred in connection with the authorization and issuance of the 2017 Bonds.

The term of the 2017 Bonds included that interest shall accrue on the outstanding principal amount of each series of the 2017 Bonds and shall initially be calculated at the Adjusted LIBOR (now the Adjusted Term Secured Overnight Financing Rate "(SOFR")) applicable to each such series on the basis of actual days elapsed over a 360-day year and shall be payable as provided in the form of the 2017 Bonds. Interest on the outstanding principal amount of the 2017 Bonds shall be payable on the first business day of each month. The 2017 Bonds accrue interest at a rate equal to SOFR plus 1.25% per annum.

On October 1, 2019, YMCA entered into a Bond Purchase and Loan Agreement with the Public Finance Authority (the "Authority") in which the Authority committed to make a loan to YMCA from the proceeds of its Bonds in the principal amount of $19,125,000 for the Series 2019 Revenue Bond. The funds were provided from the Authority's issuance of $19,125,000 Revenue Bond (YMCA of the Triangle – Northwest Cary Project), Series 2019 (the "Bond') which were purchased by Truist Bank. YMCA used the proceeds of the Series 2019 Bond to purchase property at 6903 Carpenter Fire Station Road, Cary, North Carolina.

The term of the 2019 Bond included that interest shall accrue on the outstanding principal amount of the Bond and shall initially be calculated at the Adjusted Federal Funds Rate on the basis of actual days elapsed over a 360-day year and shall be payable as provided in the form of the bond. Interest on the outstanding principal amount of the Bond shall be payable on the first business day of each month.

YMCA and Truist Bank entered into a Continuing Covenant Agreement which contains the financial covenants applicable to YMCA, including a requirement for unrestricted liquidity of not less than $6,000,000 and a debt service coverage ratio of at least 1.2 to 1.0, both measured as of December 31, 2025. Management believes YMCA was in compliance with all covenants at December 31, 2025.

Note 8—Debt obligations (continued)

Bonds payable consisted of the following at December 31, 2025:

Series 2017B – matures, subject to the right of prior redemption, on May 1, 2027. The fixed adjusted swap rate at December 31, 2025 and 2024 was 2.80%.	$	3,050,000
Series 2017C – matures, subject to the right of prior redemption, on May 1, 2032. The fixed adjusted swap rate at December 31, 2025 and 2024 was 3.54%.		11,631,526
Series 2019 (Northwest Cary Project) – matures, subject to the right of prior redemption on October 1, 2044. The fixed adjusted swap rate at December 31, 2025 and 2024 was 2.30%.		15,374,667
		30,056,193
Less bond issuance costs		(164,947)
Total bonds payable	$	29,891,246

Notes Payable

On April 12, 2018, the YMCA created SER Development I, Inc. (the "Organization). The Organization entered into various note payable agreements with CAHEC Sub-CDE XIV, LLC, a North Carolina limited liability Association and ST CDE XLVI, LLC, a Georgia limited liability Association (collectively referred to as the "Lenders"). The Lenders have funded the notes in the original aggregate principal amount of $21,000,000 using the New Markets Tax Credit (the "NMTC") and the Organization has developed, constructed, equipped, and leased the development project for use as a YMCA facility, which includes a wellness center, parking lot, gymnasium, outdoor swimming pool, exercise studios, and other athletic and recreational amenities. The Organization constituted as a "qualified active low-income community business" within the meaning of Section 45D of the Code and the Treasury Regulations and guidance thereunder.

The NMTC program was established under IRC Section 45D and is administered through the Community Development Financial Institutions ("CFDI") fund, which is a division of the U.S. Department of Treasury. The CFDI provides authority for Community Development Entities ("CDE") to sell the provided tax credits to qualified investors. The mission of CDEs is to provide capital to low-income communities for eligible projects such as for-profit retail, manufacturing plants, service businesses, and nonprofit businesses. Once the tax credits are received by the CDE, investors, such as local corporations, banks, or insurance companies, invest (equity) in the CDE, which in turn allows the CDE to invest in qualifying businesses. This investment made into the CDE is called a qualified equity investment ("QEI") and can be made either as an equity investment or a debt obligation. That investment is typically made with a combination of funds contributed by the investor and loaned by a lender, allowing the investor to take tax credits on the combined amount. The investor receives new markets tax credits calculated on that aggregate amount equal to 39% of the QEI and is spread out over 7 years (5% in years 1 to 3 and 6% in years 4 to 7). The investment made by the CDE is typically structured as 7 years, below-market interest rate, interest-only debt obligations. These debt obligations are typically split into two debt obligations, one corresponding to the equity portion of the investment and the second corresponding to the debt obligation portion of the investment. At the end of the 7-year compliance period, there are mechanisms in place that would result in the portion of the debt obligation relating to the equity being forgiven, as the equity investor made its investment in return for the tax credits and is not looking for a return of its equity investment.

Note 8—Debt obligations (continued)

During the year ended December 31, 2025, Truist Bank elected to formally forgive the NMTC loans which began the process of unwinding with the YMCA. Truist Bank, which owns the unaffiliated investment structure, elected to satisfy all obligations by exercising its right under an Investment Fund Put/Call agreement with the YMCA. All loans and notes receivable associated with the NMTC transaction were fully forgiven and as a result, a gain on debt forgiveness was recognized of $6,286,500. The Organization ceased operations during 2025 as a result of the unwinding of the NMTC. All assets of the Organization reverted to the YMCA in accordance with the agreements.

Notes payable consisted of the following at December 31:

Construction loan with Truist Bank for the purpose of implementing certain energy conservation measures designed to reduce energy consumption costs. Construction was completed and therefore no other amounts can be drawn from the loan. The monthly repayment of principal and interest is amortized over 180 months at an interest rate of 4.16% continuing up to December 1, 2038. The loan is secured by the construction project in which the note relates.	$ 5,422,566
Construction loan with First Citizens Bank for the purpose of construction of a new facility entered into on August 15, 2024. The loan bears interest at a fixed rate of 6.15%, with monthly interest only payments beginning September 2024. All accrued interest and outstanding principal are due when the loan ultimately matures on August 15, 2029. Construction was completed and therefore no other amounts can be drawn from the loan. The loan is secured by the construction project in which the note relates.	5,500,000
Construction loan with Truist Bank for the purpose of construction of a new facility entered into on May 14, 2025. The loan bears interest at a fixed rate of a One-Month Term SOFR (3.87% as of December 31, 2025) plus 1.25%, with monthly interest only payments beginning June 2025. All accrued interest and outstanding principal are due when the loan ultimately matures on April 30, 2030. Available to draw on as of December 31, 2025 is $2,011,002. The loan is secured by the construction project in which the note relates.	1,988,998
	12,911,564
Less debt issuance costs	(22,251)
Total notes payable	$ 12,889,313

YMCA paid $4,000 related to the issuance of the notes payable for the year ended December 31, 2025, and these costs are being amortized over the life of note. Unamortized debt and bond issuance costs as of December 31, 2025 totaled $187,199. Debt issuance costs are presented in the statement of financial position as a reduction to the related debt. Interest expense for notes and bonds payable was $1,637,766 during the year ended December 31, 2025. The YMCA began construction on the Alexander Jones Wright Youth Center during the year ended December 31, 2025. Total interest of $148,369 was incurred during the year ended December 31, 2025 related to the facility, which is included with construction-in-progress within property, plant, and equipment.

Note 8—Debt obligations (continued)

The following are maturities of bonds and notes payable for each of the next five years and in the aggregate:

	Notes Payable	Bonds Payable	Total
2026	$ 321,232	$ 3,676,806	$ 3,998,038
2027	334,853	3,805,026	4,139,879
2028	349,052	2,304,254	2,653,306
2029	5,863,852	2,366,335	8,230,187
2030	2,368,279	2,429,205	4,797,484
Thereafter	3,674,296	15,474,567	19,148,863
	12,911,564	30,056,193	42,967,757
Less unamortized debt issuance costs	(22,251)	(164,947)	(187,198)
	$ 12,889,313	$ 29,891,246	$ 42,780,559

Note 9—Interest rate swap contacts

Interest Rate Swaps – YMCA entered into interest rate swap contracts to reduce the risk of changes in interest rates on its variable rate bonds.

On May 1, 2017, YMCA entered into three interest rate swap contracts with a predecessor to Truist Bank having total beginning notional amounts of $34,030,000. These agreements effectively change YMCA's interest rate exposure on its $12,725,000 (Series 2017B) floating rate note due in 2027 to a fixed 2.21% and $13,895,000 (Series 2017C) floating rate note due 2032 to a fixed 2.44%. The Series 2017B interest rate swap agreement will terminate by its own terms on May 1, 2027 and the Series 2017C interest rate swap contract will terminate on May 1, 2030. The Series 2017C interest rate swap is cancellable by YMCA, without charge, with two business days' notice prior to the first calendar day of each month between May 1, 2027 and May 1, 2032.

On October 3, 2019, YMCA entered into an interest rate swap contract, also with a predecessor to Truist Bank, having a beginning notional amount of $19,125,000. This agreement effectively changed YMCA's interest exposure on its $19,125,000 (Series 2019) floating rate note due 2044 to a fixed 2.30%. The Series 2019 interest rate swap contract matures on October 3, 2034. In each interest rate swap contract YMCA is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap contracts; however, YMCA does not anticipate nonperformance.

YMCA amended the interest rate swap contracts associated with the Series 2017B and Series 2017C bonds in March 2023 to adjust for the termination of LIBOR to Term SOFR as the new underlying basis. Effective April 1, 2023, these contracts effectively change YMCA's interest rate exposure on all of is $7,115,000 (Series 2017B) floating rate note due in 2027 to a fixed 2.80%, and $15,965,967 (Series 2017C) floating rate note due 2032 to a fixed 3.54%.

Note 10—Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2025 are available for the following purposes or periods:

Restricted accumulated earnings on endowment	$ 6,288,070
Assets restricted in perpetuity	469,853
Capital fund assets subject to donor restrictions	10,631,110
Contributions for program services and scholarships	8,444,785
Endowments	13,759,452
	$ 39,593,270

Included in net assets without donor restrictions are board-designated net assets representing funds set aside for endowment funds of $2,305,521 and maintenance and capital improvements at the various facilities of $10,390,521 as of December 31, 2025.

Note 11—Net assets released from restrictions

Net assets released from restrictions for the year ended December 31, 2025 consist of:

Purpose restrictions accomplished:	
Contributions for program services and scholarships	$ 7,779,944
Construction of buildings and improvements	5,952,316
Endowment distribution	770,140
Net assets released from restrictions	$ 14,502,400

Note 12—Leases

YMCA leases certain facilities and equipment under operating leases expiring at various dates. In addition, YMCA leases certain facilities on a month-to-month basis and on an as needed basis.

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. YMCA has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on relative stand-alone prices.

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

Note 12—Leases (continued)

The lease agreements do not contain any material residual value guarantees or material restrictive covenants. YMCA does not have leases where it is involved with the construction or design of an underlying asset. YMCA has no material obligation for leases signed but not yet commenced as of December 31, 2025. YMCA does not have any material sublease activities.

YMCA has elected the practical expedient not to recognize leases with terms of 12 months or less on the statement of financial position and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, YMCA's short-term lease expense for the period does not reflect ongoing short-term lease commitments. Lease expense for such short-term leases was $3,331,788 for the year ended December 31, 2025 and is included in occupancy expenses.

At December 31, 2025, YMCA recorded an operating lease ROU asset of $3,455,120, and an operating lease liability of $4,193,077. Operating lease expense was $2,391,172 for the year ended December 31, 2025, which is included with occupancy expenses.

At December 31, 2025, YMCA recorded a finance lease ROU asset of $3,414,069 and a finance lease liability of $3,453,702. Finance lease expense was the amortization of ROU assets of $653,089 and the interest on lease liabilities of $100,984 for the year ended December 31, 2025, which is included with equipment lease and maintenance expenses.

The weighted-average remaining noncancelable lease term for operating leases was 2.38 years as of December 31, 2025. The weighted-average remaining noncancelable lease term for finance leases was 3.56 years as of December 31, 2025. As of December 31, 2025, the weighted-average discount rate used to determine operating lease liabilities was 1.71%. As of December 31, 2025, the weighted-average discount rate used to determine finance lease liabilities was 4.08%.

The future minimum lease payments to be made under the operating lease liability are as follows:

	Finance	Operating
2026	$ 1,096,438	$ 1,847,930
2027	1,062,265	1,682,164
2028	977,897	746,779
2029	464,974	-
2030	101,278	-
Total undiscounted cash flows	3,702,852	4,276,873
Less present value discount	(249,150)	(83,796)
Present value of lease liabilities	$ 3,453,702	$ 4,193,077

Cash paid for operating lease liabilities was $2,788,911 for the year ended December 31, 2025. Cash paid for finance lease liabilities was $550,749 for the year ended December 31, 2025.

Note 13—Related parties

YMCA has many volunteers from the community, and it is common practice that various transactions take place between YMCA and companies that may be related to board members, officers, and other volunteers. These transactions take place through the normal course of business. All decisions about investments, major purchases, and policy require the consensus of committees and the approval of the Board of Directors or the Executive Committee.

YMCA leases office space from an entity whose former Chief Executive Officer is a board member of YMCA. The term of the lease was renewed for another 132 months on September 25, 2015 and expires on September 30, 2027. The lease calls for cumulative base rents of $8,302,418 payable in monthly installments over the full term of the lease.

Note 14—Contingencies

Legal Issues – YMCA has received various civil summons under separate incidents where program participants and members have allegedly sustained injuries while using YMCA's facilities and/or participating in program activities. These are being handled by counsel designated by YMCA's insurance companies. YMCA does not anticipate any financial exposure beyond its insurance coverage.

Federal and State Program Awards – YMCA received significant financial assistance from federal and state program awards for the year ended December 31, 2025. These contracts and grants normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the applicable direct and indirect costs is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable federal or state regulations, including the expenditure of the resources for eligible purposes. Substantially all grants and YMCA's costs are subject to financial and compliance reviews and audits by grantors or government agencies. In management's opinion, the likelihood of an adverse, material outcome upon its financial position from those reviews and audits is remote.

Note 15—Endowment

YMCA's endowment consists of individual funds established for various purposes in accordance with explicit donor restrictions. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – On March 19, 2009, North Carolina enacted its version of the Uniform Prudent Management of Institutional Funds Act, which in the absence of explicit donor restrictions, allows spending of the corpus of certain donor-restricted and board-designated endowments, so long as it is necessary for the continuing operation of the entity and is managed in a responsible and prudent manner. However, it is YMCA's policy to maintain any original corpus that was restricted by the donor and to recognize any other donor restrictions related to endowment gifts, such as restrictions on earnings. As a result, YMCA classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment. The investment returns and any appreciation or depreciation of the endowment assets are classified as net assets with donor restrictions.

Note 15—Endowment (continued)

Endowment net asset composition by type of fund as of December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 20,047,522	$ 20,047,522
Board-designated endowment funds	2,305,521	-	2,305,521
Total endowment funds	$ 2,305,521	$ 20,047,522	$ 22,353,043

Changes in endowment net assets for the year ended December 31, 2025:

	Without Donor Restrictions Board-Designated	With Donor Restrictions	Total
Endowment assets, January 1, 2025	$ 2,148,745	$ 18,354,945	$ 20,503,690
Investment return:			
Investment income	45,529	379,721	425,250
Net appreciation	168,255	1,431,904	1,600,159
Total investment return	213,784	1,811,625	2,025,409
Contributions	-	652,957	652,957
Appropriations	(57,008)	(772,005)	(829,013)
	(57,008)	(119,048)	(176,056)
Endowment assets, December 31, 2025	$ 2,305,521	$ 20,047,522	$ 22,353,043

Funds with Deficiencies – From time to time, the fair market value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires YMCA to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2025.

Return Objectives and Risk Parameters – YMCA has adopted investment policies for the long-term endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the corpus of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment portfolio is invested with a target asset allocation of a maximum of 88% in equities and a minimum of 12% in bonds or cash equivalents. Because market timing has historically impaired the ability of portfolios to perform over a long period, the funds deemed long-term investments are invested within the guideline ranges at all times. YMCA's goal is that these investments shall be able to achieve an average annual rate of return over a period of three years that meets or exceeds the weighted composite market indices comprised of 63% S&P 500 Index, 15% Russell 2500 Index, 10% Morgan Stanley Capital International Europe, Australasia, and the Far East Index, and 12% Bloomberg Barclays US Aggregate 1-3 year bond index as well as achieving the portfolio goal that ranks in the top 50% of similarly managed portfolios.

Strategies Employed for Achieving Objectives – YMCA's strategy is to maximize the total return of the Endowment funds consistent with prudent levels of risk by preserving and protecting the purchasing power of the Endowment assets and earning a total return for each fund appropriate to each fund's duration, liquidity needs, and risk tolerance. The total return should exceed the inflation rate plus the spending rate.

Note 15—Endowment (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy – YMCA has a policy of appropriating for distribution each year at a maximum of 5% of its endowment funds as measured by a 12-quarter rolling average of the fair market value of the assets. Per board policy, the investment committee has the option to recommend adjustments due to unexpected market fluctuations.

Note 16—Split-interest agreements

YMCA is a beneficiary of several charitable remainder unitrusts. The beneficial interests of these trusts have been initially recorded as donor-restricted contribution revenue in the year the trusts were established; measured using a valuation method which approximates the present value of the estimated expected future benefits to be received when the trust assets are distributed.

Adjustments to the value of YMCA's beneficial interest are made annually and are recorded on the statement of activities and changes in net assets as a part of investment return under net assets with donor restrictions. The value of YMCA's beneficial interest is recorded in the statement of financial position as part of other assets.

As of December 31, 2025, the value of YMCA's beneficial interest in the various charitable remainder unitrusts totaled $353,704. For the year ended December 31, 2025, the change in value of YMCA's beneficial interest in the various charitable remainder unitrusts resulted in a gain of $24,897.

YMCA is a lifetime income beneficiary of a permanently restricted Triangle Community Foundation account. YMCA is entitled to receive up to 5% of the income earned in these funds for the life of YMCA.

Note 17—Liquidity and availability of resources

As of December 31, 2025, the following table shows the total financial assets held by YMCA and the amounts of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures:

Financial assets at December 31:	
Cash and cash equivalents	$ 18,015,171
Accounts receivable, net	23,213,735
Pledges receivable - due within one year	3,941,477
Investments	23,049,632
Other financial assets - including miscellaneous receivables, interest in trusts, and cash value of life insurance	3,149,056
Total financial assets	71,369,071
Less those unavailable for general expenditures within one year:	
Donor-restricted assets less appropriation for subsequent period	(31,700,145)
457 retirement plan funds	(1,224,177)
Board-designated unrestricted reserves	(12,696,042)
Total financial assets available for general expenditure	$ 25,748,707

For purposes of analyzing resources available to meet general expenditures over a 12-month period, YMCA considers all expenditures related to its ongoing activities of YMCA as well as the services undertaken to support those activities to be general expenditures.

Note 17—Liquidity and availability of resources (continued)

YMCA regularly monitors the availability of resources required to meet its operating needs. Taking the seasonal nature of its cash flow into account, YMCA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. YMCA may utilize any available portion of its line of credit for liquidity or other purposes. Funds in excess of daily operating requirements are invested in a daily liquidity investment account or managed investment accounts based on projected short, intermediate, and longer-term projected cash needs.

YMCA maintains a line of credit with Truist Bank with a credit limit of $6.0 million. At December 31, 2025, the available line of credit was $5.2 million due to outstanding letters of credit of approximately $773,000. The line of credit may be used to fund current operations and working capital requirements if needed.

The Board of Directors has designated a portion of assets without donor restrictions for capital expansion, facility maintenance, self-insurance, debt service, and contingency purposes. Although designated for specific purposes, these unrestricted funds are considered a part of YMCA's liquidity reserve and may be utilized for liquidity purposes per the board's discretion through interfund borrowings and transfers. The Board of Directors has also designated a portion of its assets without donor restrictions as certain quasi-endowment funds. Those funds could be drawn upon for liquidity or other purposes with board approval.

Note 18—Net investment in lease

YMCA entered into a lease agreement with the Wake County Board of Education (the tenant) on March 15, 2018. The property covered by the lease is approximately 76,000 square feet of interior space to be used as a school. The property adjoins the Southeast Raleigh YMCA building located at 1436 Rock Quarry Road in Raleigh, North Carolina.

The initial term of the lease is 20 years, with options to extend the term for three additional successive periods of 10 years each. The lease specifies that the tenant pay Tenant Improvement Costs based on the tenant's share of the actual cost of the building and its allocated share of the cost of development of the property.

Over the course of the construction period, the tenant made payments of $18,781,776 to YMCA. The tenant occupied the space in June 2019. The net investment in lease is amortized over the 50-year life of the lease. The amortization reduces the lease prepayments recorded as deferred revenue by YMCA. Amortization to reduce the net investment in lease asset and lease prepayment liability for the year ended December 31, 2025 totaled $370,570.

Note 19—Notes receivable

On April 12, 2018, YMCA entered into a note receivable agreement with YMCA Raleigh Investment Fund, LLC, totaling $14,713,500 to finance the development of a new YMCA facility in connection with the NMTC funding. The loan bore an interest rate of 1.00% with a maturity date of April 12, 2042. YMCA was due interest-only payments annually through December 31, 2024. After this period, YMCA is due annual principal and interest payments of $945,461 from December 15, 2025 to April 12, 2042. As discussed in Note 8, the loan receivable was forgiven as part of the unwinding of the NMTC, resulting in a gain on debt forgiveness.

Note 20—Subsequent events

YMCA has evaluated events and transactions through May 18, 2026, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

On March 31, 2026, the YMCA sold property in Morehead City to South of the Fork Properties, LLC for $3.1 million. This property was originally donated to the YMCA and had a book value of $38,195 at the time of sale.

COMPLIANCE REPORTING

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE TRIANGLE AREA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED DECEMBER 31, 2025

Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	State / Pass-Through Grantor's Number	Direct and Pass-through Expenditures	Pass-through to Subrecipients
Federal Awards:				
U.S. Department of Housing and Urban Development				
Economic Development Initiative, Community Project Funding	14.251	None	$ 1,000,000	$ -
U.S. Centers for Disease Control and Prevention				
A Strategic Approach to Advancing Health Equity for Priority Populations with or at Risk for Diabetes	93.988	None	15,000	-
U.S. Department of Treasury				
Passed through Departmental Offices				
Passed through Wake County:				
Coronavirus Relief Funds	21.019	None	1,500	-
Passed through County of Durham, NC				
Coronavirus State and Local Fiscal Recovery	21.027	None	41,778	-
Total U.S. Department of Treasury			43,278	-
U.S. Department of Education				
Passed through North Carolina Department of Public Instruction				
Office of Elementary And Secondary Education	84.287	None	455,305	-
U.S. Department of Health and Human Services				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	None	14,500	-
Advancing Arthritis Approaches Through National Organizations Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	None	6,300	-
Total U.S. Department of Health and Human Services			20,800	-
Total Federal Awards			1,534,382	-
State Awards:				
NC General Assembly				
Passed through the Office of State Budget and Management				
General Fund - State Fiscal Recovery Reserve	None	32066	1,423,836	-
Regional Economic Development Reserve	None	32067	535,120	-
Total NC General Assembly			1,958,956	-
Total State Awards			$ 1,958,956	$ -

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal and state awards ("SEFSA" or "Schedule") includes the federal and state grant activity of the Young Men's Christian Association of the Triangle Area, Inc. ("YMCA") under the programs of the federal and state government for the year ended December 31, 2025. The information in this SEFSA is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and NC GS section 143C-6-23 and 09 NCAC 03M requirements. Because the Schedule presents only a selected portion of the operations of YMCA, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of YMCA.

Note 2—Summary of significant accounting policies

Expenditures reported in the SEFSA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance and the NC GS Section 143C-6-23 and 09 NCAC 03M, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3—Indirect cost rate

During the year ended December 31, 2025, YMCA has elected not to use the de minimis cost rate for charging indirect costs to the grant.

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

To the Board of Directors
The Young Men's Christian Association of the Triangle Area, Inc.
Raleigh, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of The Young Men's Christian Association of the Triangle Area, Inc. ("YMCA") (a nonprofit association) which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 18, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Raleigh, North Carolina
May 18, 2026

Report of Independent Auditor on Compliance for the Major Program and on Internal Control over Compliance required by the *Uniform Guidance*

To the Board of Directors
The Young Men's Christian Association of the Triangle Area, Inc.
Raleigh, North Carolina

Report on Compliance for the Federal Program

Opinion on the Program

We have audited The Young Men's Christian Association of the Triangle Area, Inc.'s ("YMCA") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the YMCA's major federal program for the year ended December 31, 2025. The YMCA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, YMCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on the Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of YMCA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of YMCA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to YMCA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on YMCA's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about YMCA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance requirements we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 YMCA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of YMCA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of YMCA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina
May 18, 2026

Cherry Bekaert
Your Guide Forward

Report of Independent Auditor on Compliance for the State Program and on Internal Control over Compliance required by the NC GS Section 143C-6-23 and 09 NCAC 03M Requirements

To the Board of Directors
The Young Men's Christian Association of the Triangle Area, Inc.
Raleigh, North Carolina

Report on Compliance for the State Program

Opinion on the Program

We have audited The Young Men's Christian Association of the Triangle Area, Inc.'s ("YMCA") compliance with the types of compliance requirements described in North Carolina General Statue ("NC GS") Section 143C-6-23 State grant funds; oversight and reporting requirements; and the provisions established by Chapter 09 of the North Carolina Administrative Code Subchapter 3M ("09 NCAC 03M") Uniform Administration of State Awards of Financial Assistance that could have a direct and material effect on the YMCA's program for the year ended December 31, 2025.

In our opinion, YMCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the programs for the year ended December 31, 2025.

Basis for Opinion on the Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; NC GS Section 143C-6-23, and State grant funds: administration; oversight and reporting requirements and the provision established by the 09 NCAC 03M. Our responsibilities under those standards, NC GS Section 143C-6-23 and 09 NCAC 03M requirements are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of YMCA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Program. Our audit does not provide a legal determination of YMCA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to YMCA's programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on YMCA's compliance based on our audit. 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, *Government Auditing Standards*, NC GS Section143C-6-23 and 09 NCAC 03M and will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about YMCA's compliance with the requirements of the programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the NC GS Section 143C-6-23 and 09 NCAC 03M requirements we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 YMCA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of YMCA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with NC GS Section 143C-6-23 and 09 NCAC 03M, but not for the purpose of expressing an opinion on the effectiveness of YMCA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the NC GS Section 143C-6-23 and 09 NCAC 03M requirements. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina
May 18, 2026

Section I—Summary of auditor's results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP*:* *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _______ yes __X___ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _______ yes __X___ none reported

Noncompliance material to financial statements noted _______ yes __X___ no

Federal Awards

Internal control over major federal programs:

* Material weakness(es) identified? _______ yes __X___ no
* Significant deficiency(ies) identified that are not considered to be material weaknesses? _______ yes __X___ none reported

Noncompliance material to federal awards _______ yes __X___ no

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _______ yes __X___ no

Identification of major programs:

Assistance listing #	**Program name**
14.251	Economic Development Initiative, Community Project Funding

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,000,000

Auditee qualified as low-risk auditee? _______ yes __X___ no

Section I—Summary of auditor's results (continued)

State Awards

Internal control over major state programs:

* Material weakness(es) identified? _______ yes ___X___ no

* Significant deficiency(ies) identified that are not considered to be material weaknesses? _______ yes ___X___ none reported

Noncompliance material to state awards _______ yes ___X___ no

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with NC GS Section 143C-6-23 and 09 NCAC 03M? _______ yes ___X___ no

Identification of major programs:

Program name
General Fund – State Fiscal Recovery Reserve

Dollar threshold: $ 1,000,000

Section II—Financial statements findings

None noted.

Section III—Federal and state award findings and questioned costs

None noted

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE TRIANGLE AREA, INC.
SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED DECEMBER 31, 2025

Section IV—Status of prior year findings and questioned costs

None noted.