

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORTS

For The Years Ended December 31, 2025 And 2024



WollackLewitz^{LLC}

Certified Public Accountants & Advisors

Old Saybrook | Madison
Connecticut

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

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WollackLewitz^{LLC}
Certified Public Accountants & Advisors

Joseph J. Wollack, CPA
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INDEPENDENT AUDITOR'S REPORT

To The Board Of Directors
Valley Shore YMCA, Inc.
Westbrook, Connecticut

Opinion

We have audited the accompanying financial statements of **Valley Shore YMCA, Inc.** (a nonprofit organization), which comprise the statements of financial positions as of December 31, 2025 and 2024, and the related statements of activities, and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valley Shore YMCA, Inc. 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. 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 Valley Shore YMCA, Inc. and to meet our other ethical responsibilities in accordance with the 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 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 Valley Shore YMCA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Wallack Lewitz

Certified Public Accountants
Old Saybrook, Connecticut

June 10, 2026

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

Statements Of Financial Position

For The Years Ended December 31, 2025 And 2024

	2025	2024
ASSETS		
Current Assets		
Cash	\$ 666,404	\$ 649,565
Cash Held In Reserve For Temporarily Restricted Use	-	229,930
Accounts Receivable	5,448	6,350
Pledges Receivable	102,760	149,885
Marketable Securities	1,118,068	931,724
Deferred Expenses	45,290	35,477
Total Current Assets	1,937,970	2,002,931
Property And Equipment, Net	5,042,161	4,540,177
Right to Use Asset	23,922	7,974
Other Assets	16,636	16,629
TOTAL ASSETS	\$ 7,020,689	\$ 6,567,711
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable - Operating	\$ 13,322	\$ 63,394
Accrued Expenses	76,756	52,080
Deferred Income	92,931	96,502
Custodial Account	23,037	22,508
Current Maturities Of Long-Term Debt	30,091	29,275
Current Maturities Of Operating Lease Obligations	8,098	5,880
Total Current Liabilities	244,235	269,639
Long-Term Liabilities		
Long-Term Debt, Net Of Current Portion	1,052,605	1,082,725
Operating Lease Obligations, Net Of Current Portion	15,824	2,094
Total Long-Term Liabilities	1,068,429	1,084,819
Total Liabilities	1,312,664	1,354,458
Net Assets		
Without Donor Restrictions		
Unrestricted	275,157	237,660
Board Designated - Operating Reserve	246,372	238,237
Board Designated - Replacement Reserve	1,030,643	794,341
Board Designated - Endowment Income	654	-
Invested In Property, Plant And Equipment, Net Of Mortgage	3,959,465	3,428,177
Total Without Donor Restrictions	5,512,291	4,698,415
With Donor Restrictions		
Restricted By Purpose Or Time	195,734	514,838
Total With Donor Restrictions	195,734	514,838
Total Net Assets	5,708,025	5,213,253
TOTAL LIABILITIES AND NET ASSETS	\$ 7,020,689	\$ 6,567,711

See Accompanying Notes.

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

Statement Of Activities And Changes In Net Assets
For The Years Ended December 31, 2025 And 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities						
Public Support						
Contributions	\$ 94,787	\$ 82,721	\$ 177,508	\$ 53,267	\$ 48,507	\$ 101,774
Government Grants And Contracts	50,707	-	50,707	142,438	-	142,438
Special Events, Net Of Expenses	67,656	-	67,656	65,765	-	65,765
Net Assets Released From Restrictions	80,464	(80,464)	-	45,601	(45,601)	-
Total Public Support	293,614	2,257	295,871	307,071	2,906	309,977
Revenue						
Membership Fees, Net Of Assistance	2,191,336	-	2,191,336	1,807,997	-	1,807,997
Program Fees, Net Of Assistance	1,268,720	-	1,268,720	1,248,983	-	1,248,983
Investment Income	45,153	-	45,153	69,305	86	69,391
Other Revenue	18,450	-	18,450	16,960	-	16,960
Total Revenue	3,523,659	-	3,523,659	3,143,245	86	3,143,331
Total Public Support And Revenue	3,817,273	2,257	3,819,530	3,450,316	2,992	3,453,308
Expenses						
Program Services						
Youth Development	949,317	-	949,317	1,069,009	-	1,069,009
Healthy Living	2,304,810	-	2,304,810	1,895,183	-	1,895,183
Social Responsibility	11,587	-	11,587	33,286	-	33,286
Total Program Services	3,265,714	-	3,265,714	2,997,478	-	2,997,478
Support Services						
Management And General	297,982	-	297,982	236,764	-	236,764
Fundraising	135,209	-	135,209	106,088	-	106,088
Total Support Services	433,191	-	433,191	342,852	-	342,852
Total Expenses	3,698,905	-	3,698,905	3,340,330	-	3,340,330
Changes In Net Assets From Operations	118,368	2,257	120,625	109,986	2,992	112,978
Non-Operating Activities						
Contributions For Capital Assets	-	309,898	309,898	9,120	24,328	33,448
Contributions For Endowment	-	60,250	60,250	-	7,500	7,500
Insurance Proceeds	3,999	-	3,999	21,732	-	21,732
Net Assets Released From Restrictions	691,509	(691,509)	-	904,610	(904,610)	-
Total Non-Operating Activity	695,508	(321,361)	374,147	935,462	(872,782)	62,680
Changes In Net Assets	813,876	(319,104)	494,772	1,045,448	(869,790)	175,658
Net Assets At Beginning Of Year	4,698,415	514,838	5,213,253	3,652,967	1,384,628	5,037,595
Net Assets At End Of Year	\$ 5,512,291	\$ 195,734	\$ 5,708,025	\$ 4,698,415	\$ 514,838	\$ 5,213,253

See Accompanying Notes.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Statement Of Functional Expenses

For The Year Ended December 31, 2025

	Program Services				Support Services			Totals
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management And General	Fundraising	Total Support Services	
<u>Personnel Costs</u>								
Salaries And Wages	\$ 610,352	\$ 912,928	\$ 3,140	\$ 1,526,420	\$ 130,231	\$ 84,167	\$ 214,398	\$ 1,740,818
Payroll Taxes And Employee Benefits	69,583	141,576	252	211,411	47,540	19,954	67,494	278,905
Total Personnel Costs	679,935	1,054,504	3,392	1,737,831	177,771	104,121	281,892	2,019,723
<u>Non-Personnel Costs</u>								
Contracted Services	32,934	58,321	330	91,585	16,339	11,093	27,432	119,017
Program, Janitorial And Office Supplies	65,271	98,029	4,558	167,858	5,698	1,248	6,946	174,804
Telephone	4,873	5,268	5	10,146	619	389	1,008	11,154
Postage And Shipping	-	-	-	-	2,935	2,193	5,128	5,128
Licenses And Permits	4,823	10,627	5	15,455	41	7	48	15,503
Office Equipment And Maintenance	-	-	-	-	65,518	-	65,518	65,518
Printing And Advertising	5,079	43,902	-	48,981	840	2,370	3,210	52,191
Travel, Meetings And Training	1,151	4,558	-	5,709	11,330	1,424	12,754	18,463
National YMCA Support And Other Dues	19,704	34,192	290	54,186	3,937	3,477	7,414	61,600
Bank And Credit Card Processing Fees	27,700	48,068	407	76,175	406	4,888	5,294	81,469
Insurance	17,105	147,335	414	164,854	621	621	1,242	166,096
Bad Debt Expense	1,323	18,625	-	19,948	-	100	100	20,048
Interest Expense	3,013	26,816	75	29,904	113	113	226	30,130
Repairs And Maintenance	28,464	238,882	409	267,755	992	992	1,984	269,739
Utilities	16,353	145,538	662	162,553	613	613	1,226	163,779
Total Non-Personnel Costs	227,793	880,161	7,155	1,115,109	110,002	29,528	139,530	1,254,639
Loss on Disposal of Fixed Assets	-	-	-	-	8,649	-	8,649	8,649
Depreciation And Amortization	41,589	370,145	1,040	412,774	1,560	1,560	3,120	415,894
Total Expenses	\$ 949,317	\$ 2,304,810	\$ 11,587	\$ 3,265,714	\$ 297,982	\$ 135,209	\$ 433,191	\$ 3,698,905

See Accompanying Notes.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Statement Of Functional Expenses

For The Year Ended December 31, 2024

	<u>Program Services</u>				<u>Support Services</u>			<u>Totals</u>
	<u>Youth Development</u>	<u>Healthy Living</u>	<u>Social Responsibility</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	
<u>Personnel Costs</u>								
Salaries And Wages	\$ 702,983	\$ 814,622	\$ 9,752	\$ 1,527,357	\$ 93,035	\$ 63,012	\$ 156,047	\$ 1,683,404
Payroll Taxes And Employee Benefits	69,329	106,998	828	177,155	43,193	11,163	54,356	231,511
<u>Total Personnel Costs</u>	<u>772,312</u>	<u>921,620</u>	<u>10,580</u>	<u>1,704,512</u>	<u>136,228</u>	<u>74,175</u>	<u>210,403</u>	<u>1,914,915</u>
<u>Non-Personnel Costs</u>								
Contracted Services	30,475	47,540	285	78,300	16,271	14,502	30,773	109,073
Program, Janitorial And Office Supplies	57,261	74,138	4,685	136,084	5,317	492	5,809	141,893
Telephone	6,275	5,069	29	11,373	561	376	937	12,310
Postage And Shipping	-	-	-	-	3,463	2,493	5,956	5,956
Licenses And Permits	4,320	10,607	63	14,990	186	276	462	15,452
Office Equipment And Maintenance	-	-	-	-	58,894	-	58,894	58,894
Printing And Advertising	6,009	38,546	-	44,555	1,200	719	1,919	46,474
Travel, Meetings And Training	20,972	4,461	-	25,433	4,352	40	4,392	29,825
National YMCA Support And Other Dues	19,669	34,131	289	54,089	5,007	2,892	7,899	61,988
Bank And Credit Card Processing Fees	24,216	42,021	356	66,593	356	4,273	4,629	71,222
Insurance	19,078	109,842	2,647	131,567	662	662	1,324	132,891
Bad Debt Expense	6,666	17,840	250	24,756	-	1,663	1,663	26,419
Interest Expense	3,991	23,663	570	28,224	143	143	286	28,510
Repairs And Maintenance	29,423	160,534	3,769	193,726	942	942	1,884	195,610
Utilities	18,858	111,799	2,694	133,351	673	673	1,346	134,697
<u>Total Non-Personnel Costs</u>	<u>247,213</u>	<u>680,191</u>	<u>15,637</u>	<u>943,041</u>	<u>98,027</u>	<u>30,146</u>	<u>128,173</u>	<u>1,071,214</u>
Loss on Disposal of Fixed Assets	-	-	-	-	742	-	742	742
<u>Depreciation And Amortization</u>	<u>49,484</u>	<u>293,372</u>	<u>7,069</u>	<u>349,925</u>	<u>1,767</u>	<u>1,767</u>	<u>3,534</u>	<u>353,459</u>
<u>Total Expenses</u>	<u>\$ 1,069,009</u>	<u>\$ 1,895,183</u>	<u>\$ 33,286</u>	<u>\$ 2,997,478</u>	<u>\$ 236,764</u>	<u>\$ 106,088</u>	<u>\$ 342,852</u>	<u>\$ 3,340,330</u>

See Accompanying Notes.

VALLEY SHORE YMCA, INC.
(A Nonprofit Organization)

Statements Of Cash Flows

For The Years Ended December 31, 2025 And 2024

	2025	2024
Cash Flows From Operating Activities – Source (Use)		
Increase (Decrease) In Net Assets	\$ 494,772	\$ 175,658
Adjustments To Reconcile Change In Net Assets To Net Change In Cash From Operating Activities		
Depreciation	415,894	353,460
Unrealized Loss (Gain) on Marketable Securities	1,246	(7,553)
Donation Of Equipment And Facility Improvements	(12,788)	-
Loss on Disposal of Property And Equipment	8,649	742
Contributions Restricted For Capital Assets	(379,500)	(24,328)
Contributions Restricted For Endowment	(60,250)	(7,500)
Changes In Assets And Liabilities		
Accounts Receivable	902	19,615
Pledges Receivable	47,125	134,342
Other Assets	(7)	2,510
Deferred Expenses	(9,813)	(5,654)
Accounts Payable	(50,072)	50,332
Accrued Expenses	24,676	20,439
Deferred Income	(3,571)	30,517
Custodial Accounts	529	8,567
Net Cash Provided (Used) By Operating Activities	477,792	751,147
Cash Flows From Investing Activities – Source (Use)		
Purchase Of Property And Equipment	(913,739)	(1,125,151)
Purchase Of Investments	(321,114)	(1,571,234)
Proceeds From Sale Of Investments	133,524	650,000
Net Cash Provided (Used) By Investing Activities	(1,101,329)	(2,046,385)
Cash Flows From Financing Activities – Source (Use)		
Contributions Restricted For Capital Assets	379,500	24,328
Contributions Restricted For Endowment	60,250	7,500
Payments Of Long-Term Debt	(29,304)	(30,974)
Net Cash Provided (Used) By Financing Activities	410,446	854
Net Change In Cash And Equivalents	(213,091)	(1,294,384)
Cash At Beginning Of Year	879,495	2,173,879
Cash At End Of Year	\$ 666,404	\$ 879,495
Statement of Cash Flow Disclosure:		
Cash Paid for Interest	\$ 30,130	\$ 28,510

See Accompanying Notes.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

1) **Summary Of Significant Accounting Policies**

Nature Of Operations – The mission of the Valley Shore YMCA, Inc. (YMCA) is to develop and encourage the growth of all individuals in spirit, mind and body in an atmosphere of mutual respect. The YMCA is a charitable community service organization that includes men, women and children of all ages, abilities, income, race and religions. Founded in 1917, our YMCA is dedicated to building strong kids, strong families and strong communities by putting principles into practice through programs that promote healthy living, youth development, and social responsibility.

Our YMCA serves a ten-town region within the Connecticut Valley-Shore area. The principal place of operations serving as headquarters is the facility in Westbrook. Our YMCA serves over 6,000 members and revenue is derived from membership fees, program fees, contributed income, rental income and earnings on investments.

As part of our mission our programs are accessible, affordable and open to all faiths, backgrounds, abilities and income levels. We provide financial assistance to people who otherwise may not have been able to afford to participate.

Program Activities

Youth Development – Our YMCA is committed to nurturing the potential of every child and teen. We believe that all kids deserve the opportunity to discover who they are and what they can achieve. That is why we help young people cultivate the values, skills and relationships that lead to positive behaviors, better health and educational achievement. Our YMCA programs, such as child-care, before and after school care, day and specialty camp programs, youth sports, youth swim programs and other youth programming offer a range of experiences that enrich cognitive, social, physical and emotional growth.

Healthy Living – The YMCA is a leading voice on health and well-being. We bring families closer together, encourage good health and foster connections through fitness, sports, fun and shared interests. As a result, people in our community are receiving the support, guidance and resources they need to achieve greater health in spirit, mind and body. This is particularly important as our nation struggles with an obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment. Healthy living programs include group adult classes, chronic disease programs, wellness workshops, swim and fitness programs, weight loss programs, triathlon and running groups, and other recreation activities and social groups.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

1) **Summary Of Significant Accounting Policies** (Continued)

Program Activities (Continued)

Social Responsibility – Our YMCA believes in giving back and supporting our neighbors. We have been listening and responding to our community’s most critical social needs. YMCA programs, such as the YMCA Community Garden, teaching CPR, First Aid and Life Saving Classes, and community group access to share our facility are examples of how we deliver training, resources and support that empower our neighbors to effect change, bridge gaps and overcome obstacles. We engage YMCA members, participants and volunteers in activities that strengthen our community and pave the way for future generations to thrive.

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

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

Net Assets Without Donor Restrictions – Net assets for use in general operations and not subject to donor (or certain grantor) restrictions.

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

Operating Activities – Operating activities reflect all transactions increasing or decreasing net assets except for those items associated with long-term investment and facilities and equipment.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

1) **Summary Of Significant Accounting Policies** (Continued)

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

Public Support

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

Government Grants and Contracts – The YMCA periodically may receive grant and contract funding from state or federal government to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing and other requirements. In 2025 and 2024 these programs included federal and state grants to fund operations in after school programs, day camp programs, facility improvements for early childhood education center and security improvements. Such YMCA's government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred.

Government grants and contracts receivable are recorded in pledges receivable. The allowance for credit losses is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible receivables are charged to the allowance for credit losses. An expense is recorded at the time the allowance for credit losses is adjusted.

At December 31, 2025 and 2024, the YMCA had no government contributions and grants outstanding that have not been recognized.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

1) **Summary Of Significant Accounting Policies** (Continued)

In-Kind Contributions – The YMCA recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. The YMCA received no contributed services for the year ended December 31, 2025 and 2024.

The YMCA receives services from many volunteers who give significant amounts of their time to the programs of the YMCA. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services.

Contributions of assets other than cash are recorded at estimated fair value.

Revenue Recognition – The YMCA has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees.

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

Membership Dues And Program Fees – Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs. Members join for varying lengths of time and may cancel with notice. Members generally pay a one-time joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to free classes, programs and activities, and discounts to fee-based programs. The YMCA offers a variety of programs including family, child-care, day camp, fitness, aquatics, and health services. Fee-based programs are available to the public. Program fees for short duration programs of two months or less, such as aquatics classes, are typically paid in advance at the time of registration. Program fees for longer duration programs, such as fee-based childcare, are usually paid monthly in advance. Cancellation provisions vary by program, but most transactions are cancellable with 3 to 30 days' notice. Financial assistance is available to members and program participants. Such financial assistance is reflected as a reduction of gross membership dues and program fees.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

1) Summary Of Significant Accounting Policies (Continued)

Membership dues and program fees are recognized ratably over the period the membership or program service is provided on a straight-line basis in an amount that reflects the consideration the YMCA expects to be entitled to in exchange for those services. All the YMCA's revenue from contracts with customers are from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Membership joining fees are recognized when joining.

Membership dues and program fees paid to the YMCA in advance represent contract liabilities and are recorded as other deferred revenue. Amounts billed but unpaid are contract assets and recorded as accounts receivable.

Accounts Receivable – The YMCA extends credit to third party payers of child development and other programs in the normal course of operations which are due within 30 days of the date of service. The YMCA also extends credit to its members enrolling in certain programs, such as summer and day camp, which are due in full prior to the start of the program. The YMCA's accounts receivable represents an unconditional right to consideration from its contracts with customers. Receivables are recorded at estimated fair value at the time of origination and are reflected in the statements of financial position net of allowance for credit losses. The allowance for credit losses is determined by a monthly review of account balances, including the age of the balance and historical collection experience. Uncollectible receivables are charged to the allowance for credit losses. An expense is recorded at the time the allowance for credit losses is adjusted.

Functional Allocation Of Expenses – Expenses are charged directly to program, management or fundraising in general categories based on specific identification. Indirect expenses have been allocated based on facility square footage usages and other estimates made by management.

Advertising – The YMCA uses advertising to promote its programs among the communities it serves. Advertising costs are expensed as incurred.

Income Taxes – The YMCA has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (IRC), as an organization described in Section 501(c)(3), except for income taxes pertaining to unrelated business income.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

1) Summary Of Significant Accounting Policies (Continued)

The Financial Accounting Standards Board (FASB) guidance requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements. Interest and penalties would be recognized as tax expense, however, there is no interest or penalties recognized in the statements of activities. The tax years after 2017 are still open to audit for both federal and state purposes.

Cash And Cash Equivalents – The YMCA considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash allocated to the investment portfolio as part of the YMCA's investment strategy is reported as investments.

Concentration Of Credit Risk – The YMCA maintains cash balances at certain financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation. The YMCA has not experienced any losses in such accounts. The YMCA monitors the financial stability of financial institutions regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.

Investments – Investments are reported at fair value and are based primarily on quoted market prices or estimated fair value.

Inventories – Inventories consisting of merchandise for resale are carried at the lower of cost or market on a first-in, first-out basis.

Property, Plant And Equipment – Investment in property, plant, and equipment is stated at cost less accumulated depreciation or at fair value if donated. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets, ranging from three to forty years. Assets acquired that are deemed to be of a permanent and lasting nature with a cost exceeding \$1,000 are capitalized at cost. Maintenance or minor additions are expensed as incurred. The cost of the capitalized assets that have been retired, impaired, or otherwise disposed are removed from the capital account.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

1) Summary Of Significant Accounting Policies (Continued)

Right To Use Assets and Lease Liabilities – Right of use (“ROU”) assets represent the YMCA’s right to use the underlying assets for the lease term and lease liabilities represent the net present value of the YMCA’s obligation to make payments arising from these leases. The lease liabilities are based upon the present value of fixed lease payments over the lease term based upon a risk adjusted discount rate. If the lease includes one or more options to extend the term of the lease, the renewal options is considered in the lease term if it is reasonably certain that the YMCA will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. Finance lease expense is recognized as amortization of the right to used asset and interest expense. As permitted by ASC 842, leases with an initial term of twelve months or less (“short-term leases”) are not recorded on the accompanying statements of financial position.

Deferred Revenue – Membership dues and program fees that are designated for or related to future years’ activities are deferred and recognized as revenue in the period in which they apply.

2) Liquidity And Availability

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

Cash & Cash Equivalents	\$ 420,032
Accounts Receivable	5,448
Operating Investments	87,426
Promises to Give	2,760
	<hr/>
	515,666
Less: Net Assets Restricted for Purpose	195,734
Financial Assets Available to Meet General	<hr/>
Expenditure Over the Next Twelve Months	<u>\$ 319,932</u>

The YMCA also maintains a line of credit in the amount of \$50,000 and a Board Designated Operating Reserve Fund, which could be drawn upon in the event of a liquidity need and with the permission of the Board of Directors. As of December 31, 2025 and 2024, the Operating Reserve Fund held \$246,372 and \$238,237 respectively. Additionally, as of December 31, 2025 and 2024 there was \$1,030,643 and \$794,341 in a Board Designated Repair and Replacement Reserve that may be drawn upon in the event of an urgent facility or equipment repair with the permission of the Board of Directors.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

3) Pledges Receivable

Pledges receivable represent amounts due from donors for multiyear unconditional pledges. Pledges receivable are shown net of a discount on future collections. Collection on these pledges are estimated to be received as follows:

	<u>2025</u>	<u>2024</u>
Pledges Receivable for General Operations	\$ 2,760	\$ 10,689
Pledges Receivable for Capital Campaign	100,000	150,000
Total Pledges Receivable	102,760	160,689
Less Discount for Net Present Value at the Rate of 4.387% in 2024 and 3.84% in 2023	-	(6,304)
Less Allowance for Credit Losses	-	(4,500)
Total Pledges Receivable, Net	102,760	149,885
Less Current Portion	(102,760)	(149,885)
Long Term Pledges Receivable, Net	<u>\$ -</u>	<u>\$ -</u>

4) Property, Plant and Equipment

Property, plant, and equipment at December 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Land & Improvements	\$ 117,968	\$ 117,968
Buildings & Building Improvements	9,660,531	7,949,069
Construction in Progress	-	957,976
Equipment & Furnishings	765,074	704,662
Total Investment in Property, Plant, & Equipment	10,543,573	9,729,675
Less: Accumulated Depreciation	5,501,412	5,189,498
Net Investment in Property, Plant, & Equipment	<u>\$ 5,042,161</u>	<u>\$ 4,540,177</u>

Construction in progress as of December 31, 2024 consists of funds expended for design of a unisex and family friendly locker room that was placed in service for our members beginning in January 2025.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

5) **Long-Term Debt**

Long-term debt as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Economic Injury Disaster Loan from the U.S. Small Business Administration with a general security agreement of business assets. Proceeds of \$150,000 in 2021 and additional proceeds of \$988,000 in December 2021 with an interest rate of 2.75% per annum and deferred interest payable over a term of 30 years with repayment amount of \$4,957 per month.	\$ 1,082,696	\$ 1,112,000
Less: Current Maturities of Long-Term Debt	<u>(30,091)</u>	<u>(29,275)</u>
Long-term Debt, Net of Current Portion	<u>\$ 1,052,605</u>	<u>\$ 1,082,725</u>

Future annual maturities of the notes are as follows:

2026	\$ 30,091
2027	30,929
2028	31,712
2029	32,673
2030	33,583
Thereafter	<u>923,708</u>
Total	<u>\$ 1,082,696</u>

6) **Revolving Line Of Credit**

The YMCA has a \$50,000 line of credit with Webster Bank to be drawn upon as needed, with an interest rate of Webster Prime Rate plus 2% which was 8.75% as of December 31, 2025. No amounts were outstanding at December 31, 2025 or 2024. The line of credit expires in October 2027 and is renewable at the discretion of the bank.

VALLEY SHORE YMCA, INC.

(A Nonprofit Organization)

Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

7) Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
Net Assets with Donor Restrictions		
Restricted For		
Programs		
Youth Development	\$ 14,133	\$ 9,000
Healthy Living	4,605	3,977
Social Responsibility	2,448	1,707
Capital Expenditure	6,000	10,247
Capital Campaign Development	100,798	482,321
Endowments Restricted in Perpetuity	67,750	7,586
Total Net Assets with Donor Restrictions	<u>\$ 195,734</u>	<u>\$ 514,838</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of events specified by the donors, or by a change in the restrictions specified by the donor. Those amounts released from restrictions during the years ended December 31, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Programs		
Youth Development	\$ 19,366	\$ 20,000
Healthy Living	25,154	21,493
Social Responsibility	5,698	4,108
Capital Expenditure	380,247	2,253
Capital Campaign Expenditures	341,508	902,357
Total Donor Restricted Net Assets Released		
From Restrictions	<u>\$ 771,973</u>	<u>\$ 950,211</u>

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

8) Special Events

As part of its fundraising efforts, the YMCA holds periodic special events. Revenue for special events is recognized in the period in which the event is held. Direct expenses associated with special events are netted against such revenue as follows:

	<u>2025</u>	<u>2024</u>
Special Event Revenue	\$ 93,248	\$ 88,299
Special Event Direct Expenses	<u>(25,592)</u>	<u>(22,534)</u>
Special Event Revenue, Net	<u>\$ 67,656</u>	<u>\$ 65,765</u>

9) Financial Assistance Provided

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

	<u>2025</u>	<u>2024</u>
Membership Dues	\$ 2,351,441	\$ 1,924,848
Less: Financial Assistance Provided	<u>(160,105)</u>	<u>(116,851)</u>
Membership Dues, Net of Assistance	<u>\$ 2,191,336</u>	<u>\$ 1,807,997</u>
	<u>2025</u>	<u>2024</u>
Program Fees	\$ 1,287,471	\$ 1,263,458
Less: Financial Assistance Provided	<u>(18,751)</u>	<u>(14,475)</u>
Program Fees, Net	<u>\$ 1,268,720</u>	<u>\$ 1,248,983</u>

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

10) Defined Contribution Plan

The YMCA participates in the YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended 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) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs through-out 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.

In accordance with our agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the YMCA. Total contributions charged to retirement costs aggregated \$51,821 and \$41,252 for the years ended December 31, 2025 and 2024, respectively.

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution to this plan.

11) Related Parties

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the USA for the years ended December 31, 2025 and 2024, were \$57,952 and \$57,850, respectively.

A member of our Board of Directors is a part owner of Noble Construction. Noble Construction has been contracted to provide construction services for renovation services for our Family Locker Room and Early Childhood Education Center. The contracts were approved following a formal bidding process. The Board member recused himself from voting during this process and invoices were approved by an independent architect prior to payment. The YMCA paid \$630,474 and \$834,180 to Noble Construction during the years ended December 31, 2025 and 2024, respectively.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

12) Lease Commitments

Leased Equipment – YMCA has operating leases covering copier equipment until November 2030. Future minimum lease obligations under operating leases as of December 31, 2025, are as follows:

2026	\$	8,098
2027	\$	4,668
2028	\$	4,668
2029	\$	4,668
2030		4,289
Total		<u>26,391</u>
Less: Imputed Interest		<u>(2,469)</u>
Operating Lease Value	\$	<u><u>23,922</u></u>

Rent expense for equipment under operating leases was approximately \$7,300 and \$5,880 for the years ended December 31, 2025 and 2024.

13) Commitments And Contingencies

In the normal course of business, various legal actions and claims are pending or may be instituted or asserted in the future against the YMCA. Management evaluates risks and keeps them to an acceptable level through various methods including the purchase of commercial insurance. Management believes the YMCA does not have any significant claims or other litigation which the ultimate resolution would have a material financial impact.

The YMCA self-insures employee unemployment compensation claims. If an employee becomes entitled to unemployment compensation, the YMCA is obligated to reimburse the State of Connecticut for any benefits paid to such employees. As of December 31, 2025 and 2024, the YMCA had a deposit of \$14,436 and \$14,614 respectively, which is included in other assets.

The Board of Directors agreed to pursue a Capital Campaign to raise contributions to substantially renovate its facilities in Westbrook. Funds contributed are recorded with donor restrictions and funds are released from restriction when utilized specifically for the Capital Campaign process. In 2021 renovations began with expenditures being recorded as fixed assets for projects placed into service as of December 31, 2025.

VALLEY SHORE YMCA, INC.

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Notes To The Financial Statements

For The Years Ended December 31, 2025 And 2024

14) Endowment

In October 2024, the Board of Directors approved the establishment of an Endowment Fund. The Endowment Fund provides a secure, long-term source of funds to establish or maintain programs that are consistent with the aim of the YMCA.

The YMCA's endowment consists of funds designated by donors permitting use only of income received from the gift and preventing the use of the principal from the gift. The income of the fund will be reinvested or used for financial support to the YMCA for either operating expenses or capital expenditures as determined by the Board of Directors spending policy.

The Board may, in its discretion, reinvest all or any portion of the income received from the principal in the fund and may use all or any portion of the income received from the fund for any purpose consistent with the purpose of the Y, subject to any donor or legal restrictions. The Board must follow the State of Connecticut version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in the management of the Endowment Fund.

As of December 31, 2025 and 2024, the Endowment Fund was \$67,750 and \$7,586, respectively.

Composition of and changes in endowment net assets for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Endowment Net Assets - Beginning Of Year	\$ 7,586	\$ -
Contributions	60,250	7,500
Interest Income	568	86
Investment Expenses	-	-
Endowment Net Assets - End Of Year	<u>\$ 68,404</u>	<u>\$ 7,586</u>

15) Subsequent Events

Subsequent events were evaluated through June 10, 2026, which is the date the financial statements were available to be issued.