



The River Valley Regional Young Men's Christian Association

Financial Statements

December 31, 2025 and 2024



The River Valley Regional Young Men's Christian Association

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Independent Auditor's Report

To the Board of Directors
The River Valley Regional Young Men's Christian Association
Williamsport, Pennsylvania

Opinion

We have audited the financial statements of The River Valley Regional Young Men's Christian Association (the Association), which comprise the statement of financial position as of December 31, 2025 and 2024, the related statements of activities, functional expenses - by natural classification, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

RKL LLP

June 11, 2026
York, Pennsylvania

The River Valley Regional Young Men's Christian Association

Statement of Financial Position

	December 31,	
	2025	2024
Assets		
Current Assets		
Cash, operating	\$ 1,496,985	\$ 1,403,483
Accounts and grants receivable	175,995	131,053
Promises to give	153,376	672,266
Prepaid expenses	89,961	32,114
Total Current Assets	1,916,317	2,238,916
Other Assets		
Cash, restricted	1,167,350	366,328
Promises to give, net	638,510	357,792
Investments	5,806,455	6,007,807
Land, buildings, and equipment, net	13,307,291	13,781,612
Interest in net assets of a community foundation	36,125	38,565
Interest rate swap asset	6,027	36,478
Security deposits	7,727	7,727
Right-of-use asset, operating lease	3,977,743	4,018,644
Right-of-use assets, financing leases, net	7,514	9,279
Total Other Assets	24,954,742	24,624,232
Total Assets	\$ 26,871,059	\$ 26,863,148

The River Valley Regional Young Men's Christian Association

Statement of Financial Position (continued)

	December 31,	
	2025	2024
<i>Liabilities and Net Assets</i>		
Current Liabilities		
Accounts payable	\$ 218,903	\$ 144,082
Current portion of long-term debt	54,002	93,355
Current portion of obligation under operating lease	12,005	11,767
Current portion of obligations under finance leases	6,197	5,454
Accrued expenses	345,193	266,823
Deferred revenue	213,655	192,168
Total Current Liabilities	849,955	713,649
Other Liabilities		
Long-term debt	1,075,119	2,021,299
Obligation under operating lease	4,095,403	4,107,407
Obligations under finance leases	2,148	4,612
Total Other Liabilities	5,172,670	6,133,318
Total Liabilities	6,022,625	6,846,967
Net Assets		
Net assets without donor restrictions	16,705,975	15,830,956
Net assets with donor restrictions	4,142,459	4,185,225
Total Net Assets	20,848,434	20,016,181
Total Liabilities and Net Assets	\$ 26,871,059	\$ 26,863,148

The River Valley Regional Young Men's Christian Association

Statement of Activities

	Year Ended December 31, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public support			
Contributions	\$ 505,519	\$ 650,371	\$ 1,155,890
Other grants	726,844	5,000	731,844
Pennsylvania Department of Education grant	648,774	-	648,774
In-kind contributions	601,890	-	601,890
Special events	190,872	-	190,872
United Way allocations	47,987	-	47,987
Net assets released from restrictions	1,038,377	(1,038,377)	-
Total public support	3,760,263	(383,006)	3,377,257
Revenue			
Program service fees, net	4,484,093	-	4,484,093
Membership dues, net	2,895,638	-	2,895,638
Rental income	266,388	-	266,388
Miscellaneous	28,875	-	28,875
Sales to the public	16,149	-	16,149
Loss on sale of land, buildings, and equipment	(1,416)	-	(1,416)
Total revenue	7,689,727	-	7,689,727
Total Public Support and Revenue	11,449,990	(383,006)	11,066,984
Expenses			
Program services			
Youth development	5,396,086	-	5,396,086
Healthy living	3,593,507	-	3,593,507
Social responsibility	361,507	-	361,507
Total program services	9,351,100	-	9,351,100
Supporting services			
Management and general	1,538,128	-	1,538,128
Fundraising	147,427	-	147,427
Total supporting services	1,685,555	-	1,685,555
Total Expenses	11,036,655	-	11,036,655
Excess (Deficiency) of Public Support and Revenue over Expenses	413,335	(383,006)	30,329
Nonoperating Activities			
Return on investments, net	494,575	340,240	834,815
Change in interest in net assets of a community foundation	(2,440)	-	(2,440)
Change in fair value of interest rate swap	(30,451)	-	(30,451)
Total Nonoperating Activities	461,684	340,240	801,924
Changes in Net Assets	875,019	(42,766)	832,253
Net Assets at Beginning of Year	15,830,956	4,185,225	20,016,181
Net Assets at End of Year	\$ 16,705,975	\$ 4,142,459	\$ 20,848,434

See accompanying notes.

The River Valley Regional Young Men's Christian Association

Statement of Activities (continued)

	Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public support			
Contributions	\$ 412,401	\$ 1,321,109	\$ 1,733,510
Other grants	236,642	-	236,642
Pennsylvania Department of Education grant	548,199	-	548,199
In-kind contributions	367,200	-	367,200
Special events	168,177	-	168,177
United Way allocations	49,135	-	49,135
Net assets released from restrictions	123,765	(123,765)	-
Total public support	1,905,519	1,197,344	3,102,863
Revenue			
Program service fees, net	3,741,271	-	3,741,271
Membership dues, net	2,800,418	-	2,800,418
Rental income	253,174	-	253,174
Miscellaneous	33,980	-	33,980
Sales to the public	23,693	-	23,693
Loss on sale of land, buildings, and equipment	(5,873)	-	(5,873)
Total revenue	6,846,663	-	6,846,663
Total Public Support and Revenue	8,752,182	1,197,344	9,949,526
Expenses			
Program services			
Youth development	4,031,034	-	4,031,034
Healthy living	3,584,571	-	3,584,571
Social responsibility	325,269	-	325,269
Total program services	7,940,874	-	7,940,874
Supporting services			
Management and general	1,441,765	-	1,441,765
Fundraising	140,763	-	140,763
Total supporting services	1,582,528	-	1,582,528
Total Expenses	9,523,402	-	9,523,402
Excess (Deficiency) of Public Support and Revenue over Expenses	(771,220)	1,197,344	426,124
Nonoperating Activities			
Return on investments, net	322,109	302,634	624,743
Change in interest in net assets of a community foundation	4,109	-	4,109
Change in fair value of interest rate swap	(6,910)	-	(6,910)
Total Nonoperating Activities	319,308	302,634	621,942
Changes in Net Assets	(451,912)	1,499,978	1,048,066
Net Assets at Beginning of Year	16,282,868	2,685,247	18,968,115
Net Assets at End of Year	\$ 15,830,956	\$ 4,185,225	\$ 20,016,181

See accompanying notes.

The River Valley Regional Young Men's Christian Association

Statement of Functional Expenses - by Natural Classification

	Year Ended December 31, 2025							
	Program Services				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 3,006,907	\$ 1,760,396	\$ 116,532	\$ 4,883,835	\$ 725,773	\$ 30,129	\$ 755,902	\$ 5,639,737
Employee benefits	299,438	118,134	5,097	422,669	75,669	2,410	78,079	500,748
Payroll taxes	226,545	135,993	6,951	369,489	53,302	2,305	55,607	425,096
	3,532,890	2,014,523	128,580	5,675,993	854,744	34,844	889,588	6,565,581
Occupancy	576,773	593,842	100,029	1,270,644	176,788	21,752	198,540	1,469,184
Depreciation and amortization	118,057	377,750	67,718	563,525	134,411	-	134,411	697,936
Supplies	416,849	104,046	33,867	554,762	86,558	1,865	88,423	643,185
Professional fees	228,054	133,515	8,838	370,407	55,045	2,285	57,330	427,737
Insurance	166,506	98,869	6,545	271,920	40,761	1,692	42,453	314,373
Other program costs	96,319	40,286	7,145	143,750	-	-	-	143,750
Credit card and bank fees	68,459	40,079	2,653	111,191	16,524	686	17,210	128,401
Payment to national organization	56,979	33,359	2,208	92,546	13,753	571	14,324	106,870
Interest	11,989	34,331	-	46,320	40,808	-	40,808	87,128
Fundraising	-	-	-	-	-	82,948	82,948	82,948
Advertising	43,253	25,235	1,670	70,158	10,404	432	10,836	80,994
Equipment rental and maintenance	6,283	36,248	-	42,531	38,234	-	38,234	80,765
Telephone and internet	31,202	10,229	949	42,380	4,217	175	4,392	46,772
Conference, dues, and subscriptions	19,681	9,373	-	29,054	16,890	-	16,890	45,944
Travel and vehicle expense	8,919	16,959	1,195	27,073	15,358	-	15,358	42,431
Miscellaneous	5,887	4,313	80	10,280	22,356	-	22,356	32,636
Provision for credit losses	7,912	19,950	30	27,892	3,048	-	3,048	30,940
Postage and shipping	74	600	-	674	8,229	177	8,406	9,080
Total Expenses	\$ 5,396,086	\$ 3,593,507	\$ 361,507	\$ 9,351,100	\$ 1,538,128	\$ 147,427	\$ 1,685,555	\$ 11,036,655

The River Valley Regional Young Men's Christian Association

Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended December 31, 2024							
	Program Services				Supporting Services			Total
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 2,357,179	\$ 1,773,040	\$ 99,655	\$ 4,229,874	\$ 708,934	\$ 26,813	\$ 735,747	\$ 4,965,621
Employee benefits	229,125	136,380	4,538	370,043	77,875	2,145	80,020	450,063
Payroll taxes	177,902	135,316	6,587	319,805	51,337	2,051	53,388	373,193
	2,764,206	2,044,736	110,780	4,919,722	838,146	31,009	869,155	5,788,877
Occupancy	320,910	575,642	96,791	993,343	162,227	22,125	184,352	1,177,695
Depreciation and amortization	115,557	383,170	68,409	567,136	128,231	-	128,231	695,367
Supplies	318,133	123,350	31,102	472,585	79,869	1,872	81,741	554,326
Professional fees	126,082	94,837	5,330	226,249	37,920	1,434	39,354	265,603
Insurance	97,692	73,483	4,130	175,305	29,382	1,111	30,493	205,798
Other program costs	67,414	33,993	1,432	102,839	-	-	-	102,839
Credit card and bank fees	52,882	39,779	2,236	94,897	15,905	602	16,507	111,404
Payment to national organization	59,536	44,781	2,517	106,834	17,905	677	18,582	125,416
Interest	14,345	41,075	-	55,420	29,244	-	29,244	84,664
Fundraising	-	-	-	-	-	80,863	80,863	80,863
Advertising	33,886	25,474	1,432	60,792	10,186	385	10,571	71,363
Equipment rental and maintenance	4,037	39,666	-	43,703	32,770	-	32,770	76,473
Telephone and internet	23,701	10,455	677	34,833	4,180	158	4,338	39,171
Conference, dues, and subscriptions	14,733	6,361	92	21,186	12,694	-	12,694	33,880
Travel and vehicle expense	9,780	11,153	-	20,933	8,553	-	8,553	29,486
Miscellaneous	2,905	3,841	241	6,987	17,563	-	17,563	24,550
Provision for credit losses	5,235	31,038	100	36,373	10,722	380	11,102	47,475
Postage and shipping	-	1,737	-	1,737	6,268	147	6,415	8,152
Total Expenses	\$ 4,031,034	\$ 3,584,571	\$ 325,269	\$ 7,940,874	\$ 1,441,765	\$ 140,763	\$ 1,582,528	\$ 9,523,402

The River Valley Regional Young Men's Christian Association

Statement of Cash Flows

	Years Ended December 31,	
	2025	2024
Cash Flows from Operating Activities		
Changes in net assets	\$ 832,253	\$ 1,048,066
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	697,936	695,367
Contributions restricted for long-term purposes	(609,534)	(1,248,710)
Change in unamortized discount - promises to give	21,732	18,437
Amortization of debt issuance costs	18,735	2,370
Change in fair value of interest rate swap	30,451	6,910
Change in interest in net assets of a community foundation	2,440	(4,109)
Realized and unrealized gain on investments	(499,488)	(358,240)
Amortization of right-of-use asset, operating lease included in rent expense	40,901	40,702
Loss on sale of land, buildings, and equipment	1,416	5,873
(Increase) decrease in assets		
Accounts and grants receivable	(44,942)	11,816
Promises to give	(25,056)	(638)
Prepaid expenses	(57,847)	28,419
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	154,367	(7,458)
Deferred revenue	21,487	54,580
Obligation under operating lease	(11,766)	(7,442)
Net Cash Provided by Operating Activities	573,085	285,943
Cash Flows from Investing Activities		
Purchase of land, buildings, and equipment	(221,545)	(188,462)
Proceeds from sale of land, buildings, and equipment	2,000	-
Purchase of investments	(215,389)	(295,788)
Proceeds from sale of investments	916,229	15,598
Net Cash Provided by (Used in) Investing Activities	481,295	(468,652)
Cash Flows from Financing Activities		
Principal payments on long-term debt	(1,004,268)	(92,112)
Repayment of obligations under finance leases	(6,618)	(8,944)
Proceeds from contributions restricted for long-term purposes	851,030	247,322
Net Cash Provided by (Used in) Financing Activities	(159,856)	146,266
Net Increase (Decrease) in Cash	894,524	(36,443)
Cash at Beginning of Year	1,769,811	1,806,254
Cash at End of Year	\$ 2,664,335	\$ 1,769,811

See accompanying notes.

The River Valley Regional Young Men's Christian Association

Statement of Cash Flows (continued)

	Years Ended December 31,	
	2025	2024
Cash Consists of the Following		
Cash, operating	\$ 1,496,985	\$ 1,403,483
Cash, restricted	1,167,350	366,328
	<u>\$ 2,664,335</u>	<u>\$ 1,769,811</u>
Supplemental Cash Flow Information		
Interest paid	<u>\$ 68,393</u>	<u>\$ 82,294</u>

Supplemental Disclosures of Noncash Investing and Financing Activities

In 2025

Accounts payable includes \$17,836 of capital expenditures.
Equipment valued at \$4,897 was financed by a finance lease.

In 2024

Accounts payable includes \$19,012 of capital expenditures.

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 1 - Nature of Operations

The River Valley Regional Young Men's Christian Association (the Association) was originally incorporated on July 30, 1871, under statute of the Commonwealth of Pennsylvania. The Association's purpose is to enable all persons, men, women, and children, to develop their physical and social well-being, and to promote the potential of their spirit, mind, and body through services related to individual and family, spiritual, mental, and physical fitness without regard to sex, level of income, race, or creed.

As a regional organization, the Association operates branches in Williamsport, Jersey Shore, Muncy (the Eastern Lycoming Branch), Towanda (the Bradford County Branch), Lock Haven, and Mansfield (the Tioga County Branch), Pennsylvania.

The programs provided by the Association are as follows:

Youth Development

The Association is the largest provider of pre-school and school-age childcare in the region, providing high-quality/affordable care to more than 1,000 children daily. The Association has four pre-school childcare sites, 17 before/after school program sites, and nine summer day care sites.

Healthy Living

The Association offers access to personal health and well-being through facility memberships, teen leadership programs, youth and adult sports leagues, swim lessons, and other activities.

Social Responsibility

The Association offers opportunities for individuals and families to grow in spirit, mind, and body at every life stage. The Association is for people of all faiths, races, ages, abilities, and incomes.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant policies consistently applied in the preparation of the accompanying financial statements follows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, if any, 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.

Restricted Cash

Restricted cash consists primarily of cash accounts associated with branch capital campaigns restricted for construction projects and other building improvements.

Note 2 - Summary of Significant Accounting Policies (continued)

Accounts and Grants Receivable

Accounts and grants receivable are reported at amounts management expects to collect on balances outstanding at year-end. If collection becomes doubtful, an allowance for credit losses will be established, or the accounts will be charged to revenue when that determination is made by management. Management regularly evaluates individual accounts based on past experience, aging of the receivables, adverse situations that may affect a customer's ability to pay, current economic conditions, and other relevant factors. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts and grants receivable are recorded to revenue when received. At December 31, 2025 and 2024, the Association considers all accounts and grants receivable to be fully collectible, and no credit losses are expected. As such, at December 31, 2025 and 2024, no allowance for credit losses was recorded.

Promises to Give

Promises to give are stated at outstanding balances. Promises to give are recognized when the Association is notified of the promises. The Association considers promises to give to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established or the accounts will be charged to revenue when that determination is made by management. Management regularly evaluates individual promises to give based on past experience, aging of the receivables, adverse situations that may affect a donor's ability to pay, current economic conditions, and other relevant factors. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off promises to give are recorded to revenue when received. At December 31, 2025 and 2024, the Association considers all promises to give to be fully collectible and no losses are expected. As such, at December 31, 2025 and 2024, no allowance for doubtful accounts was recorded. Promises to give that are expected to be collected in more than one year are discounted to present value using risk-adjusted rates of return. Amortization of the discount is included in contribution revenue.

Investments

Investments in debt and equity securities with readily determinable fair values are reported at fair value in the statement of financial position. Cash and cash equivalents (money market funds) are carried at cost, which approximates fair value. Contributed investments are valued at market value on the date contributed. Return on investments, net (including realized and unrealized gains and losses on investments, and dividends and interest, net) is included in changes in net assets without donor restrictions, unless the use is restricted by explicit donor stipulation or law. If donor-restrictions exist, return on investments, net is reported as an increase or decrease in net assets with donor restrictions.

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost or, in the case of donated assets, at market value as of the date received as a gift, less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Equipment under finance lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful lives of the equipment. Such amortization is included in depreciation and amortization in the accompanying statement of functional expenses - by natural classification.

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Land, Buildings, and Equipment (continued)

Expenditures for repairs and maintenance costs, which extend the useful lives of assets, are capitalized, and routine maintenance and repair costs are expensed as incurred. Cost and accumulated depreciation of land, buildings, and equipment sold or retired are removed from the accounts, and any resulting gain or loss is included in operations.

The Association's policy is to capitalize land, buildings, and equipment expenditures of \$1,000 or more.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows, and discount rates reflecting varying degrees of perceived risk. Management has concluded that no impairment adjustments were required during the years ended December 31, 2025 and 2024.

Right-of-Use Assets and Liabilities

The Association records leases in accordance with Accounting Standards Codification Topic 842, *Leases*, which requires that most leases be recognized on the statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis.

The Association determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Association obtains substantially all of the economic benefits from the use of that underlying asset, and directs how and for what purpose the asset is used during the term of the contract. The Association also considers whether its service arrangements include the right to control the use of an asset.

The Association made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date, and are reduced by any lease incentives. To determine the present value of lease payments, the Association made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Note 2 - Summary of Significant Accounting Policies (continued)

Right-of-Use Assets and Liabilities (continued)

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Interest in Net Assets of a Community Foundation

Interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized to interest expense using the straight-line method over the term of the related debt agreements. Gross debt issuance costs amounted to \$59,243 at December 31, 2024 and accumulated amortization amounted to \$21,132. During the year ended December 31, 2025, a portion of the related debt was paid in full (refer to Note 12) and unamortized debt issuance costs related to that debt were written off to interest expense. Gross debt issuance costs amounted to \$32,116 at December 31, 2025 and accumulated amortization amounted to \$12,740. Total amortization recognized in interest expense totaled \$18,735 and \$2,370 for the years ended December 31, 2025 and 2024, respectively.

Derivatives and Hedging Activity

The Association is a party to interest rate swap agreements to hedge the exposure to changing rates with respect to certain variable rate debt. In accordance with the accounting standard on accounting for derivative instruments and hedging activities, all derivatives, whether designated in hedging relationships or not, are required to be recorded on the statement of financial position at fair value. The Association's interest rate swap is recorded at fair value as determined by a third party. Changes in the fair value of the swap are recorded in the statement of activities as a component of changes in net assets as change in fair value of interest rate swap.

Net Assets

The net assets of the Association and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions. From time to time, the Board of Directors may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions - Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions

The Association recognizes contributions 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.

All contributions are considered to be available for operations, unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction expires, that is, when a stipulated time restriction or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If a restriction is satisfied in the same year the contribution is received, the support is reported as revenue with donor restrictions and is then reclassified through the release of restrictions.

Grants

Grant revenue deemed to be a contribution is classified as with donor restrictions when received or receivable. Such grant revenue is not deemed to be in respect of exchange transactions since the proceeds thereof are nonreciprocal, unconditional, and voluntary.

The Association also receives grant revenue, which is deemed to be in respect of exchange transactions and is classified as revenue without donor restrictions or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

During the year ended December 31, 2025, the Association recognized Employee Retention Tax Credit (ERTC) revenue of \$455,741. ERTC is a program made available through the Coronavirus Aid, Relief and Economic Security Act and which provides assistance similar to a government grant to qualifying employers in the form of refundable payroll tax credits. ERTC related revenue is included in other grants in the statement of activities.

Program Service Fees

Program service fees include childcare, camp, and various fitness and youth activities offered by the Association. Program service fees are recognized at the time the service is provided. Any amounts collected, but unearned, would be classified as deferred revenue and recognized as income in the applicable period.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Membership Dues

Membership dues, which operate on a monthly basis, are recognized as revenue in the applicable period. Collected, but unearned, memberships are presented as deferred revenue and are fully recognized as revenue on a monthly basis. The Association offers members discounted or free services, such as fitness classes, that are available during each month of membership. There are no remaining performance obligations at the end of each membership period.

Special Events

Special events include some events with both an exchange element, in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received, and a contribution element for the Association. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. Special event fees collected by the Association in advance are initially recorded as liabilities (deferred revenue) and recognized as revenue after delivery of the event.

Rental Income

Rental income consists primarily of monthly rent charged to a local not-for-profit health system. Revenue is recognized when earned. Rental income is considered an exchange transaction as the lessee receives the benefit of the leased space. A long-term contract exists, and terms and conditions are agreed upon by both parties. Rental income also includes fees charged to third parties for use of the Association's facilities and locker rentals, which is recognized upon delivery of service. Any rental income amounts collected, but unearned, would be classified as deferred revenue and recognized as revenue in the applicable period.

Donated or Contributed Investments, Services, or Materials

Donated or contributed investments, services, or materials meeting the criteria for recognition, are reflected in the financial statements as in-kind contributions at their estimated value on the date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at the fair value when received.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses - by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of management and general and fundraising expenses. Expenses require allocation on a reasonable basis that is consistently applied. Expenses are generally allocated on time spent by Association employees working in such programs or on the basis of square footage.

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Advertising

The Association expenses advertising costs as incurred.

Income Tax Status

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deduction under Section 170 (l)(A) and has been classified as an organization that is not a private foundation under Section 509 (A)(2).

The Association accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management has determined that there were no tax uncertainties that met the recognition threshold during the years ended December 31, 2025 and 2024.

The Association's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

With few exceptions, the Association is no longer subject to income tax examination by the U.S. Federal, state, or local tax authorities for years before December 31, 2022.

Note 3 - Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor restrictions or other designations limiting their use, within one year of the statement of financial position, comprise the following as of December 31:

	2025	2024
Financial Assets		
Cash, operating	\$ 1,496,985	\$ 1,403,483
Accounts and grants receivable	175,995	131,053
Promises to give - current	153,376	672,266
Cash, restricted	1,167,350	366,328
Investments	5,806,455	6,007,807
Total Financial Assets	8,800,161	8,580,937

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 3 - Liquidity and Availability of Resources (continued)

	<u>2025</u>	<u>2024</u>
Amounts Not Available to be Used for General Expenditures Within One Year		
Donor-imposed restrictions		
Cash subject to donor restrictions	\$ (1,167,350)	\$ (366,328)
Promises to give subject to donor restrictions	(118,716)	(662,662)
Investments subject to donor restrictions	(2,183,223)	(2,788,839)
Internal designations		
Board-designated cash	(399,836)	(381,092)
Board-designated investments	(3,622,946)	(3,218,657)
Total Amounts Not Available to be Used for General Expenditures Within One Year	<u>(7,492,071)</u>	<u>(7,417,578)</u>
Financial Assets Available to Meet Grants and Other Expenditures within One Year	<u>\$ 1,308,090</u>	<u>\$ 1,163,359</u>

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

The Association's endowment consists of donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures. The endowment funds are subject to an annual spending rate (refer to Note 17). Although the Association does not intend to spend from the board-designated fund other than the approved annual distribution, if any, these funds could be made available if necessary.

The Association also has a line of credit available to meet short-term needs. See Note 11 for information about this arrangement.

Note 4 - Accounts and Grants Receivable

The Association's accounts and grants receivable consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Childcare	\$ 112,201	\$ 75,358
Membership and program income	27,387	26,923
Child and Adult Care Food Program	14,820	10,693
Other receivables	21,587	18,079
	<u>\$ 175,995</u>	<u>\$ 131,053</u>

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 5 - Promises to Give

Promises to give, capital campaign represents funds raised to support facility improvement projects at the Association's various branches, the most significant being a building expansion project at the Muncy (Eastern Lycoming Branch) location. The promises to give that were acquired during the year ended December 31, 2025 and prior, and are expected to be collected in more than one year, are discounted to present value using risk-adjusted rates of return ranging from 4.64% to 5.25%.

Promises to give, other represents general operating or restricted contributions that will be received subsequent to the year-end. As of December 31, 2025 and 2024, all promises to give, other are considered current.

Promises to give, net consist of the following at December 31:

	2025	2024
Promises to give, capital campaign	\$ 798,816	\$ 1,040,312
Promises to give, other	34,660	9,604
	833,476	1,049,916
Unamortized discount	(41,590)	(19,858)
	\$ 791,886	\$ 1,030,058

Due dates of promises to give, assuming no changes in current terms, consist of the following as of December 31:

	2025	2024
Amounts due		
Less than one year	\$ 153,376	\$ 672,266
One to five years	680,100	377,650
	\$ 833,476	\$ 1,049,916
Current portion	\$ 153,376	\$ 672,266
Noncurrent portion	638,510	357,792
	\$ 791,886	\$ 1,030,058

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 6 - Investments

Investments are stated at fair value. The following is a summary of the Association's investments at December 31:

	2025	2024
Money market funds	\$ 183,701	\$ 14,393
Certificate of deposit	-	855,694
Brokered certificates of deposit	-	100,260
Common stocks	286	311
Mutual funds, equity	3,262,423	2,850,572
Mutual funds, fixed income	2,197,174	2,038,892
Mutual funds, balanced	162,871	147,685
	<u>\$ 5,806,455</u>	<u>\$ 6,007,807</u>

The following tables summarize return on investments, net, as presented in the statement of activities for the years ended December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
2025			
Dividends and interest, net	\$ 243,525	\$ 91,802	\$ 335,327
Realized and unrealized gain on investments	251,050	248,438	499,488
	<u>\$ 494,575</u>	<u>\$ 340,240</u>	<u>\$ 834,815</u>
2024			
Dividends and interest, net	\$ 181,390	\$ 85,113	\$ 266,503
Realized and unrealized gain on investments	140,719	217,521	358,240
	<u>\$ 322,109</u>	<u>\$ 302,634</u>	<u>\$ 624,743</u>

Note 7 - Fair Value of Financial Instruments

The fair value hierarchy prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 7 - Fair Value of Financial Instruments (continued)

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported with little or no market activity).

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

The following valuation techniques were used to measure fair value of assets in the tables below on a recurring basis:

Money market funds and certificate of deposit - The carrying amounts approximate fair value because of the short-term nature of these investments.

Brokered certificates of deposit - Fair value of certificates of deposit was based on quoted market prices for the identical securities.

Common stock and mutual funds - Fair value of common stock and mutual funds was based on quoted market prices for the identical securities.

Interest in net assets of a community foundation - Fair value of interest in net assets of a community foundation is based on the Association's ownership interest of the fund as determined by the community foundation. The fund assets are valued based on the performance of underlying investments, as well as an administrative fee.

Interest rate swap asset - Fair value of the interest rate swap is based on quoted market prices when available, or externally developed valuation models using forward looking assumptions of interest rates and the resulting effect on the underlying cash flows of the interest rate swap. Adjustments are not made for nonperformance risk on behalf of either party.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 7 - Fair Value of Financial Instruments (continued)

The tables below present the balances of assets measured at fair value on a recurring basis by level within the fair value hierarchy as of December 31:

Fair Value Measurements at December 31, 2025				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money Market Funds	\$ 183,701	\$ -	\$ -	\$ 183,701
Common Stock				
Financial Services	286	-	-	286
Mutual Funds, Equity				
Large Cap	1,315,528	-	-	1,315,528
Mid Cap	889,259	-	-	889,259
International Developed	556,316	-	-	556,316
International Emerging	225,077	-	-	225,077
Small Cap	125,947	-	-	125,947
Large Growth	88,969	-	-	88,969
Real Estate	61,327	-	-	61,327
Mutual Funds, Fixed Income				
General Domestic	1,545,444	-	-	1,545,444
Short/Intermediate Corporate	314,597	-	-	314,597
U.S. Treasury and Government	169,136	-	-	169,136
World Fixed Income	167,997	-	-	167,997
Mutual Funds, Balanced	162,871	-	-	162,871
	<u>\$ 5,806,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,806,455</u>
Interest in Net Assets of a Community Foundation	\$ -	\$ -	\$ 36,125	\$ 36,125
Interest Rate Swap Asset	\$ -	\$ 6,027	\$ -	\$ 6,027

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 7 - Fair Value of Financial Instruments (continued)

	Fair Value Measurements at December 31, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money Market Funds	\$ 14,393	\$ -	\$ -	\$ 14,393
Certificate of Deposit	855,694	-	-	855,694
Brokered Certificates of Deposit	100,260	-	-	100,260
Common Stock				
Financial Services	311	-	-	311
Mutual Funds, Equity				
Large Cap	1,955,403	-	-	1,955,403
Mid Cap	125,992	-	-	125,992
International Developed	315,615	-	-	315,615
International Emerging	189,590	-	-	189,590
Small Cap	120,051	-	-	120,051
Large Growth	85,216	-	-	85,216
Real Estate	58,705	-	-	58,705
Mutual Funds, Fixed Income				
General Domestic	1,350,105	-	-	1,350,105
Short/Intermediate Corporate	526,387	-	-	526,387
U.S. Treasury and Government	162,400	-	-	162,400
Mutual Funds, Balanced	147,685	-	-	147,685
	<u>\$ 6,007,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,007,807</u>
Interest in Net Assets of a Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,565</u>	<u>\$ 38,565</u>
Interest Rate Swap Asset	<u>\$ -</u>	<u>\$ 36,478</u>	<u>\$ -</u>	<u>\$ 36,478</u>

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 7 - Fair Value of Financial Instruments (continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

Management evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total assets. For the years ended December 31, 2025 and 2024, there were no transfers in or out of Level 3.

Note 8 - Land, Buildings, and Equipment, Net

Land, buildings, and equipment and accumulated depreciation consist of the following at December 31:

	2025	2024
Buildings and building improvements	\$ 16,964,900	\$ 16,963,701
Furniture and equipment	3,497,463	3,389,752
Leasehold improvements	701,846	701,846
Land improvements	461,236	454,087
Land*	212,691	212,691
Construction in progress*	40,950	5,225
Vehicles and buses	16,584	16,584
	21,895,670	21,743,886
Accumulated depreciation	(8,588,379)	(7,962,274)
	<u>\$ 13,307,291</u>	<u>\$ 13,781,612</u>

* Not depreciated.

Note 9 - Interest in Net Assets of a Community Foundation

The Association is the beneficiary of an endowment fund of the First Community Foundation Partnership of Pennsylvania (FCFP), a community foundation. As beneficiary, the Association is entitled to annual distributions from the fund, based upon the FCFP's spending policy. The FCFP maintains variance power only over distributions from the fund.

The organizational endowment fund created by the Association at the FCFP is reflected in the statement of financial position as interest in net assets of a community foundation. Through December 31, 2025, the Association has contributed \$25,000 to the fund. Future contributions are at the discretion of the Board of Directors of the Association.

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 10 - Deferred Revenue

Deferred revenue consists of the following at December 31:

	2025	2024
Grants	\$ 69,846	\$ 62,552
Memberships	50,402	44,864
Programs	44,533	42,970
Gift cards	32,051	29,942
Rents	11,840	2,698
Other	4,983	9,142
	<u>\$ 213,655</u>	<u>\$ 192,168</u>

Note 11 - Line of Credit

The Association has a line of credit arrangement with a bank which provides for borrowings up to \$500,000. Interest is payable at the bank's prime rate (6.75% and 7.50% at December 31, 2025 and 2024, respectively) and is secured by real estate. The line of credit is subject to annual review. In February 2026, the line of credit was reaffirmed through May 2027. There were no borrowings under this arrangement at December 31, 2025 and 2024.

Note 12 - Long-Term Debt

Long-term debt consists of the following at December 31:

	2025	2024
Revenue Note, Series of 2016, monthly principal and interest payments; interest at a variable rate of 70% of one-month Secured Overnight Financing Rate (SOFR) plus 2.5% for \$1,973,578, 70% of one-month SOFR for \$1,250,000 (referred to as Tranche 2), and 75% of one-month SOFR for \$1,500,000 (referred to as Tranche 1). Effective interest rate of 4.98% and 3.75% at December 31, 2025 and 2024, respectively. The note matures September 1, 2041. The note is secured by substantially all assets of the Association. During the year ended December 31, 2025, the portion of the revenue note referred to as Tranche 2 was paid in full	\$ 1,148,497	\$ 2,152,765
Unamortized debt issuance costs	<u>(19,376)</u>	<u>(38,111)</u>
	1,129,121	2,114,654
Current portion	<u>(54,002)</u>	<u>(93,355)</u>
	<u>\$ 1,075,119</u>	<u>\$ 2,021,299</u>

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 12 - Long-Term Debt (continued)

The Association is subject to certain financial covenants in connection with its outstanding Revenue Note, Series of 2016. As of December 31, 2025, the Association was in compliance with these financial covenants.

Assuming no changes in current terms, future maturities on long-term debt are as follows for the five years ending December 31 and thereafter:

	Principal Payments	Amortization of Debt Issuance Costs	Net
2026	\$ 55,232	\$ (1,230)	\$ 54,002
2027	56,846	(1,230)	55,616
2028	58,801	(1,230)	57,571
2029	61,265	(1,230)	60,035
2030	63,389	(1,230)	62,159
Thereafter	852,964	(13,226)	839,738
	<u>\$ 1,148,497</u>	<u>\$ (19,376)</u>	<u>\$ 1,129,121</u>

The Association entered into an interest rate swap agreement to reduce the impact of changes in interest rates on its bridge loan, which was refinanced to its Revenue Note, Series of 2016, which bears interest at a variable rate based on SOFR. This agreement effectively changes the Association's interest exposure on the Revenue Note, Series of 2016, which matures in September 2041, to a fixed rate of 3.45%. At December 31, 2024, this swap agreement had a total notional principal amount of \$951,037. The interest rate swap agreement matured September 1, 2025.

The Association entered into a second interest rate swap agreement to further reduce the impact of changes in interest rates on its bridge loan, which was refinanced to its Revenue Note, Series of 2016, which bears interest at a variable rate based on SOFR. At December 31, 2025 and 2024, this swap agreement had a total notional principal amount of \$1,138,149 and \$1,191,149, respectively. This agreement effectively changes the Association's interest exposure on the Revenue Note, Series of 2016, which matures in April 2028, to a fixed rate of 4.17%. The interest rate swap agreement matures April 1, 2028.

The Association is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement. However, the Association does not anticipate nonperformance by the counterparty.

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 13 - Leases

The Association has a land lease agreement with a local not-for-profit health system for the rental of the land associated with the Williamsport Branch facility. The lease commenced in December 2014 and has an initial term of seven years with the option to renew for 12 five-year renewal terms and a final three-year renewal term. The options to extend the lease are included in the lease terms as management of the Association is reasonably certain that the options to renew will be exercised. Operating lease fixed payments totaled \$94,296 and \$90,171 for the years ended December 31, 2025 and 2024, respectively. The Association uses the applicable risk free rate as the discount rate for its real estate type leases. The remaining lease term as of December 31, 2025 is 58 years and 11 months. The Association used a rate of 2.01% as the discount rate.

Additionally, the Association leases certain office equipment under finance lease agreements. As of December 31, 2025, the Association had two finance lease agreements. Both leases have initial terms of three years and an interest rate of 13.84%. The weighted-average remaining lease term is 1.38 years.

In addition to the leases discussed above, the Association has various lease agreements for use of facilities for various program and supporting services which require either no or significantly reduced rent payments. The fair market value of the donated rent is included in occupancy expense on the statement of functional expenses - by natural classification. The fair market value has been recorded by the Association as an in-kind contribution (refer to Note 19).

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the years ended December 31:

	2025	2024
Operating lease cost	\$ 123,431	\$ 123,431
Finance lease cost, amortization of right-of-use assets	6,662	12,166
Finance lease cost, interest on lease liabilities	1,561	1,829
Total Lease Expense	\$ 131,654	\$ 137,426

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 13 - Leases (continued)

Assuming no change in current terms, future undiscounted cash flows for each of the next five years, and thereafter, and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of and for the years ending December 31:

	Operating Lease	Finance Leases
2026	\$ 94,296	\$ 6,886
2027	94,296	2,004
2028	94,296	334
2029	94,688	-
2030	99,000	-
Thereafter	6,925,230	-
Total Lease Payment	7,401,806	9,224
Imputed interest	(3,294,398)	(879)
Total Present Value of Lease Liabilities	\$ 4,107,408	\$ 8,345
Current portion of obligations under operating and finance leases	\$ 12,005	\$ 6,197
Long-term portion of obligations under operating and finance leases	4,095,403	2,148
	\$ 4,107,408	\$ 8,345

An analysis of leased property under finance leases consists of the following as of and for the years ended December 31:

	2025	2024
Copiers	\$ 20,805	\$ 15,908
Accumulated amortization	(13,291)	(6,629)
	\$ 7,514	\$ 9,279
Amortization expense	\$ 6,662	\$ 12,166

Note 14 - Retirement Plan

The Association maintains a qualified noncontributory, defined contribution retirement plan, which covers employees who meet certain eligibility requirements. For the years ended December 31, 2025 and 2024, the Association contributed 8% to the plan based on the participant's salary with the employee contributing 3%. Retirement expense was \$215,707 and \$213,916 for the years ended December 31, 2025 and 2024, respectively.

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 15 - Net Assets Without Donor Restrictions

The Association's net assets without donor restrictions are comprised of undesignated and board-designated amounts for the following purposes as of December 31:

	2025	2024
Undesignated	\$ 12,683,193	\$ 12,231,207
Board-designated for operating reserve	2,504,164	2,287,850
Board-designated for endowment	1,118,782	930,807
Board-designated for capital improvements	399,836	381,092
	<u>\$ 16,705,975</u>	<u>\$ 15,830,956</u>

Note 16 - Net Assets With Donor Restrictions

The Association's net assets with donor restrictions are restricted for the following purposes as of December 31:

	2025	2024
General Funds		
Promises to give-time restriction	\$ 34,660	\$ 9,604
Subject to expenditure for specific purpose		
Cash, special projects and scholarships	17,132	4,316
	<u>51,792</u>	<u>13,920</u>
Investment Fund		
Subject to expenditure for specific purpose		
Special projects investments	1,182,683	934,605
Perpetual in nature investments, endowment	1,000,540	998,540
	<u>2,183,223</u>	<u>1,933,145</u>
Capital Campaign Fund		
Subject to expenditure for specific purpose		
Cash, Eastern Lycoming	1,082,995	245,361
Cash, Williamsport	30,395	90,057
Cash, Lock Haven	20,840	15,367
Cash, Bradford	6,744	1,983
Cash, Jersey Shore	4,769	4,769
Cash, Tioga County	4,475	4,475
Investments, Williamsport	-	855,694
Subject to passage of time		
Promises to give, Eastern Lycoming	746,826	996,346
Promises to give, Williamsport	5,300	9,008
Promises to give, Lock Haven	5,100	15,100
	<u>1,907,444</u>	<u>2,238,160</u>
	<u>\$ 4,142,459</u>	<u>\$ 4,185,225</u>

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 17 - Endowment Funds

The Association's endowment consists of numerous individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Board of Directors of the Association has interpreted Pennsylvania law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions.

The Association has adopted investment policies for its endowment assets that attempt to preserve the capital and achieve sufficient total return to fund the annual operating and capital expenditures in accordance with the donor restrictions. To achieve this overall goal, the primary objective of the investment policy is the long-term growth of capital. A real rate of return over capital is required to preserve the purchasing power of the endowment funds. The secondary objective of the investment policy is the preservation of capital, including the protection of capital in declining markets.

Spending Policy

The annual cash payout of all endowment funds, except those funds containing illiquid assets (such as certain real estate or other property), will be 3% of the average market value, using a five-year trailing average and net of financial management fees. This payout may be used to meet both capital and administrative needs. The payout rate is typically established by the Board of Directors at its July meeting, and may be adjusted to reflect special funding needs and/or financial market conditions.

To meet the payout level determined each year, the Association may utilize both traditional interest and dividends generated by its endowment funds (i.e. the yield), as well as capital appreciation. Where prudent and not inconsistent with the Association's bylaws, trust documents, and fund agreements, the Association may use a portion of the principal of endowment funds (such as new endowment funds with little or no capital appreciation) to meet the established payout, or to fund special projects as determined by the Board of Directors or as designated by the donor of such funds. This spending strategy reflects the total return approach to investing and disbursing funds described above.

Investment Policy

Return and Risk Requirements

To fulfill the endowment fund's investment objective, the portfolio should achieve at least a 4% annualized return after inflation on a rolling basis.

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 17 - Endowment Funds (continued)

Investment Policy (continued)

Risk Tolerance

Risk is present in all types of securities and investment styles. Some risk is necessary to produce long-term investment results that are sufficient to meet the endowment fund objectives.

Due to the fact that the allocation of funds between asset classes may be the most important determinant of investment performance over the long term, investment managers are encouraged to diversify the endowment fund's investments among appropriate asset classes. However, reasonable sector allocations and diversification shall be maintained, with no more than 30% of the entire equity portfolio invested in the securities of any one sector, 25% of the fixed income portfolio invested in the securities of any one sector, and no more than 5% of the equity portfolio invested in any individual stock.

Asset Allocation

With the exception of predetermined liquidity needs, all investment assets are considered to be long term in nature. Due to the long-term horizon, the endowment fund's asset allocation plan considers expected return for equity, fixed income, alternative cash, and real asset classes in domestic and foreign markets. Consideration is also given to expected prevailing levels of inflation, correlation of assets, and expected volatility of returns. All of these considerations help to determine an asset allocation that provides diversification and sufficient expected return to satisfy the investment objectives of the endowment fund.

The Association's endowment fund assets are to be managed within a range of:

Asset Class	Target%	Minimum	Maximum
Equities	70	50	80
Fixed income	20	15	50
Alternative	5	-	15
Cash equivalents	5	-	15

The endowment fund recognizes the benefit of asset class diversification; therefore, the allocation within each asset class can be further defined.

Portfolio diversification - no more than 5% of the portfolio at cost, or 10% at market, should be in any one security, with the exception of mutual funds, U.S. Government securities and agencies, and exchange traded funds (ETF).

Fixed income diversification - no more than 5% of the portfolio at cost, or 10% at market, may be invested in any single issuer except (a) obligations guaranteed by the full faith and credit of the U.S. Government, (b) obligations issued by U.S. Government agencies, or (c) an open-ended bond fund.

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 17 - Endowment Funds (continued)

Investment Policy (continued)

Asset Allocation (continued)

Foreign individual bond diversification - no more than 5% of the portfolio may be invested in "Yankee Bonds" with "AAA" rating at purchase.

Convertible bonds will be considered as equity investments and must meet the same criteria that an equity investment would be required to meet.

All investment grade fixed-income securities must be rated investment grade by at least two nationally recognized statistical rating agencies at the time of purchase. Investment managers shall notify the Board within five business days if a fixed-income security falls below investment grade after being purchased.

Below investment grade fixed income may be purchased or held within a mutual fund or ETF. The below investment grade allocation shall not be counted for calculation of meeting the minimum fixed income allocation. Total below investment grade fixed income should be no more than 5% of cost or 10% of market value.

All municipal bonds must be taxable insured municipal bonds with a long-term debt rating of Aa or better by Moody's Credit Service or the equivalent by Standard & Poor's.

Individual stocks of foreign companies must be purchased through American Depository Receipts.

Certificates of deposit must be issued by financial institutions with sound financial ratings that participate in the Federal Deposit Insurance Corporation (FDIC) program for their deposits. No more than the applicable FDIC insured limit (including interest) can be placed with any single institution.

Commercial paper shall be limited to those issued rated A1P1 or better.

Endowment net asset composition consists of the following as of December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
2025			
Endowment net assets	<u>\$ 1,118,782</u>	<u>\$ 2,183,223</u>	<u>\$ 3,302,005</u>
2024			
Endowment net assets	<u>\$ 930,807</u>	<u>\$ 1,933,145</u>	<u>\$ 2,863,952</u>

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 17 - Endowment Funds (continued)

Changes in endowment net assets consist of the following for the years ended December 31:

2025	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at Beginning of Year	\$ 930,807	\$ 1,933,145	\$ 2,863,952
Investment return			
Dividends and interest, net	24,123	43,099	67,222
Net appreciation realized/unrealized	137,363	248,438	385,801
	161,486	291,537	453,023
Contributions	26,489	2,000	28,489
Appropriation for expenditure	-	(43,459)	(43,459)
	26,489	(41,459)	(14,970)
Endowment Net Assets at End of Year	\$ 1,118,782	\$ 2,183,223	\$ 3,302,005
2024			
Endowment Net Assets at Beginning of Year	\$ 823,357	\$ 1,597,645	\$ 2,421,002
Investment return			
Dividends and interest, net	24,998	37,979	62,977
Net appreciation realized/unrealized	82,452	217,521	299,973
	107,450	255,500	362,950
Contributions	-	80,000	80,000
Endowment Net Assets at End of Year	\$ 930,807	\$ 1,933,145	\$ 2,863,952

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 18 - Rental Income

The Association leases 5,000 square feet of its Eastern Lycoming Branch facility to a local not-for-profit health system under a noncancelable operating lease. As part of the lease agreement, the entity paid an initial upfront payment in the amount of \$337,500 to the Association. The payment was amortized on a straight-line basis over the initial 15-year term of the agreement to reduce the monthly payment amount. In June 2023, the initial 15-year term expired. Upon expiration of the initial 15-year term, the lessee exercised the first five-year renewal option, which extends the agreement through June 2028. Upon expiration of the current term, the lessee has the option to renew for five additional five-year renewal terms.

Additionally, the Association leases 5,000 square feet of its Eastern Lycoming Branch facility to a local not-for-profit under a noncancelable operating lease. The initial period ended in June 2023 and the lessee exercised a five-year renewal option through June 2028. Additional five-year renewal options are available.

The Association also leases 1,800 square feet of its Williamsport Branch facility to a local not-for-profit health system under a noncancelable operating lease. The initial lease period ended in December 2019 and the lessee exercised a five-year renewal option through December 2025. The Association exercised the five-year renewal option in January 2025.

Assuming no change in current terms, future minimum lease payments related to the operating lease arrangements discussed above are as follows for the remaining four years ending December 31:

2026	\$	192,312
2027		192,312
2028		138,312
2029		65,310
	\$	588,246

Rental income related to the operating lease arrangements discussed above amounted to \$192,312 and \$190,288 for the years ended December 31, 2025 and 2024, respectively.

Note 19 - In-Kind Contributions

In-kind contributions meeting the requirements for recognition in the statement of activities consist of the following for the years ended December 31:

	2025	2024
Rent	\$ 557,950	\$ 367,200
Supplies	43,940	-
	\$ 601,890	\$ 367,200

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 19 - In-Kind Contributions (continued)

Donated rent recognized is comprised of donated space related to various programs and supporting services. The Association has various operating lease agreements which require either no or significantly reduced rent payments. There are no associated donor restrictions related to the donated rent. In valuing the donated rent, the Association estimated the fair value based on the fair rental value of comparable space.

Donated supplies recognized is comprised of donations of miscellaneous supplies for program services. There are no associated donor restrictions related to the donations. Donated supplies are reported at the estimated fair value based on the value that would be paid to purchase similar products.

In addition to the in-kind contribution amounts recorded in the financial statements, during the years ended December 31, 2025 and 2024, a substantial number of individual volunteers have donated significant amounts of time to the Association's programs and supporting services. These services do not meet the criteria for recognition as contributed services, and are not reflected in the accompanying financial statements.

Note 20 - Related Party Transactions

The Association is affiliated with the YMCA of the United States of America. The Association purchases services from the National Office and is required to pay an administrative fee of 2% of general agency support to the National Office. Such payments amounted to \$106,870 and \$125,416 for the years ended December 31, 2025 and 2024, respectively.

Note 21 - Concentration of Credit Risk

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. Management believes the Association is not exposed to any significant credit risk related to their cash.

Note 22 - Financial Assistance Provided

The Association provides financial assistance through contributions and fundraising to help defray the costs of program service fees and membership dues for individuals with needs. Program service fees and membership dues are recorded net of such assistance in the statement of activities. Net program service fees and membership dues amounted to the following for the years ended December 31:

	2025	2024
Program service fees	\$ 4,744,717	\$ 3,879,162
Financial assistance provided	(260,624)	(137,891)
Program Service Fees, Net	\$ 4,484,093	\$ 3,741,271

The River Valley Regional Young Men's Christian Association

Notes to Financial Statements

December 31, 2025 and 2024

Note 22 - Financial Assistance Provided (continued)

	<u>2025</u>	<u>2024</u>
Membership dues	\$ 3,037,274	\$ 2,944,427
Financial assistance provided	<u>(141,636)</u>	<u>(144,009)</u>
Membership Dues, Net	<u>\$ 2,895,638</u>	<u>\$ 2,800,418</u>

Note 23 - Reclassifications

Certain information in the 2024 financial statements and related footnotes contain reclassifications necessary to make that information comparable to information presented in the 2025 financial statements. There was no change to total changes in net assets or total net assets.

Note 24 - Subsequent Events

The Association has evaluated subsequent events through June 11, 2026. This date is the date the financial statements were available to be issued. Other than as disclosed in Note 11, no material events subsequent to December 31, 2025 were noted.